

Purchase of shares of Collingwood Utility Services Corp. by PowerStream Inc. from The Corporation of the Town of Collingwood

July 31, 2012

INDEX

PARTIES AND DEFINITIONS:

“**A&B**” means Aird & Berlis LLP, counsel for the Corporation, the Vendor, Collus, Solutions and Energy.

“**Collus**” means COLLUS Power Corp.

“**Corporation**” means Collingwood Utility Services Corp.

“**Energy**” means COLLUS Energy Corp.

“**Gowlings**” means Gowling Lafleur Henderson LLP, counsel for the Purchaser.

“**Purchaser**” means PowerStream Inc.

“**Solutions**” means COLLUS Solutions Corp.

“**Vendor**” means The Corporation of the Town of Collingwood.

Capitalized terms used and not otherwise defined in this Index shall have the meaning given to them in the share purchase agreement dated as of March 6, 2012 (the “**Share Purchase Agreement**”) between the Purchaser, the Vendor, Collus, Solutions, Energy and the Corporation.

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POWERSTREAM INC.

- and -

THE CORPORATION OF THE TOWN OF COLLINGWOOD

- and -

COLLINGWOOD UTILITY SERVICES CORP.

- and -

COLLUS POWER CORP.

- and -

COLLUS SOLUTIONS CORP.

- and -

COLLUS ENERGY CORP.

SHARE PURCHASE AGREEMENT

Dated as of the 6th day of March, 2012

AIRD & BERLIS LLP

Barristers and Solicitors

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SHARE PURCHASE AGREEMENT

THIS AGREEMENT made as of the 6th day of March, 2012

BETWEEN:

POWERSTREAM INC., a corporation incorporated under the laws of Ontario (the "**Purchaser**")

- and -

THE CORPORATION OF THE TOWN OF COLLINGWOOD, a corporation incorporated under the *Municipal Act* (Ontario) ("**Vendor**")

- and -

COLLINGWOOD UTILITY SERVICES CORP., a corporation incorporated under the laws of Ontario (the "**Corporation**")

- and -

COLLUS POWER CORP., a corporation incorporated under the laws of Ontario ("**Collus**")

- and -

COLLUS SOLUTIONS CORP., a corporation incorporated under the laws of Ontario ("**Solutions**")

- and -

COLLUS ENERGY CORP., a corporation incorporated under the laws of Ontario ("**Energy**")

RECITALS:

- (a) All of the issued and outstanding shares of the Corporation are owned by Vendor and all of the issued and outstanding shares of Collus, Solutions and Energy are owned by the Corporation (together Collus, Solutions and Energy are referred to as the "**Subsidiaries**" and "**Subsidiary**" means any of them).

- (b) All of the issued and outstanding shares of the Purchaser are indirectly owned by the Corporation of the City of Barrie, the Corporation of the Town of Markham and the Corporation of the City of Vaughan.
- (c) Pursuant to a request for proposals issued by Collus on October 4, 2011 (the “RFP”), the Vendor wishes to enter into a strategic partnership arrangement with the Purchaser whereby the Purchaser will purchase 50% of the issued and outstanding shares in the capital of the Corporation, being 2,550,820 common shares (the “**Purchased Shares**”), upon the terms and conditions set out in this Agreement, in order to provide the Corporation and its Subsidiaries with cost-effective resources in a range of areas, as agreed to by the Parties, including engineering, construction, call center, regulatory and rates, safety and others to serve the residents and businesses of Collingwood, Thornbury, Stayner and Creemore (the “**Transaction**”).
- (d) The Purchaser wishes to purchase from the Vendor the Purchased Shares upon the terms and conditions set out in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the respective covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1

INTERPRETATION

1.1 Defined Terms

All capitalized terms used in the recitals hereto and this Agreement (including the Schedules hereto) and not defined therein shall have the following meanings:

“**2010 Financial Statements**” means the final audited consolidated and non-consolidated financial statements consisting of a balance sheet, a statement of earnings and retained earnings and a statement of cash flows as at and for the period ending December 31, 2010 for each of the Corporation and the Subsidiaries, copies of which 2010 Financial Statements are attached as Schedule 5.2(20);

“**Additional Closing Dividend Amount**” has the meaning given to it in Section 2.1(2)(c);

“**Additional Closing Dividends**” has the meaning given to it in Section 2.1(2)(c);

“**Affiliate**” has the meaning set forth in the OBCA;

“**Affiliate Relationships Code**” means the Affiliate Relationships Code for Electricity Distributors and Transmitters, dated April 1, 1999 and revised May 16, 2008, issued by the OEB;

“**Agreement**” means this Agreement and all Schedules hereto, as amended, supplemented, restated or replaced from time to time in accordance with this Agreement;

“**Applicable Law**” means, collectively, all applicable federal, provincial and municipal laws, statutes, ordinances, decrees, rules, regulations, by-laws, legally enforceable policies, codes, or guidelines, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, directives, rulings or awards, and conditions of any grant of approval, permission, certification, consent, registration, authority or licence by any statutory body, self-regulatory authority, stock exchange or other Governmental Authority, including all Employment Law and Environmental Law;

“**Books and Records**” means all books, records, files and papers of the Corporation and the Subsidiaries, as applicable, including computer programs (including source codes and software programs), computer manuals, computer data, financial and Tax working papers, financial and Tax books and records, business reports, business plans and projections, sales and advertising materials, sales and purchases records and correspondence, trade association files, research and development records, lists of present and former customers and suppliers, personnel and employment records, minute and share certificate books, and all copies and recordings of the foregoing;

“**Business**” means the electricity distribution businesses carried on by the Corporation and the Subsidiaries and the provision of ancillary services;

“**Business Day**” means any day other than a day which is a Saturday, a Sunday or a statutory holiday in the Province of Ontario;

“**Claim**” means:

- (a) any suit, action, dispute, investigation, claim, arbitration, order, summons, citation, directive, charge, demand or prosecution, whether legal or administrative;
- (b) any other proceeding;
- (c) any appeal or application for review; or
- (d) at law or in equity or before or by any Governmental Authority;

“**Closing**” means the delivery of all documents and instruments required to effect the completion of the Transaction and of the other transactions and entering into of the documents and agreements referred to herein;

“**Closing Date**” means the later of (i) March 31, 2012 and (ii) seven (7) days following the approval of the OEB pursuant to Section 4.3(3), or as may otherwise be agreed upon in writing by the Parties;

“Closing Date Financial Statements” means the final audited unconsolidated financial statements of each of the Corporation and the Subsidiaries for the period ending on the Closing Date, prepared consistent with past practice and delivered by the Vendor to the Purchaser within 60 days of Closing;

“Closing Time” means the time of the Closing which shall be 10:00 am on the Closing Date or such other time on the Closing Date as may be agreed to by the Parties;

“Closing Working Capital Statement” has the meaning set forth in Section 2.1(7)(a)(ii);

“Collective Agreement” means the collective agreement between Collus, Collingwood Public Utilities of the Town of Collingwood and Its Employees Through Local #636 of the International Brotherhood of Electrical Workers, dated January 14, 2011;

“Collingwood Transfer By-law” means the Transfer By-law Number (2001) - 16584 passed by Collingwood pursuant to the Electricity Act dated June 26, 2001, as amended;

“Collus” has the meaning set forth in the recitals hereto;

“Collus Indemnitee” has the meaning set forth in Section 7.1(3);

“Constating Documents” means, with respect to any Person, its articles or certificate of incorporation, amendment, amalgamation or continuance, by-laws and all unanimous shareholder agreements, other shareholder agreements, voting trusts, pooling agreements and similar Contracts, arrangements and understandings, all as amended, supplemented, restated and replaced from time to time;

“Contract” means, in respect of a particular Person, any contract, note, bond, mortgage, agreement, indenture, lease, agreement to lease, licence, personal property lease, commitment, understanding, instrument, option or any other instrument, document or obligation, oral or written, to which such Person is a party or whereby such Person's assets may be bound;

“Corporation” has the meaning set forth in the recitals hereto;

“Current Assets” means the aggregate of the cash, the accounts receivable, unbilled revenue, inventory (net of any obsolete items of inventory), Taxes receivable in respect of all pre-Closing Tax periods and prepaid expenses of Collus, as calculated in accordance with GAAP, applied consistently with prior periods, as at the Closing Date, but excluding the current portion of Regulatory Assets;

“Current Liabilities” means the accounts payable, accrued liabilities and expenses (including, without limitation or duplication, any accrued expenses related to the Transaction), accrued and unpaid Taxes for all pre-Closing Tax periods (including, without limitation any Taxes arising as a result of the Closing), unearned revenue,

customer deposits and accounts payable of Collus in respect of which cheques have been issued but have not cleared as at Closing, all as calculated in accordance with GAAP, applied consistently with prior periods, as at the Closing Date, but excludes the current portion of long term debt, the current portion of the Promissory Note and the current portion of Regulatory Liabilities;

“**Direct Claim**” has the meaning set forth in Section 7.2(9);

“**Disputes**” has the meaning set forth in Section 8.2(a);

“**Easements**” means all of the following real property interests enjoyed or used by or for the benefit of the Business: (i) all easements and rights of way, registered and unregistered; (ii) the right to use, transverse, enjoy or have access to, over, in or under any real property, whether public or private; and (iii) all permits, licences and permissions received, used or enjoyed in respect of any of the foregoing and any right or benefit in the nature or character of any of the foregoing;

“**Electricity Act**” means the *Electricity Act, 1998* (Ontario) and the regulations thereto, as amended;

“**Employee Plans**” has the meaning set forth in Section 5.2(12);

“**Employees**” means all full time and part-time, union and non-union employees and contract employees of Collus and Solutions;

“**Employment Law**” means the *Employment Standards Act, 2000* (Ontario), the *Labour Relations Act, 1995* (Ontario), the *Pay Equity Act* (Ontario), the *Occupational Health and Safety Act* (Ontario), the *Human Rights Code* (Ontario) and the *Workplace Safety and Insurance Act, 1997* (Ontario) and any other applicable statute as it relates to employment matters;

“**Encumbrance**” means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, right of occupation, option, right of pre-emption, privilege or any matter capable of registration against title or any Contract to create any of the foregoing;

“**Energy**” has the meaning set forth in the recitals hereto;

“**Environmental Law**” means all applicable statutes, regulations, ordinances, by-laws, Environmental Permits, orders, decisions and rules and any legally enforceable policies, codes or guidelines of a Governmental Authority (whether federal, provincial or municipal) relating to the Environment or the Release, use, transport, disposal or handling of Hazardous Substances, including without limitation the *Environmental Protection Act* (Ontario), *Canadian Environmental Assessment Act*, *Canadian Environmental Protection Act*, *Dangerous Goods Transportation Act* (Ontario), *Energy Competition Act* (Ontario), *Environmental Bill of Rights* (Ontario), *Fisheries Act*

(Canada), *Technical Standards and Safety Act* (Ontario), *Ontario Water Resources Act*, *Pest Control Products Act* (Canada), *Pesticides Act* (Ontario), *Transportation of Dangerous Goods Act* (Canada) and any applicable municipal noise or sewer use by-law;

“Environmental Permit” means any Permit required pursuant to Environmental Law;

“Escrow Agreement” means the escrow agreement to be entered into between the Parties and Aird & Berlis LLP, in substantially the form of escrow agreement found in Schedule D hereto;

“Final 2011 Financial Statements” means the final audited consolidated and non-consolidated financial statements consisting of a balance sheet, a statement of earnings and retained earnings and a statement of cash flows as at and for the period ending December 31, 2011 for each of the Corporation and the Subsidiaries to be prepared consistent with past practice and delivered to the Purchaser prior to Closing;

“Final Calculation Statement” has the meaning set forth in Section 2.1(7)(a)(iii);

“Final Additional Closing Dividend Amount” has the meaning set forth in Section 2.1(2)(c);

“Final Dividend Adjustment Amount” has the meaning set forth in Section 2.1(7)(h);

“Final Recapitalization Dividend” has the meaning set forth in Section 2.1(2)(b);

“GAAP” has the meaning set forth in Section 1.5;

“generally accepted accounting principles” has the meaning set forth in Section 1.5;

“Governmental Authority” means any government or political subdivision (including without limitation, any municipality or federal or provincial ministry) or quasi-governmental or regulatory agency, authority, board, commission, department or instrumentality of any government or political subdivision, or any court or tribunal, and specifically includes the OEB, the OPA, the Electrical Safety Authority, the Environmental Review Tribunal and the Independent Electricity System Operator of Ontario;

“Hazardous Substance” means:

- (a) any petrochemical or petroleum product, oil or coal ash, mercury, radioactive material, radon gas, asbestos in any form that is friable, urea formaldehyde foam insulation or substance that contains or may contain PCBs;
- (b) any chemical, material or substance defined as or included in the definition of “hazardous substance”, “hazardous waste”, “hazardous material”, “hazardous constituent”, “listed waste”, “restricted hazardous material”, “extremely hazardous substance”, “toxic substance”, “deleterious substance”, “contaminant”,

“pollutant”, “toxic pollutant” or words of similar meaning and regulatory effect under any applicable Environmental Law; and

- (c) any other material or substance, the exposure to which is prohibited, limited or regulated by any applicable Environmental Law;

“**Holdback Amount**” has the meaning set forth in Section 2.1(6);

“**includes**” means “includes, without limitation” and “**including**” means “including without limitation”;

“**Income Tax**” means any federal, provincial, territorial, municipal or foreign tax (i) imposed or based upon, measured by or calculated with respect to net income, income as specially defined, earnings, gross or net profits or selected items of income, earnings or profits (including capital gains taxes and minimum taxes); or (ii) based upon, measured by or calculated with respect to multiple bases (including corporate franchise taxes) if one or more of the bases on which such tax may be based, measured by or calculated with respect to, is described in (i), in each case together with any interest, penalties or additions to such tax;

“**Indemnifiable Loss**” has the meaning set forth in Section 7.1(1);

“**Indemnifying Party**” has the meaning set forth in Section 7.1(5);

“**Indemnitee**” means any Collus Indemnitee or Purchaser Indemnitee;

“**Independent Accounting Firm**” has the meaning set forth in Section 2.1(7)(f);

“**Insurance Policies**” has the meaning set forth in Section 5.2(15);

“**Intellectual Property**” means all intellectual property of whatever nature and kind, including patents and patent applications, trademarks and trademark applications, trade names, trading styles, domain names, certification marks, industrial designs and copyrights (whether registered or unregistered and all applications for registration thereof), computer software, information technology, inventions, works, designs, formulae, processes, procedures, know-how, trade secrets, industrial designs and plans, engineering designs and plans, blueprints and as-built plans and specifications, training, operating, safety, maintenance and any other manuals, documentation of procedures and processes, design, user and maintenance information and service records and warranty records;

“**Interim Period**” means the period from and including the date of this Agreement to and including the Closing Date or the earlier termination date of this Agreement;

“**Leased Property**” means all leasehold interests in real property held by the Corporation and the Subsidiaries;

“**MAAD Application**” has the meaning set forth in Section 6.2(3);

“**Material**” means of such a nature or amount as would reasonably be expected to influence or change a decision relating to the business or operations of that Person, and “**Materially**” and “**Materiality**” have corresponding meanings;

“**Material Adverse Change**” or “**Material Adverse Effect**” with respect to any Person means any change or effect that:

- (a) individually or when taken together with all other changes or effects that have occurred during any relevant period of time before the determination of the occurrence of that change or effect is or is reasonably likely to be Materially adverse to the business, operations, assets, liabilities, capital, prospects, condition (financial or otherwise) or results of operation of that Person; or
- (b) materially and adversely affects the ability of that Person to conduct its business after the Closing Date substantially as its business has been conducted to the date of this Agreement;

“**Material Contract**” means any Contract in respect of the Business, which expires or may expire, if the same is not renewed or extended at the unilateral option of any other Person, more than one (1) years after the date of this Agreement, and which requires payment (including contingent payments) of more than \$25,000 in aggregate during the term thereof; or any other Contract, the termination of which would result in a Material Adverse Effect on the Corporation or the Subsidiaries, as applicable;

“**MOF**” means the Ontario Ministry of Finance;

“**Mutual Non-Disclosure Agreement**” means the mutual non-disclosure agreement dated the 19th day of September, 2011 between the Vendor, Collus and the Purchaser;

“**OBCA**” means the *Business Corporations Act* (Ontario) and the regulations thereto, as amended;

“**OEB**” means the Ontario Energy Board or any successor thereto;

“**OPA**” means the Ontario Power Authority and any successor thereto;

“**Ordinary Course**” means, with respect to an action taken by a Person, that the action is consistent with the past practices of the Person and is taken in the normal day-to-day operations of the Person;

“**Parties**” means the parties to this Agreement, and “**Party**” means any one of them;

“**PCBs**” means poly-chlorinated biphenyls;

“Permits” mean all permits, licences, certificates, certificates of approval, franchises, registrations, rights, privileges and other consents and approvals of any Governmental Authority;

“Permitted Encumbrances” means:

- (a) the Encumbrances;
- (b) statutory liens for any Taxes not yet due or delinquent or the validity of which is being contested in good faith by appropriate proceedings;
- (c) construction, materialmens’, carriers’, workers’, repairers’ and other similar liens arising or incurred in the Ordinary Course, as to which there is no default on the part of the Corporation or the Subsidiaries, as applicable, or the validity of which is being contested in good faith by appropriate proceedings;
- (d) any Encumbrance evidenced by a *Personal Property Security Act* (Ontario) financing statement filed prior to the date of this Agreement to the extent the Encumbrance does not secure an amount in excess of the amount outstanding and secured at the date of this Agreement unless it is a purchase money security interest incurred in the Ordinary Course; and
- (e) such other security interests, liens, imperfections in or failures of title, charges, restrictions, encroachments and defects in title which do not materially, individually or in the aggregate, detract from the value of the Corporation or the Subsidiaries, as the case may be, nor, individually or in the aggregate, result in a Material Adverse Effect;

“Person” means any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, Governmental Authority and any other form of entity or organization;

“PILS” means payments in lieu of Taxes payable by Collus pursuant to Section 93 of the *Electricity Act*;

“Promissory Note” means the promissory note in the amount of \$1,710,170.00 dated October 31, 2000 and given by Collus to the Vendor, a copy of which Promissory Note is attached as Schedule A to this Agreement;

“Promissory Note Repayment” has the meaning set forth in Section 2.1(2)(d);

“Public Announcement” has the meaning set forth in Section 6.3(5);

“Purchased Shares” has the meaning set forth in the recital hereto;

“Purchaser” has the meaning set forth in the recitals hereto;

“Purchaser Indemnitee” has the meaning set forth in Section 7.1(1);

“Purchaser’s Proposed Calculations” has the meaning set forth in Section 2.1(7)(e);

“Real Property” means all real property (excluding Leased Property and Easements) that is owned by the Corporation or the Subsidiaries;

“Recapitalization Dividends” has the meaning set forth in Section 2.1(2)(b);

“Recapitalization Dividend Amount” has the meaning set forth in Section 2.1(2)(b);

“Regulatory Assets” has the meaning set forth in the OEB Accounting Procedures Handbook for Electric Distribution Utilities, dated January 1, 2000 and revised July 31, 2007, or as otherwise disclosed in the 2010 Financial Statements;

“Regulatory Liabilities” means have the meaning set forth in the OEB Accounting Procedures Handbook for Electric Distribution Utilities, dated January 1, 2000 and revised July 31, 2007, or as otherwise disclosed in the 2010 Financial Statements;

“Release” means any release, spill, leak, emission, discharge, leaching, dumping, escape or other disposal;

“Remaining Disputed Items” has the meaning set forth in Section 2.1(7)(f);

“Representatives” of a Party means its Affiliates and directors, officers, employees, agents, partners and advisors of the party and/or its Affiliates (including external accountants, lawyers, environmental consultants, financial advisors and other authorized representatives);

“RFP” has the meaning set forth in the recitals hereto;

“Schedule” means a Schedule to this Agreement as identified in Section 1.2;

“Service Agreement” has the meaning given to it in the Affiliate Relationships Code;

“Shareholders’ Agreement” means the shareholders’ agreement to be entered into between the Vendor, the Purchaser and the Corporation dated as of the Closing Date, which is attached as Schedule B hereto;

“Share Purchase Price” has the meaning given to it in Section 2.1(2)(a);

“Solutions” has the meaning set forth in the recitals hereto;

“Subsidiaries” has the meaning given to it in the recitals hereto;

“Tax Act” means the *Income Tax Act* (Canada) and the regulations thereto, as amended;

“Taxes” means all Income Taxes and all capital taxes, gross receipts taxes, surtaxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, excise

taxes, transfer taxes (including land transfer taxes and Transfer Tax), franchise taxes, license taxes, withholding taxes, payroll taxes, health taxes and premiums, employment taxes, Canada Pension Plan premiums, severance, social security premiums, workers' compensation premiums, employment or unemployment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services taxes (including the Harmonized Sales Tax), customs duties, rates, levies, all special payments and PILS pursuant to Part V.1 and Part VI of the *Electricity Act* and the regulations thereto and all other taxes, fees, imposts, duties, assessments or charges of any kind whatsoever imposed by any Governmental Authority, and any interest, penalties, additions to tax and other additional amounts imposed with respect to the foregoing;

“**Third Party**” has the meaning set forth in Section 7.2(5);

“**Third Party Claim**” has the meaning set forth in Section 7.2(1);

“**Third Party Consents**” means declarations, notices to, or authorizations, consents, waivers, approvals or permissions of, any Person;

“**Transfer Tax**” means the tax payable pursuant to Section 94 of the *Electricity Act* or any similar tax or replacement or substitution thereof;

“**Transaction**” has the meaning set forth in the recitals hereto;

“**Vendor**” has the meaning set forth in the recitals hereto;

“**Vendor's Representative**” means KPMG;

“**Working Capital**” has the meaning set forth in Section 2.1(7);

“**Working Capital Adjustment**” has the meaning set forth in Section 2.1(7)(b);

“**Working Capital Adjustment Documents**” has the meaning set forth in Section 2.1(7)(a);

“**Working Capital Deficiency**” means the amount by which the Working Capital set forth in the Final 2011 Financial Statements of Collus exceeds the Working Capital set forth in the Closing Date Financial Statements of Collus; and

“**Working Capital Surplus**” means the amount by which the Working Capital set forth in the Closing Date Financial Statements of Collus exceeds the Working Capital set forth in the Final 2011 Financial Statements of Collus.

1.2 Schedules

The following schedules which are attached to this Agreement are incorporated into this Agreement by reference and form hereof:

<u>Schedule Number</u>	<u>Schedule Title</u>
Schedule A	Promissory Note
Schedule B	Shareholders' Agreement
Schedule C	Recapitalization Dividends and Working Capital Adjustment Calculations
Schedule D	Escrow Agreement
Schedule E	Additional Closing Dividends
Schedule 4.1(1)(c)	Third Party Consents of Vendor, Corporation and Subsidiaries
Schedule 4.2(1)(c)	Third Party Consents of the Purchaser
Schedule 5.2(9)	Real Property and Leased Property
Schedule 5.2(10)	Intellectual Property
Schedule 5.2(11)	Contracts and Commitments
Schedule 5.2(12)	Employee Plans
Schedule 5.2(13)	Collective Agreements
Schedule 5.2(14)	Employees
Schedule 5.2(15)	Insurance
Schedule 5.2(16)	Environmental
Schedule 5.2(17)	Litigation
Schedule 5.2(18)	Taxes
Schedule 5.2(20)	2010 Financial Statements
Schedule 5.2(21)	Service Agreements

1.3 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections, subsections, paragraphs, subparagraphs and clauses and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement and the schedules hereto and not to any particular article, section, paragraph, subparagraph, clause or other hereof and include any agreement or instrument supplementary or ancillary hereto. Each Party acknowledges that it and its legal counsel have reviewed and participated in settling the terms of this Agreement.

1.4 Number and Gender

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

1.5 Generally Accepted Accounting Principles

Except as otherwise specifically provided in this Agreement, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles consistently applied. References in this Agreement to "**generally accepted accounting**

principles” or “**GAAP**” mean, for all principles stated from time to time in the Handbook of the Canadian Institute of Chartered Accountants, the principles as so stated.

1.6 Statutes and Agreement

Any reference in this Agreement to an agreement, or to a statute, regulation or rule promulgated under a statute or to any provision of an agreement, a statute, regulation or rule shall be a reference to the agreement, statute, regulation, rule or provision, as amended, restated, re-enacted or replaced from time to time.

1.7 Currency

Except where otherwise expressly provided, all amounts in this Agreement are stated and shall be paid in Canadian currency.

ARTICLE 2 PURCHASE OF SHARES

2.1 Purchase of Shares

- (1) All actions to be completed by each Party to give effect to the Transaction, including delivery of all documents required by either Party pursuant to the terms of this Agreement, shall be completed on or before the Closing Date.
- (2) Subject to and conditional upon the terms and conditions of this Agreement, including but not limited to Section 6.2(2), the Parties agree that the Vendor shall sell to the Purchaser, and the Purchaser shall purchase from the Vendor, the Purchased Shares for the Share Purchase Price, as defined below, and the Vendor will receive the following payments as a result of the Transaction:
 - (a) \$8,000,000.00 (the “**Share Purchase Price**”) payable to the Vendor on the Closing Date, by wire transfer or as otherwise mutually agreed to by the Parties;
 - (b) a recapitalization dividend amount (the “**Recapitalization Dividend Amount**”) calculated based on the Final 2011 Financial Statements of Collus in accordance with Schedule C, and adjusted in accordance with the Working Capital Adjustment provided for in Section 2.1(7) (the “**Final Recapitalization Dividend Amount**”), as provided for in Section 2.1(5), and, for greater certainty, the Recapitalization Dividend may, on the agreement of the Parties, be paid as dividends and/or a return of share capital resulting in a corresponding reduction in legal stated capital of Collus and the Corporation (the “**Recapitalization Dividends**”);
 - (c) an additional closing dividend amount (the “**Additional Closing Dividend Amount**”) based on the Final 2011 Financial Statements excluding Collus calculated in accordance with Schedule E hereto and adjusted in accordance with

the Working Capital Adjustment provided for in Section 2.1(7) (the “**Final Additional Closing Dividend Amount**”), as provided for in Section 2.1(4) (the “**Additional Closing Dividends**”); and

(d) \$1,710,170.00, provided in accordance with Section 2.1(3) (the “**Promissory Note Repayment**”).

- (3) **Promissory Note Repayment:** Either prior to the Closing Time or after the Closing Time, Collus shall, at the sole and absolute discretion of the Vendor, provide to the Vendor the Promissory Note Repayment, either in full or in part, and if in full then in full and final repayment of the Promissory Note, which shall be cancelled by the Vendor upon such full and final repayment, and if in part then in partial repayment of the Promissory Note, the amount owing under which will be adjusted to reflect the partial repayment by Collus in accordance with this Section 2.1(3).

In the event the Promissory Note Repayment is not completed prior to the Closing Time, then Collus shall provide not less than sixty (60) days prior written notice to the Purchaser of its intention to effect the Promissory Note Repayment. The interest rate on the Promissory Note shall, to the extent the Promissory Note Repayment has not been completed in full, be maintained at its current rate through 2012, reducing to 5.58% per annum through the end of 2013, and thereafter at such other interest rate as is deemed compliant with the OEB Regulations.

- (4) **Additional Closing Dividends:** Prior to the Closing Time, Solutions (and Energy, if applicable in accordance with Schedule E hereto) shall declare a dividend in the aggregate amount of the Additional Closing Dividend Amount to the Corporation and, immediately thereafter (also prior to the Closing Time), the Corporation shall declare a dividend in same amount to the Vendor. The Corporation and the Vendor shall do all such things and authorize and execute all such resolutions required to effect the Additional Closing Dividends by Solutions, Energy (if applicable) and the Corporation, as applicable. Such Additional Closing Dividends may be, at the sole and absolute discretion of Solutions, Energy, if applicable, the Corporation and the Vendor, paid to the Corporation and the Vendor, respectively, before or after the Closing Time notwithstanding that it was declared prior to the Closing Time.
- (5) **Recapitalization Dividends:** Prior to the Closing Time, Collus shall declare a dividend to the Corporation in the amount of the Recapitalization Dividend Amount to the Corporation and, immediately thereafter (also prior to the Closing Time), the Corporation will declare a dividend to the Vendor in the amount of the Recapitalization Dividend Amount. The Corporation and the Vendor shall do all such things and authorize and execute all such resolutions required to effect the Recapitalization Dividends by Collus and the Corporation, as applicable. Subject to Section 2.1(6), such Recapitalization Dividends, shall be paid to the Corporation and the Vendor, respectively, before or after the Closing Time (but in any event not later than 60 days thereafter), at the discretion of Collus, the Corporation and the Vendor, notwithstanding that it was declared prior to the Closing Time.

(6) **Holdback Amount:** The Parties agree that the Vendor's legal counsel will hold in escrow, in a non-interest bearing account in accordance with the Escrow Agreement, an amount of \$1,000,000.00 (the "**Holdback Amount**") which amount will constitute the portion of the Recapitalization Dividend Amount and the Additional Closing Dividend Amount held back from the dividends paid pursuant to Section 2.1(4) and Section 2.1(5), respectively, for the purposes of the Working Capital Adjustment and will be provided to the Vendor's legal counsel by Collus on payment of the Recapitalization Dividends, as provided for in this Section 2.1(6).

(7) **Working Capital Adjustment:**

(a) Within 60 days after Closing, the Vendor shall cause the Corporation's accountants to prepare and deliver to the Purchaser:

- (i) the Closing Date Financial Statements;
- (ii) a statement of the Working Capital as at Closing based on the Closing Date Financial Statements and in accordance with the provisions of this Agreement (the "**Closing Working Capital Statement**");
- (iii) a statement of the calculation of the Working Capital Deficiency or Working Capital Surplus, if any, the Final Recapitalization Dividend Amount, based thereon, and the Final Additional Closing Dividend Amount (collectively, the "**Final Calculation Statement**");

calculated in accordance with Schedule C and Schedule E hereto (collectively, the "**Working Capital Adjustment Documents**").

(b) The Closing Date Financial Statements and the Final Calculation Statement shall be prepared in accordance with GAAP, applied in a manner consistent with past practice. The Final Calculation Statement shall provide a statement (the "**Working Capital Adjustment**") of the Final Recapitalization Dividend Amount, based on the Working Capital Deficiency or Working Capital Surplus, if any, and the Final Additional Closing Dividend Amount consistent with the terms of Schedule E. The Corporation shall fully co-operate and assist in the preparation of the Final Calculation Statement and Closing Date Financial Statements as reasonably requested by the Vendor.

(c) The cost of preparing the Working Capital Adjustment Documents shall be accrued in the Closing Date Financial Statements as a Current Liability.

(d) Within 45 days after its receipt of the Working Capital Adjustment Documents, the Purchaser shall notify the Vendor's Representative in writing of its agreement or disagreement with the Working Capital Adjustment Documents (and during such 45-day period, the Vendor's Representative and the Corporation shall grant to the Purchaser and its accountants reasonable access to all work papers,

facilities, schedules and calculations used in the preparation of the Working Capital Adjustment Documents and provide access to the Corporation's accountants who prepared such work papers, schedules and calculations).

- (e) If the Purchaser disputes any aspect of the Working Capital Adjustment Documents within such 45-day period, then the Purchaser shall have the right, and shall have the right to direct the Purchaser's accountants, at the Purchaser's expense, to review and verify the accuracy of the Working Capital Adjustment Documents. If the Purchaser does not dispute any aspect of the Working Capital Adjustment Documents within such 45-day period, then the Working Capital Adjustment Documents shall be conclusive and binding upon the Purchaser and the Vendor. In the event of a dispute, the Purchaser and, at its option, the Purchaser's accountants, shall complete their review and verification of the Working Capital Adjustment Documents within 45 days of the Purchaser's receipt thereof and, if the Purchaser or the Purchaser's accountants, after such review and verification, still disagree with the Working Capital Adjustment Documents, the Purchaser shall submit its proposed alternative calculations (the "**Purchaser's Proposed Calculations**") of the Working Capital Adjustment Documents in writing to Vendor within 45 days after the Purchaser's receipt of the Working Capital Adjustment Documents.
- (f) If the Vendor's Representative does not reject the Purchaser's Proposed Calculations by written notice given to the Purchaser within 30 days after the Vendor's Representative's receipt of the Purchaser's Proposed Calculations, then the Working Capital Adjustment Documents, as modified by the Purchaser's Proposed Calculations, shall be conclusive and binding upon the Purchaser and the Vendor. If the Vendor's Representative rejects the Purchaser's Proposed Calculations by written notice given to the Purchaser within 30 days after the Vendor's Representative's receipt of the Purchaser's Proposed Calculations, then, within 15 days after the date that the Vendor's Representative delivers its written notice of rejection to the Purchaser, the Parties shall jointly select a mutually acceptable and recognized independent accounting firm (such firm, the "**Independent Accounting Firm**") to resolve the remaining disputed items (the "**Remaining Disputed Items**") by conducting an independent review and verification of the Working Capital Adjustment Documents, and thereafter selecting either the Purchaser's calculations of the Remaining Disputed Items (as reflected in the Final Calculation Statement), or the Vendor's calculations of the Remaining Disputed Items, or an amount in between the two. The Vendor and the Purchaser shall be bound by the determination of the Remaining Disputed Items by the Independent Accounting Firm. Each of the Purchaser and the Vendor agrees to execute, if requested by the Independent Accounting Firm, an engagement letter containing reasonable and customary terms. The Independent Accounting Firm shall act as arbitrator to determine only the Remaining Disputed Items and the determination of each amount of the Remaining Disputed Items shall be made in accordance with the procedures set forth in this Section 2.1(7)(f).

- (g) Except as contemplated in Section 2.1(7)(c), the Purchaser and the Vendor shall each pay their own expenses incurred under this Section 2.1(7). The costs and expenses of the Independent Accounting Firm shall be allocated equally between the Purchaser and the Vendor.
- (h) Upon the determination, in accordance with this Section 2.1(7), of the Final Calculation Statement and the final calculations of the Closing Working Capital Statement and the Working Capital Deficiency or Working Capital Surplus, if any, the Final Recapitalization Dividend Amount and the Final Additional Closing Dividend Amount, the **“Final Dividend Adjustment Amount”** will be determined by the following equation:
- (i) the Final Recapitalization Dividend Amount minus the Recapitalization Dividend Amount; plus
 - (ii) the Final Additional Dividend Amount minus the Additional Dividend Amount.
- (i) If the Final Dividend Adjustment Amount is less than \$0, the Vendor and the Purchaser shall, in accordance with the Escrow Agreement, direct the Vendor’s legal counsel to release an amount of the Holdback Amount equal to the Final Dividend Adjustment Amount (or, if the Dividend Adjustment Amount is greater than the Holdback Amount, an amount equal to the Holdback Amount) to the Corporation and Collus (or the applicable Subsidiary in the case of an adjustment of the Additional Closing Dividend), with the balance (or if the Final Dividend Adjustment Amount is negative, then nil) released to the Vendor as the balance of payment on the Recapitalization Dividends (or Additional Closing Dividend, if applicable).
- (j) If the Final Dividend Adjustment Amount is greater than or equal to \$0, the Vendor and the Purchaser shall, in the accordance with the Escrow Agreement, direct the Vendor’s legal counsel to release the Holdback Amount to the Vendor, and as soon as practicable thereafter Collus shall pay such amount to the Corporation (or the applicable Subsidiary in the case of an adjustment of the Additional Closing Dividend), which will in turn, as soon as practicable, pay such amount to the Vendor as the balance of payment on the Recapitalization Dividends (or Additional Closing Dividend, if applicable).
- (k) If the Final Dividend Adjustment Amount is less than negative \$1,000,000.00, then Vendor shall pay the absolute value of such difference to Collus.
- (l) Any payments made pursuant to (i) or (j) above by the Vendor’s legal counsel shall be made by certified cheque or wire transfer of immediately available funds and shall be deemed to be adjustments to the Recapitalization Dividend Amount and the Additional Closing Dividends, as applicable, for all Tax purposes.

- (m) For the purposes of this Article 2, “**Working Capital**” means the amount calculated by subtracting the Current Liabilities from the Current Assets, consistent with the terms of Schedule C and Schedule E.

ARTICLE 3
THE CLOSING

3.1 Closing

Subject to the terms and conditions of this Agreement, the Closing of the Transaction shall take place at the Closing Time on the Closing Date at the Toronto offices of Aird & Berlis LLP.

3.2 Closing Deliveries of the Vendor

At Closing, the Vendor shall deliver, or cause to be delivered, to the Purchaser the following:

- (a) new share certificates, representing the Purchased Shares, in the name of the Purchaser;
- (b) copies of updated share registers and share transfer ledgers, reflecting the purchase by the Purchaser of the Purchased Shares;
- (c) the opinion of counsel contemplated by Section 4.1(1)(d);
- (d) copies of any and all Third Party Consents required to be obtained by the Vendor, the Corporation and the Subsidiaries with respect to the Transaction;
- (e) a certificate of a senior officer of each of the Vendor, the Corporation, Collus and Solutions, dated as of the Closing Date, certifying that:
 - (i) in respect of the certificate of each of the Vendor and the Corporation only, the representations and warranties of each of the Vendor and the Corporation herein are true and correct in all respects as at the Closing, or where any representation and warranty is qualified by Materiality, such representation and warranty is true and correct in all Material respects as at the Closing;
 - (ii) the Vendor, the Corporation, Collus and Solutions have complied in all Material respects with the covenants and agreements contained in this Agreement which are required to be performed and complied with by each of them on or prior to the Closing;
- (f) copies of the corporate resolutions of the Vendor, the Corporation, Collus and Solutions certified by a respective director or senior officer of the Vendor, the Corporation, Collus and Solutions authorizing the execution, delivery and

performance of this Agreement and all other agreements and instruments to be executed and delivered by the Vendor, the Corporation, Collus and Solutions in connection with this Agreement and completion of the Transaction;

- (g) a certificate of status for each of the Vendor, the Corporation, Collus and Solutions under the laws of Ontario;
- (h) a certificate of incumbency for each of the Vendor, the Corporation, Collus and Solutions;
- (i) a copy of the Shareholders' Agreement executed by the Vendor and the Corporation;
- (j) updated disclosure schedules hereto to reflect changes arising in the ordinary course of business; provided, however, that the Purchaser shall not be required to accept any such updated which, individually or in the aggregate would result in a Material Adverse Change to the Corporation, acting reasonably;
- (k) a copy of the Escrow Agreement executed by the Vendor and the Corporation;
- (l) draft articles of amendment to change the name of the Corporation and each of the Subsidiaries to include "Collus PowerStream", or as otherwise agreed to by the Parties, which draft articles of amendment shall be filed with effect as of the Closing Date; and
- (m) such other documentation as the Purchaser may reasonably request in order to effect the completion of the Transaction and the taking of all corporate proceedings in connection with the Transaction, in each case in form and substance satisfactory to the Purchaser, acting reasonably.

3.3 Purchaser Closing Deliveries

At Closing, the Purchaser shall deliver, or cause to be delivered, to the Vendor and the Corporation the following:

- (a) the opinion of counsel contemplated by Section 4.2(1)(d);
- (b) copies of any and all Purchaser Third Party Consents required to be obtained by the Purchaser with respect to the Transaction;
- (c) a certificate of a senior officer of the Purchaser dated as of the Closing Date certifying that:
 - (i) the representations and warranties of the Purchaser herein are true and correct in all respects as at the Closing, or where any representation and warranty is qualified by Materiality, such representation and warranty is true and correct in all Material respects at the Closing;

- (ii) the Purchaser has complied in all Material respects with the covenants and agreements contained in this Agreement which are required to be performed and complied with by each of them on or prior to the Closing;
- (d) copies of the corporate resolutions of the Purchaser, certified by a director or senior officer of the Purchaser, respectively, authorizing the execution, delivery and performance of this Agreement and all other agreements and instruments to be executed and delivered by the Purchaser in connection with this Agreement and completion of the Transaction;
- (e) a certificate of status for each of the Purchaser under the laws of Ontario;
- (f) a certificate of incumbency of the Purchaser;
- (g) a copy of the Shareholders' Agreement executed by the Purchaser;
- (h) a copy of the Escrow Agreement executed by the Purchaser; and
- (i) such other documentation as the Purchaser may reasonably request in order to effect the completion of the Transaction and the taking of all corporate proceedings in connection with the Transaction, in each case in form and substance satisfactory to the Corporation and Collus, acting reasonably.

ARTICLE 4

CONDITIONS OF CLOSING

4.1 Conditions in Favour of the Vendor and the Corporation

- (1) The Vendor and the Corporation shall be obliged to complete the Transaction only if each of the following conditions precedent has been satisfied in full at or before the Closing Time (each of which conditions precedent is acknowledged to be for the exclusive benefit of the Vendor and the Corporation):
 - (a) all of the representations and warranties of the Purchaser made in or pursuant to this Agreement shall be true and correct as at the Closing Time with the same effect as if made at and as of the Closing Time (except as those representations and warranties may be affected by events or transactions (i) expressly permitted by this Agreement, or (ii) approved in writing by the Vendor and the Corporation);
 - (b) the Purchaser shall have complied with or performed all of the obligations, covenants and agreements under this Agreement to be complied with or performed by the Purchaser or any of them at or before the Closing Time, including the Closing deliveries specified in Section 3.3 and the covenants in Section 6.2;

- (c) all Third Party Consents described in Schedule 4.1(1)(c) shall have been obtained, in each case in form and substance satisfactory to the Vendor and the Corporation, acting reasonably; and
 - (d) the Vendor and the Corporation shall have received a favourable opinion from legal counsel to the Purchaser dated the Closing Date, and satisfactory in form and substance to the Vendor and the Corporation, acting reasonably, as to the due authorization, execution, delivery and enforceability of this Agreement, the Shareholders' Agreement and as to the Transaction.
- (2) If any of the conditions in Section 4.1(1) shall not be satisfied or fulfilled in full at or before the Closing Time to the satisfaction of the Vendor and the Corporation, acting reasonably, the Vendor and the Corporation in their sole discretion may, without limiting any rights or remedies available to the Vendor and the Corporation at law or in equity, either:
- (a) terminate this Agreement by notice in writing to the Purchaser, except with respect to the obligations contained in Sections 6.3(4) and 6.3(5) which shall survive that termination; or
 - (b) waive compliance with any such condition in whole or in part by notice in writing to the Purchaser, except that no such waiver shall operate as a waiver of any other condition.

4.2 Conditions in Favour of the Purchaser

- (1) The Purchaser shall be obliged to complete the Transaction only if each of the following conditions precedent has been satisfied in full at or before the Closing Time (each of which conditions precedent is acknowledged to be for the exclusive benefit of the Purchaser):
- (a) all of the representations and warranties of the Vendor and the Corporation made in or pursuant to this Agreement shall be true and correct as at the Closing Time with the same effect as if made at and as of the Closing Time (except as those representations and warranties may be affected by events or transactions (i) expressly permitted by this Agreement, or (ii) approved in writing by the Purchaser);
 - (b) each of the Vendor and the Corporation shall have complied with or performed all of the obligations, covenants and agreements under this Agreement to be complied with or performed by the Vendor and the Corporation or any of them at or before the Closing Time, including the Closing deliveries specified in Section 3.2 and the covenants in Section 6.1;

- (c) all the Purchaser Third Party Consents described in Schedule 4.2(1)(c) shall have been obtained, in each case in form and substance satisfactory to the Purchaser, acting reasonably;
 - (d) the Purchaser shall have received a favourable opinion from legal counsel to the Vendor and the Corporation dated the Closing Date, and satisfactory in form and substance to the Purchaser, acting reasonably, as to the due authorization, execution, delivery, and enforceability of this Agreement, the Shareholders' Agreement and as to the Transaction.
- (2) If any of the conditions in Section 4.2(1) shall not be satisfied or fulfilled in full at or before the Closing Time to the satisfaction of the Purchaser, acting reasonably, the Purchaser in its sole discretion may, without limiting any rights or remedies available to the Purchaser at law or in equity, either:
- (a) terminate this Agreement by notice in writing to the Vendor and the Corporation, except with respect to the obligations contained in Sections 6.3(4) and 6.3(5) which shall survive that termination; or
 - (b) waive compliance with any such condition in whole or in part by notice in writing to the Vendor and the Corporation, except that no such waiver shall operate as a waiver of any other condition.

4.3 Mutual Conditions

The obligations of each of the Parties to complete the Transaction shall be subject to the fulfilment of all of the following conditions on or before the Closing Date:

- (1) there shall be no injunction or restraining order issued preventing, and no pending or threatened Claim, against any Party, for the purpose of enjoining or preventing the completion of the Transaction or otherwise claiming that this Agreement or the completion of the Transaction is improper or would give rise to a Claim under any Applicable Law;
- (2) no Applicable Law shall have been enacted, introduced or announced which prohibits the Transaction or has a Material Adverse Effect in respect of the Vendor or the Purchaser or will have a Material Adverse Effect in respect of the Corporation or the Subsidiaries after the Transaction;
- (3) the OEB shall have approved the Transaction in accordance with the MAAD Application provided that no terms or conditions required by the OEB in connection therewith shall have a Material Adverse Effect on either the Vendor, the Purchaser, the Corporation or the Subsidiaries;
- (4) no Transfer Tax or special payment under Part VI of the Electricity Act as a result of the Transaction is payable by a Party;

- (5) the Parties will have reviewed and amended or confirmed the Service Agreements, as provided for in Section 6.3(8).
- (6) Collus shall have secured financing for the Transaction satisfactory to the Parties, which funds will be available prior to or at the Closing Date to facilitate the Recapitalization Dividends and the Promissory Note Repayment, as required by Section 2.1.
- (7) the Vendor will have prepared and will have caused each of the Corporation and the Subsidiaries to prepare the Final 2011 Financial Statements, in a form satisfactory to Purchaser, acting reasonably.

4.4 Termination

- (1) This Agreement may be terminated at any time prior to Closing by mutual written consent of the Parties.
- (2) This Agreement may be terminated by the Vendor, the Corporation or the Purchaser by written notice to the other Party if the Closing contemplated by this Agreement shall have not occurred on or before December 31, 2012 or such later date as may be mutually agreed by the Parties in writing and thereupon the Parties shall be released from all obligations then remaining under this Agreement, other than the obligations contained in Sections 6.3(4) and 6.3(5), provided that the right to terminate this Agreement under this Section 4.4(2) shall not be available to a Party if the acts or omissions of that Party or any of its Affiliates have been the cause of, or result in, the failure of the Closing to occur on or before such date.
- (3) If any condition in Section 4.1 or 4.3 is not satisfied on or before the Closing Date, the Vendor and the Corporation may, by notice to the Purchaser, terminate this Agreement and thereupon the Parties shall be released from all obligations then remaining under this Agreement, other than the obligations contained in Sections 6.3(4) and 6.3(5); provided that the Vendor and the Corporation may also bring a Direct Claim against the Purchaser in accordance with Section 7.2(9) for Indemnifiable Losses asserted against or suffered by the Vendor and the Corporation, or any of them, as a result of the failure to Close the Transaction, where the non-performance or non-conformance of the relevant condition is as a result of a breach of covenant, representation or warranty by the Purchaser, or either of them.
- (4) If any condition in Section 4.2 or 4.3 is not satisfied on or before the Closing Date, the Purchaser may, by notice to the Vendor and the Corporation, terminate this Agreement and thereupon the Parties shall be released from all obligations then remaining under this Agreement, other than the obligations contained in Sections 6.3(4), and 6.3(5); provided that the Purchaser may also bring a Direct Claim against the Vendor and the Corporation in accordance with Section 7.1(8) for Indemnifiable Losses asserted against or suffered by the Purchaser, or either of them, as a result of the failure to close the Transaction, where the non-performance or non-conformance of the relevant condition is as a result of

a breach of covenant, representation or warranty by the Vendor and the Corporation, or any of them.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Vendor with Respect to the Vendor

The Vendor hereby represents and warrants to the Purchaser as to itself as follows and acknowledges that, except as otherwise expressly provided herein, the Purchaser is relying on these representations and warranties in connection with this Agreement and the Transaction:

- (1) Organization and Status. It is a body corporate incorporated under the *Municipal Act, 2001* (Ontario)
- (2) Corporate Power. The Vendor is a municipal corporation and has all requisite statutory power, authority and capacity to enter into, and to perform its obligations under, this Agreement and to transfer the legal and beneficial title and ownership of the Purchased Shares to the Purchaser free and clear of all Encumbrances. The Vendor has duly taken, or has caused to be taken, all action required to be taken by the Vendor to authorize the execution and delivery of this Agreement by the Vendor and the performance of its obligations hereunder, in respect of the Vendor and to pass the Transfer By-law.
- (3) Enforceability. This Agreement has been duly executed and delivered by it and (assuming due execution and delivery by the other Parties) is a legal, valid and binding obligation of it enforceable against it in accordance with its terms, except as that enforcement may be limited by bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.
- (4) Bankruptcy. It is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. It has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of it or any of its undertakings, property or assets and no execution or distress has been levied on any of its undertakings, property or assets, nor have any proceedings been commenced in connection with any of the foregoing.
- (5) No Violations. Neither the execution nor delivery of this Agreement nor the completion of the transactions herein contemplated will result in the violation of:
 - (a) any provision of the by-laws of the Vendor,

- (b) any Contract to which the Vendor is a party or by which the Vendor or any of their respective properties or assets is bound, which would have a Material Adverse Effect on the Vendor's ability to perform its obligations under this Agreement; or
- (c) subject to obtaining the regulatory approvals set forth in Section 4.3(3), any terms or provisions of any Applicable Law of any Governmental Authority having jurisdiction over the Vendor which would have a Material Adverse Effect on the Vendor's ability to perform its obligations under this Agreement.

5.2 Representations and Warranties of the Vendor and the Corporation with respect to the Corporation and the Subsidiaries

Each of the Vendor and the Corporation represents and warrants to the Purchaser, except as expressly provided for herein, on a joint and several basis, as follows and acknowledges that the Purchaser is relying on these representations and warranties in connection with this Agreement and the Transaction:

- (1) Organization and Status. The Corporation is a corporation duly incorporated and organized, and is validly subsisting, under the laws of Ontario and has the corporate power to own or lease the property and assets transferred to it pursuant to the Collingwood Transfer By-law and to carry on the Business.
- (2) Authorized and Issued Capital of the Corporation. On Closing, the authorized share capital of the Corporation shall be an unlimited number of common shares, of which 5,101,640 common shares are duly issued and outstanding as fully paid non-assessable shares to the Vendor. The Corporation has no outstanding rights, options or warrants to acquire equity capital.
- (3) Authorized and Issued Capital of the Subsidiaries. On Closing, the authorized share capital of each of the Subsidiaries is an unlimited number of common shares, of which 5,101,340 common shares in Collus, 100 common shares in Solutions and 100 common shares in Energy are duly issued and outstanding as fully paid non-assessable shares to the Corporation. None of the Subsidiaries has outstanding rights, options or warrants to acquire equity capital.
- (4) Ownership of Purchased Shares. On Closing, the Vendor shall be the beneficial and registered owner of the Purchased Shares, with good and marketable title thereto, free and clear of all Encumbrances (other than the rights of the Purchaser hereunder) and shall have the exclusive right to dispose of the Purchased Shares as herein provided. Without limiting the generality of the foregoing, none of the Purchased Shares on Closing will be subject to any voting trust, shareholder agreement or voting agreement. On Closing, the Corporation shall be the beneficial and registered owner of the issued and outstanding shares of the Subsidiaries, with good and marketable title thereto, free and clear of all Encumbrances. Without limiting the generality of the foregoing, none of the issued and

outstanding shares of the Subsidiaries on Closing will be subject to any voting trust, shareholder agreement or voting agreement.

- (5) No Other Agreements to Purchase. No Person (other than the Purchaser under this Agreement) has any Contract or any right or privilege (whether by law, pre-emptive or contractual) binding upon or which at any time in the future may become binding upon the Vendor to acquire or obtain in any other way an interest in any of the Purchased Shares or to require the Corporation to allot or issue any shares. No Person has any Contract or any right or privilege (whether by law, pre-emptive or contractual) binding upon or which at any time in the future may become binding upon the Corporation to acquire or obtain in any other way an interest in the any of the issued and outstanding shares of the Subsidiaries or to require the Subsidiaries to allot or issue any shares in any of the Subsidiaries.
- (6) No Violations. Neither the execution nor delivery of this Agreement nor the completion of the transactions herein contemplated will result in the violation of:
- (a) any provision of the by-laws of the Vendor, the Corporation or the Subsidiaries,
 - (b) any Contract to which the Vendor, the Corporation or any of the Subsidiaries is a party or by which the Vendor, the Corporation or any of their respective properties or assets is bound, which would have a Material Adverse Effect on the Vendor's ability to perform its obligations under this Agreement; or
 - (c) subject to obtaining the regulatory approvals set forth in Section 4.3(3), any terms or provisions of any Applicable Law of any Governmental Authority having jurisdiction over the Vendor, the Corporation or any Subsidiaries which would have a Material Adverse Effect on the Vendor, the Corporation or any Subsidiary's ability to perform its obligations under this Agreement.
- (7) Consents and Approvals. Except as set out in Schedule 4.1(1)(c), there is no requirement for the Vendor, the Corporation or any Subsidiary to make any filing with, give any notice to or obtain any licence, permit, certificate, registration, authorization, consent or approval of, any governmental or regulatory authority as a condition to the lawful consummation of the transactions contemplated by this Agreement.
- (8) Compliance with Applicable Laws. The Corporation and each of the Subsidiaries has complied in all material respects with all Applicable Laws applicable to the Business, the failure to comply with which, either individually or in the aggregate, would have a Material Adverse Effect.
- (9) Real Property. Schedule 5.2(9) sets forth a list of Real Property in which the Corporation and any Subsidiaries has an interest including lands owned in fee simple, together with all Leased Property. Schedule 5.2(9) is complete and accurate and the Corporation has good title to such interests in owned Real Property, and all leases for such Leased Property are in good standing, subject only in each case to Permitted Encumbrances;

- (10) Intellectual Property. Schedule 5.2(10) sets forth and describes all Intellectual Property used in whole or in part by the Business, and all material trademarks, trade names, service marks, brand names, patents, copyrights, industrial designs and other industrial property rights, and all applications therefor, in each case specifying whether the item is owned by the Corporation or any Subsidiaries or is used by the Corporation or any Subsidiaries under a licence agreement or arrangement from another Person.
- (11) Contracts and Commitments. Except as set forth in Schedule 5.2(11), the Corporation and each of the Subsidiaries is not a party to or bound by any of the following:
- (a) any employment or consulting Contract or any other written Contract with any officer, employee or consultant other than oral Contracts of indefinite hire terminable by the employer without cause on such notice or such payment as may be required by Applicable Law;
 - (b) any agreement, contract or commitment limiting the freedom of the Corporation or any Subsidiaries to engage in any line of business or to compete with another Person; or
 - (c) any other Material Contract.

Except in respect of the indebtedness listed in Schedule 5.2(11), the Corporation the Subsidiaries do not have outstanding any indebtedness in respect of borrowed money or guarantees in respect of same.

- (12) Employee Plans. Except as set forth in Schedule 5.2(12), the Corporation and the Subsidiaries are not a party to or bound by or subject to any agreement or arrangement with respect to salaries, wages, bonuses, commissions, fees, retirement, pension, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or other compensation plan or arrangement or other similar employee benefits (the “**Employee Plans**”).
- (13) Collective Agreement. Except for the Collective Agreement as set out in Schedule 5.2(13), the Corporation and each of the Subsidiaries has not made, and at Closing will not have, any Contracts with any labour union or employee association nor made commitments to or conducted negotiations with any labour union or employee association with respect to any future agreements.
- (14) Employees. Schedule 5.2(14) contains a complete and accurate list of the names of all individuals who are Employees of the Corporation and each of the Subsidiaries specifying unionized Employees, non-unionized Employees, years of service, wages, benefits and title. The Corporation has no unfunded liabilities with respect to its pension plans.

- (15) Insurance. Schedule 5.2(15) sets forth all insurance policies (specifying the insurer, the amount of the coverage, the type of insurance, the policy number and any pending claims thereunder) maintained by the Corporation and each of the Subsidiaries on its property and assets or personnel (the “**Insurance Policies**”).
- (16) Environmental.
- (a) There are no active or abandoned underground storage tanks located on any Real Property or Leased Property, except those that comply with applicable Environmental Laws; and
 - (b) No Release of Hazardous Substances has occurred on or from any Real Property or Leased Property, except those that do not violate applicable Environmental Laws.
 - (c) The Business and Property have been and are being owned, occupied and operated in substantial compliance with applicable Environmental Laws and there are no breaches thereof and no enforcement actions in respect thereof are threatened or pending which, in any such-case, would, either individually or in the aggregate, have, a Material Adverse Effect.
- (17) Litigation. Except as set out in Schedule 5.2(17), there are no actions, suits or proceedings pending or, threatened against or affecting the Corporation or any Subsidiaries at law or in equity, or before or by any federal, provincial, municipal or other governmental department, court, commission, board, bureau, agency or instrumentality, domestic or foreign, or by or before an arbitrator or arbitration board which, either individually or in the aggregate, would have a Material Adverse Effect.
- (18) Taxes. The Corporation and each of the Subsidiaries is exempt from tax under the Tax Act and the Corporations Tax Act (Ontario). There are no audits, actions, assessments, suits, proceedings, investigations or claims pending against the Corporation or any Subsidiaries in respect of Taxes, due to any grounds including aggressive treatment of income, expenses, credits or other amounts in filing its tax returns, nor are there any material matters under discussion with any governmental authority relating to Taxes asserted by any such authority. The Corporation and each Subsidiary is not party to any agreement or undertaking with respect to Taxes.
- (19) Withholding. The Corporation and each Subsidiary has withheld from each payment made to any of its past or present employees, officers or directors, and to any non-resident of Canada, the amount of all Taxes and other deductions required to be withheld therefrom, including without limitation, all employee and employer portions for Workers’ Compensation, Canada Pension Plan, Unemployment Insurance and Employment Insurance and has paid the same to the proper tax or other receiving officers within the time required under any applicable legislation. The Corporation and each Subsidiary has remitted to the appropriate tax authority when required by law to do so all amounts collected by it on account of sales taxes including goods and services tax.

- (20) 2010 Financial Statements. The 2010 Financial Statements, copies of which are attached as Schedule 5.2(20) in all material respects, fairly and accurately reflect the financial position, the assets and liabilities of the Corporation and each of the Subsidiaries as they existed on December 31, 2010 and the results of the operation of its business for the twelve (12) month period ended on the date of the 2010 Financial Statements and have been prepared on a basis consistent with the preceding fiscal years, except where noted in the 2010 Financial Statements.
- (21) Service Agreements. All Service Agreements entered into between the Corporation and or the Vendor, Collus, Energy and Solutions or any of their respective Affiliates, which Service Agreements are listed in Schedule 5.2(21), comply, in all material respects, with the Affiliate Relationships Code.

5.3 Representations and Warranties of the Purchaser Relating to the Purchaser

The Purchaser represents and warrants to the Vendor and the Corporation, except as expressly provided for herein, as to itself as follows and acknowledges that the Vendor and the Corporation are relying on these representations and warranties in connection with this Agreement and the Transaction:

- (1) Organization and Status. The Purchaser is a corporation duly incorporated and organized, and is validly subsisting under, the laws of Ontario.
- (2) Corporate Power. It has all necessary corporate power and authority to own or lease or dispose of its undertakings, property and assets, to enter into this Agreement and Shareholders Agreement and the contracts, agreements and instruments required by this Agreement to be delivered by it, and to perform its obligations hereunder and thereunder.
- (3) Authorization. All necessary corporate action has been taken by it or on its part to authorize its execution and delivery of this Agreement and the contracts, agreements and instruments required by this Agreement to be delivered by it and the performance of its obligations hereunder and thereunder.
- (4) Enforceability. This Agreement has been duly executed and delivered by it and (assuming due execution and delivery by the other Parties) is a legal, valid and binding obligation of it enforceable against it in accordance with its terms, except as that enforcement may be limited by bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction. The Shareholders Agreement and each of the contracts, agreements and instruments required by this Agreement to be delivered by it will at the Closing Time have been duly executed and delivered by it and (assuming due execution and delivery by the other parties thereto) will be enforceable against it in accordance with its terms, except as that enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

- (5) Bankruptcy. It is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. It has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of it or any of its undertakings, property or assets and no execution or distress has been levied on any of its undertakings, property or assets, nor have any proceedings been commenced in connection with any of the foregoing.
- (6) Absence of Conflict. The execution, delivery and performance by it of this Agreement, the Shareholders Agreement and the completion of the Transaction will not (whether after the passage of time or notice or both), result in:
- (a) the Material breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any of its obligations, under:
 - (i) any Contract to which it is a party or by which any of its undertakings, property or assets is bound or affected;
 - (ii) any provision of its Constatng Documents or resolutions of its board of directors (or any committee thereof) or shareholder;
 - (iii) municipal council; or
 - (iv) any Applicable Law;
 - (b) the requirement of any Purchaser Third Party Consents from any of its creditors.
- (7) Litigation. There are no Claims (whether or not purportedly on its behalf) pending or outstanding or, to its knowledge, threatened against it which could affect its ability to perform its obligations under this Agreement. To the knowledge of the Purchaser, there is not any factual or legal basis on which any such Claim might be commenced with any reasonable likelihood of success.
- (8) Residence. It is not a non-resident of Canada for purposes of the Tax Act.

ARTICLE 6 **COVENANTS**

6.1 Covenants of the Vendor and the Corporation

Each of the Vendor and the Corporation covenants and agrees with the Purchaser that each of the Vendor and the Corporation will do or cause to be done the following:

- (1) Conduct Prior to Closing. Without in any way limiting any other obligations of each of the Vendor and the Corporation hereunder, except as specifically provided in this Agreement or with the prior written consent of the Purchaser during the Interim Period:
- (a) the Vendor shall cause the Corporation to conduct the Business and the operations and affairs of the Corporation only in the Ordinary Course, and each of the Vendor and the Corporation shall not, without the prior written consent of the Purchaser, enter into any transaction or refrain from doing any action that, if effected before the date of this Agreement, would constitute a breach of any representation, warranty, covenant or other obligation of each of the Vendor and the Corporation in this Agreement and, without limiting the generality of the foregoing, the Vendor and the Corporation shall cause the Corporation and the Subsidiaries:
- (i) not to amalgamate, merge or consolidate with or acquire or agree to acquire all or substantially all of the shares and assets of any Person, not to acquire or lease or agree to acquire or lease any business operations in any other Person, and not to undertake any distributions or declare any dividends or repay any material loans in respect of the Corporation or any Subsidiaries, other than dividend declarations and repayment of loans contemplated in Article 2 of this Agreement;
- (ii) not to enter into any compromise or settlement of any litigation, proceeding or government investigation relating to the Business or any of the assets of the Corporation;
- (iii) not to make any Material modification to its usual sales, human resource, accounting, software, or management practices, processes or systems, except that the Parties agree that the Vendor, the Corporation and the Subsidiaries shall transfer certain employees from Solutions and Energy to Collus, or as otherwise mutually agreed to by the Parties;
- (iv) to continue to maintain in full force and effect all the Insurance Policies or renewals thereof currently in effect; and
- (v) to report all Claims with a value greater than \$50,000.00 or known circumstances or events which may give rise to a Claim with a value greater than \$50,000.00 to its insurers under the Insurance Policies in a due and timely manner to the Closing Date and to provide copies of those reports to the Purchaser;
- (b) each of the Vendor and the Corporation shall use its respective commercially reasonable efforts to give or obtain or cause the Corporation to give or obtain, and the Corporation shall use its commercially reasonable efforts to obtain, the Third Party Consents described in Schedule 4.1(1)(c);

- (c) each of the Corporation and the Vendor shall use its respective commercially reasonable efforts to preserve, and cause the Vendor to preserve intact its assets and cause the Corporation to preserve intact, the Business, the assets of the Corporation, and the operations and affairs of the Corporation and to carry on the Business and the affairs of the Corporation as currently conducted, and to promote and preserve the goodwill of suppliers, customers and others having business relations with the Corporation;
 - (d) each of the Corporation and the Vendor shall cause Corporation and the Vendor to pay and discharge its liabilities in the Ordinary Course in accordance and consistent with the previous practice of the Corporation, except those contested in good faith by the Corporation, or the Vendor, as the case may be;
 - (e) the Vendor shall in respect of the Corporation, and the Corporation in respect of the Subsidiaries shall use its respective commercially reasonable efforts to take and cause the Corporation to take, all necessary corporate action, steps and proceedings to approve or authorize, validly and effectively, the execution and delivery of this Agreement and the other agreements and documents contemplated hereby and to complete the Transaction and to cause all necessary meetings of directors and shareholders of the Corporation and the Vendor to be held for that purpose;
 - (f) the Vendor and the Corporation shall use its commercially reasonable efforts to satisfy the conditions contained in Section 4.2.
- (2) Rights of Access. During the Interim Period, each of the Vendor and the Corporation shall cause the Corporation to provide:
- (a) during ordinary business hours and upon reasonable notice and subject to compliance with all Applicable Laws and confidentiality agreements, Purchaser and its Representatives, with reasonable access to the Corporation and the Subsidiaries' management, Books and Records, Contracts, Intellectual Property, Insurance Policies, premises, properties and other information relating to the Corporation, the Subsidiaries and the Business; and
 - (b) as the Purchaser may reasonably request, such updated financial and operating data relating to the Corporation as the Corporation provides to the Vendor.
- (3) No Amendment to Articles. The Corporation shall not make any amendment to its articles of incorporation or by-laws, and the Vendor shall not require or authorize the same, except to change the minimum and maximum number of directors permitted by the articles of each of the Corporation and the Subsidiaries to reflect the minimum and maximum numbers set out in the Shareholders' Agreement.

- (4) MOF Notification. Collus shall, in the manner and within the time prescribed by the Electricity Act, notify the MOF of any transfer of “municipal electricity property” within the meaning of the Electricity Act in connection with the Transaction.
- (5) Dividends. Notwithstanding any provision of this Agreement to the contrary, during the Interim Period the Corporation may declare and pay dividends contemplated in Article 2 of this Agreement.

6.2 Covenants of the Purchaser

The Purchaser covenants and agrees with the Vendor and the Corporation that Purchaser will do or cause to be done the following:

- (1) Commercially Reasonable Efforts.
 - (a) The Purchaser shall use its commercially reasonable efforts to take all necessary corporate action, steps and proceedings to approve or authorize, validly and effectively, the execution and delivery of this Agreement and the other agreements and documents contemplated hereby and to complete the Transaction and to cause all necessary meetings of directors and shareholders of the Purchaser to be held for that purpose;
 - (b) The Purchaser shall use its commercially reasonable efforts to satisfy the conditions contained in Section 4.1.
- (2) MOF Notification. The Purchaser shall, in the manner and within the time prescribed by the Electricity Act, notify the MOF of any transfer of “municipal electricity property” within the meaning of the Electricity Act in connection with the Transaction.
- (3) Cooperation with OEB MAAD Application. The Purchaser shall prepare and submit to the OEB as soon as practicable following execution of this Agreement, with the cooperation and review of the Vendor, the Corporation and Collus, either
 - (a) an application (the “**MAAD Application**”) requesting approval of the Transaction and any corresponding amendment of the electricity distribution licences held by Collus and the Purchaser. Up to \$100,000 of external costs incurred in respect of the MAAD Application will be borne by the Purchaser after which (if any) they shall be shared equally; or
 - (b) if the MAAD Application is determined by the Parties not to be required, an informational filing or submission to be submitted to the OEB prior to the Closing in respect of the Transaction.

6.3 Mutual Covenants

- (1) Co-operation and Compliance. Subject to the terms and conditions of this Agreement and Applicable Law, each of the Parties shall use commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective, as soon as reasonably practicable, the Transaction and other transactions contemplated hereby, including using commercially reasonable efforts to ensure satisfaction of the conditions precedent to each Party's obligations under this Agreement.
- (2) Shareholders' Agreement. On Closing, each of the Vendor, the Corporation and the Purchaser shall execute and deliver the Shareholders' Agreement.
- (3) Cooperation with OEB MAAD Application. Each of the Parties shall cooperate with one another in the preparation and submission to the OEB by the Purchaser, as soon as possible following execution of this Agreement, of the MAAD Application or other submission to the OEB as described in Section 6.2(3).
- (4) Confidentiality. The Parties shall treat as confidential this Agreement, the terms and conditions set out herein and all information provided to one another in accordance with this Agreement. All such information shall be kept in the strictest confidence and not divulge to any unrelated third party or used by the Vendor, the Corporation or the Purchaser except for purposes of the Transaction. The Parties acknowledge that Collus and the Purchaser executed the Confidentiality Agreement and that such confidentiality agreement continues in full force and effect for all purposes of this section.
- (5) Public Statements. Unless otherwise provided herein or otherwise agreed to by the Parties, prior to Closing, no Party shall issue or make any public announcement or press release (a "**Public Announcement**") with respect to this Agreement or the Transaction or other transactions contemplated hereby without the prior written consent of the Vendor, the Corporation and the Purchaser which consent shall not be unreasonably withheld or delayed, except as may be required by Applicable Law or a Governmental Authority. If such disclosure is required by Applicable Law or a Governmental Authority, the Party required to make such disclosure shall, if practicable, provide prior notice to the other Parties of such requirement, the nature thereof, and the nature of the proposed disclosure, and shall limit the scope of such disclosure to the extent necessary to comply with such requirement. Upon the execution of this Agreement, the Parties shall issue a mutually acceptable press release.
- (6) Third Party Consents. Each Party shall have the right to review in advance information which appears in any application, notice, petition or filing made seeking Third Party Consents required in connection with the Transaction and other transactions contemplated hereby.
- (7) Future Opportunities. During the Interim Period, each of the Vendor, the Corporation and the Purchaser agree to continue in good faith to negotiate the completion of the

Transaction contemplated by this Agreement and not to directly or indirectly pursue any transaction which would impair the Transaction.

- (8) Service Agreements. During the Interim Period, the Vendor, the Purchaser and the Corporation will agree to amend the Service Agreements in respect of ongoing obligations with respect to the Corporation and the Subsidiaries or will have confirmed the acceptability of the Service Agreements in their current form.

ARTICLE 7

INDEMNIFICATION

7.1 Indemnification

- (1) Subject to Sections 7.1(3), 7.1(6), 7.1(8) and 7.1(10), the Vendor shall indemnify, defend and hold harmless, the Purchaser, the Corporation and the Subsidiaries and each of their respective officers, directors, employees, shareholders and agents, (each, a “**Purchaser Indemnitee**”) from and against any and all claims, demands, suits, losses, liabilities, damages, obligations, assessments, reassessments, charges, payments, costs and expenses and accrued interest thereon (including the costs and expenses of, and accrued interest in respect of, any and all actions, suits, proceedings, assessments, judgments, settlements and compromises relating thereto and reasonable lawyers’ and other professionals’ and experts’ fees and reasonable disbursements in connection therewith) (each, an “**Indemnifiable Loss**”), asserted against or suffered by any Purchaser Indemnitee relating to, in connection with or resulting from or arising out of any Direct Claim or Third Party Claim in respect of:
- (a) any breach by the Vendor or the Corporation, as applicable, of any representation and warranty made by it in respect of itself under Section 5.1;
 - (b) any breach by the Vendor of any representation and warranty contained in this Agreement, or incorrectness in any certificate furnished by the Vendor or the Corporation in accordance with this Agreement; or
 - (c) any breach by the Vendor or the Corporation of any covenants or agreements contained in this Agreement provided such breach was not caused by the breach by the Purchaser of its covenants or agreements contained in this Agreement;

provided that in the case of (a), (b) or (c) the Claim is brought within the time limits set out in Section 8.3.

- (2) It is the intention of each of the Vendor and the Corporation to constitute the Purchaser as trustee for the Purchaser Indemnitees that are not party to this Agreement of the covenants of the Vendor and the Corporation in this Section 7.1(2) and the Purchaser agrees to accept such trust and to hold and enforce such covenants on behalf of the Purchaser Indemnitees.

- (3) Subject to Sections 7.1(1), 7.1(7), 7.1(8) and 7.1(10), the Purchaser shall indemnify, defend and hold harmless the Vendor, the Corporation and the Subsidiaries and each of their respective officers, directors, employees, shareholders, and agents (each, a “**Collus Indemnitee**”) from and against any and all Indemnifiable Losses asserted against or suffered by any Collus Indemnitee relating to, in connection with, resulting from or arising out of any Direct Claim or Third Party Claim in respect of:
- (a) any breach by the Purchaser of any representations and warranties contained in this Agreement, or incorrectness in any certificate furnished by the Purchaser in accordance with this Agreement; or
 - (b) any breach by the Purchaser of any covenants or agreements contained in this Agreement provided such breach was not caused by the breach by the Vendor or the Corporation or its covenants or obligations contained in this Agreement;

provided that in the case of (a) or (b) the Claim is brought within the time limits set out in Section 8.3.

- (4) It is the intention of the Purchaser to constitute the Vendor and the Corporation as trustees for the Collus Indemnitees that are not party to this Agreement of the covenants of the Purchaser in this Section 7.1(3) and each of the Vendor and the Corporation agrees to accept such trust and to hold and enforce such covenants on behalf of the Collus Indemnitees.
- (5) The expiration or termination of any period of indemnification set out in Sections 7.1(10) and shall not affect the Parties’ obligations under this Article 7 if the Indemnitee provides to the Person required to provide indemnification under this Agreement (the “**Indemnifying Party**”) with proper notice of the claim or event for which indemnification is sought prior to such expiration or termination.
- (6) Each of the Vendor and the Corporation obligations under this Article 7 shall be limited as follows:
- (a) no Purchaser Indemnitee shall be entitled to claim in respect of an Indemnifiable Loss until the time that the aggregate amount of all Indemnifiable Losses of Purchaser Indemnitees exceeds \$100,000.00 and once such threshold is reached the Purchaser Indemnitees shall be entitled to claim for the full amount of Indemnifiable Losses;
 - (b) in no case shall the aggregate obligations of the Vendor and the Corporation to indemnify the Purchaser Indemnitees exceed the Share Purchase Price.
- (7) The Purchaser’s obligations under this Article 7 shall be limited as follows:
- (a) no Collus Indemnitee shall be entitled to claim in respect of an Indemnifiable Loss until the time that the aggregate amount of all Indemnifiable Losses of

Collus Indemnities exceeds \$100,000.00 and once such threshold is reached, the Collus Indemnities shall be entitled to claim for the full amount of Indemnifiable Losses;

- (b) in respect of all Claims, a maximum aggregate amount equal to the Share Purchase Price.
- (8) Notwithstanding anything to the contrary in this Agreement:
- (a) no Party (including a non-Party Indemnitee) shall be entitled to recover hereunder any amount in excess of the actual compensatory damages, court costs and reasonable fees and other expenses of lawyers and other professionals and experts suffered by such Party; and
 - (b) each Party waives any right to recover punitive, special and consequential damages arising in connection with or with respect to this Agreement.

The provisions of this Section 7.1(8) shall not apply to indemnification for a Third Party Claim.

- (9) The Parties agree that, from and after Closing, this Article 7 sets out the sole and exclusive manner by which the Parties may seek compensation or other monetary relief hereunder for any breach of representation, warranty or covenant, and is in lieu of any and all other rights and remedies which any Party may have, for any matter in respect of which it may make a claim on account of an Indemnifiable Loss.
- (10) The representations and warranties in Article 5 shall survive the Closing Date until the date that is twenty-four (24) months thereafter (unless notice of a Claim has been received by either Party prior to the expiry of such twenty-four month period, in which case it will be deemed to survive in accordance with this Article 7), except (a) the representations and warranties contained in Section 5.2(16) (Environmental) shall survive for a period of five (5) years from the Closing Date, and (b) the representations and warranties contained in 5.2(18) (Tax) shall survive the Closing Date and continue until thirty (30) days following the expiration of the applicable statute of limitations or statutory tax assessment period (including all periods of extension, whether automatic or permissive).

7.2 Defence of Claim

- (1) If any Indemnitee receives notice of the assertion of any claim or of the commencement of any claim, action or proceeding made or brought by any Person who is not an Indemnitee (a "Third Party Claim") with respect to which indemnification is to be sought from an Indemnifying Party, the Indemnitee shall give such Indemnifying Party reasonably prompt written notice thereof, but in any event such notice shall not be given later than twenty (20) calendar days after the Indemnitee's receipt of notice of such Third Party Claim. Such notice shall describe the nature of the Third Party Claim in reasonable

detail and shall indicate the amount or, if the amount is not then determinable, an appropriate and reasonable estimate of the potential amount of the Indemnifiable Loss that has been or may be sustained by the Indemnitee. The Indemnifying Party will have the right to participate in or, by giving written notice to the Indemnitee, to elect to assume the defence of any Third Party Claim at such Indemnifying Party's expense and by such Indemnifying Party's own counsel, provided, however, that:

- (a) counsel for the Indemnifying Party shall conduct the defence of such Third Party Claim in a manner reasonably satisfactory to the Indemnitee;
- (b) if the defendants to the Third Party Claim include both the Indemnifying Party and the Indemnitee and the Indemnitee shall have reasonably concluded that there may be legal defences available to it which are different from, additional to or inconsistent with those available to the Indemnifying Party, the Indemnitee shall have the right to select separate counsel to participate in the defence of the Third Party Claim and the reasonable fees and disbursements of such counsel shall be considered Indemnifiable Losses for the purpose of this Agreement.

Notwithstanding the provisions of this Section 7.2(1), where a Third Party Claim relates to Taxes, the Indemnifying Party will have the right to participate in or, by giving written notice to the Indemnitee, to elect to assume jointly with the Indemnitee the defence of such a Third Party Claim relating to Taxes and both the Indemnifying Party and the Indemnitee shall act reasonably in connection with the conduct and management of such defence. The provisions of this Section 7.2(1) shall otherwise apply *mutatis mutandis*.

- (2) If the Indemnifying Party assumes the defence in accordance with this Section 7.2(2) the Indemnitee shall co-operate in good faith in such defence at such Indemnitee's own expense. If an Indemnifying Party elects not to assume control of the defence of any Third Party Claim, the Indemnitee shall be entitled to assume such control and may compromise or settle such Third Party Claim (in any manner that it determines appropriate, acting reasonably), over the objection of the Indemnifying Party, which settlement or compromise shall conclusively establish the Indemnifying Party's liability pursuant to this Agreement and the Indemnifying Party shall be bound by the results obtained by the Indemnitee with respect to such Third Party Claim.
- (3) If, within twenty (20) calendar days after an Indemnitee provides written notice to the Indemnifying Party of any Third Party Claims, the Indemnitee receives written notice from the Indemnifying Party that such Indemnifying Party has elected to assume the defence of such Third Party Claim as provided in Section 7.2(1), the Indemnifying Party will not be liable for any legal expenses subsequently incurred by the Indemnitee in connection with the defence thereof except as expressly provided in Section 7.2(1), provided, however, that if the Indemnifying Party fails to take reasonable steps necessary to defend diligently such Third Party Claim within twenty (20) calendar days after receiving notice from the Indemnitee that the Indemnitee believes the Indemnifying Party has failed to take such steps, the Indemnitee may assume its own defence and the Indemnifying Party shall be liable for all reasonable expenses thereof.

- (4) Without the prior written consent of the Indemnatee, the Indemnifying Party shall not enter into any settlement of any Third Party Claim which would lead to liability or create any financial or other obligation on the part of the Indemnatee for which the Indemnatee is not entitled to indemnification under this Agreement. The Indemnifying Party shall not settle any Third Party Claim or conduct any legal or administrative proceeding in a manner which would, in the opinion of the Indemnatee, acting reasonably, have a material adverse impact on the Indemnatee. If a final offer is made to settle a Third Party Claim and the offer creates no liability or financial or other obligation on the part of the Indemnatee for which the Indemnatee is not entitled to indemnification under this Agreement and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to the Indemnatee to that effect. If the Indemnatee fails to consent to such final offer within twenty (20) calendar days after its receipt of such notice, the Indemnifying Party shall be relieved of its obligations to defend such Third Party Claim and the Indemnatee may contest or defend such Third Party Claim. In such event, the maximum liability of the Indemnifying Party as to such Third Party Claim will be the amount of such settlement offer plus reasonable costs and expenses paid or incurred by the Indemnatee up to the date of such notice.
- (5) If any Third Party Claim is of a nature such that the Indemnatee is required by Applicable Law to make a payment to any Person (a "**Third Party**") for the purposes of this Section 7.2(5) with respect to such Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnatee may make such payment and the Indemnifying Party shall, forthwith after demand by the Indemnatee, reimburse the Indemnatee for any such payment. If the amount of any liability under the Third Party Claim in respect of which such a payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party to the Indemnatee, the Indemnatee shall, forthwith after receipt of the difference from the Third Party, pay such difference to the Indemnifying Party.
- (6) Except in the circumstances contemplated by Section 7.2(2) or as expressly provided in Section 7.2(5), and whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnatee shall not negotiate, settle, compromise or pay any Third Party Claim except with the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld).
- (7) The Indemnatee shall not permit any right of appeal in respect of any Third Party Claim to terminate without giving the Indemnifying Party notice thereof and an opportunity to contest such Third Party Claim.
- (8) The Parties shall co-operate fully with each other with respect to Third Party Claims, shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available) and shall each designate a senior officer who will keep himself informed about and be prepared to discuss the Third Party Claim with his counterparts and with counsel at all reasonable times.

- (9) Any claim by an Indemnitee on account of an Indemnifiable Loss which does not result from a Third Party Claim (a “**Direct Claim**”) shall be asserted by giving the Indemnifying Party reasonably prompt written notice thereof, stating the nature and factual basis of the Claim in reasonable detail and indicating the amount, or if the amount is not then determinable, an approximate and reasonable estimate of the potential amount of the Direct Claim, but in any event such notice shall not be given later than twenty (20) calendar days after the Indemnitee becomes aware of such Direct Claim, and the Indemnifying Party shall have a period of twenty (20) calendar days within which to investigate and respond to such Direct Claim. For the purpose of such investigation, the Indemnitee shall make available to the Indemnifying Party the information relied upon by the Indemnitee to substantiate the Direct Claim. If the Indemnitee and the Indemnifying Party agree, at or prior to the expiration of such twenty (20) calendar day period, to the validity and amount of the Direct Claim, the Indemnifying Party shall immediately pay to the Indemnitee the full agreed upon amount of the Direct Claim. If the Indemnifying Party does not respond within such twenty (20) calendar day period, the Indemnifying Party shall be deemed to have accepted the Direct Claim. If the Indemnifying Party rejects such Direct Claim, the Indemnitee will be free to seek enforcement of its right to indemnification under this Agreement and shall be entitled to submit the Dispute to the Dispute arbitration procedure referred to in Section 8.2.
- (10) If the amount of any Indemnifiable Loss, at any time subsequent to the making of an indemnity payment in respect thereof, is reduced by recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by, from or against any other entity (including, without limitation, relating to any increase in distribution rates specifically to allow such recovery or from a reduction in taxes), the amount of such reduction, together with any interest earned on such amount, if applicable, less any deductibles, costs or expenses incurred in connection therewith, shall promptly be repaid by the Indemnitee to the Indemnifying Party.
- (11) A failure to give timely notice as provided in this Section 7.2 shall not affect the rights or obligations of any Party under this Agreement except if, and only to the extent that, as a result of such failure, the party which was entitled to receive such notice was actually prejudiced.

ARTICLE 8

GENERAL PROVISIONS

8.1 Notices

Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be given by facsimile or other means of electronic communication or by hand-delivery as provided below. Any such notice or other communication, if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the Business Day following the sending, or if delivered by hand, shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having

apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this Section 8.1. Notices and other communications shall be addressed as follows:

- (a) in the case of the Corporation and the Subsidiaries:

P.O. Box 189
43 Stewart Road
Collingwood, ON L9Y 3Z5

Attention: Ed Houghton
Fax No.: (705) 445-2549

- (b) in the case of the Vendor:

P.O. Box 189
43 Stewart Road
Collingwood, ON L9Y 3Z5

Attention: Clerk
Fax No.: (705) 445-2448

- (c) in the case of the Purchaser:

PowerStream Inc.
161 Cityview Boulevard
Vaughan, ON L4H 0A9

Attention: Dennis Nolan, Executive Vice-President, Corporate Services and
Secretary
Fax No.: (905) 532-4616

Notwithstanding the foregoing, any notice or other communication required or permitted to be given by any party pursuant to or in connection with any arbitration procedures contained in this Agreement or in any Schedule to this Agreement may only be delivered by hand. The failure to send or deliver a copy of a notice to counsel shall not invalidate any notice given under this Section 8.1.

8.2 Arbitration Procedures

- (a) **Disputes:** Each Party shall appoint one or more representatives who shall be responsible for administering this Agreement on its behalf and for representing its respective interests in disputes relating to this Agreement (“Disputes”). Any Dispute between the Parties relating to this Agreement that is not resolved between such representatives within ten (10) Business Days of the date that one Party notifies the other Party or Parties of such dispute shall be referred by the Parties’ representatives in writing to the senior

management of each Party for resolution. Such senior management shall use good faith efforts to resolve the Dispute for a period of up to ten (10) Business Days.

- (b) **Arbitration:** Any Dispute that is not resolved by the procedure set forth in Section 8.2(a) above may be referred to and resolved by arbitration by a single arbitrator in accordance with the provisions of the *Arbitration Act, 1991* (Ontario), subject to the following modifications and additions:
- (i) The arbitration shall take place in Toronto, Ontario, and shall be conducted in English;
 - (ii) The arbitration shall be conducted by a single arbitrator having no financial, business or personal interest in the outcome of the arbitration. The arbitrator shall be appointed jointly by agreement of the Parties. In the event the Parties are unable to agree on the appointment of the arbitrator within ten (10) days after notice of a demand for arbitration is given by a Party, then the arbitrator shall be selected pursuant to the provisions of the *Arbitration Act, 1991* (Ontario);
 - (iii) The arbitrator shall have the authority to award any remedy or relief that a court could order or grant in accordance with this Agreement including, without limitation, specific performance of any obligation, the issuance of an interim, interlocutory or permanent injunction, or the imposition of sanctions for abuse or frustration of the arbitration process; and
 - (iv) The arbitral award shall be in writing, stating the reasons for the award and be final and binding on the Parties with no rights of appeal.
- (c) The provisions of this Section 8.2 do not apply to the dispute resolution mechanisms already provided for in Section 2.1(7) in respect of the Working Capital Adjustment.

8.3 Survival of Representations and Warranties, Covenants and Obligations

Subject to the *Limitations Act, 2002* (Ontario):

- (a) the representations and warranties given or made by any Party in this Agreement or in any certificate or other writing furnished in connection with this Agreement shall survive the Closing for a period of twenty-four (24) months after the Closing Date and shall thereafter terminate and be of no further force or effect, except that (i) any Claim based on fraud or fraudulent misrepresentation, may be brought at any time; and (ii) any representation and warranty as to which a Claim (including a contingent Claim) shall have been asserted during the survival period shall continue in effect with respect to such Claim until such Claim shall have been finally resolved or settled. Each Party shall be entitled to rely upon the representations and warranties of the other Parties set forth in this Agreement, notwithstanding any investigation or audit conducted before or after the Closing Date or the decision of any party to complete the Closing;

- (b) the covenants and obligations of the Parties set forth in this Agreement, including the indemnification obligations of the Vendor, the Corporation and the Purchaser under Article 7, shall survive the Closing indefinitely, unless such covenants and obligations by their terms expire on or before the Closing, and each Party shall be entitled to the full performance thereof by the other Parties without limitation as to time or amount (except as otherwise specifically set forth in this Agreement); and
- (c) subject to Sections 8.3(a) and (b), all of the provisions upon which a claim is made under this Agreement shall survive until such claim has been disposed of in accordance with this Agreement.

8.4 No Personal Liability Re: Certificates

All certificates delivered by a corporate officer or director of the Vendor, the Corporation or the Purchaser, in accordance with this Agreement, shall be delivered in such official capacity without personal liability to any such individual.

8.5 Entire Agreement

This Agreement, the agreements, declarations and instruments contemplated hereby and the Confidentiality Agreement constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior negotiations, understandings and agreements between the Parties, written or oral, in respect thereof.

8.6 Further Assurances

Each Party hereby covenants and agrees that at any time and from time to time after the Closing Date it will, upon the request of the other Parties, or any one of them, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, assignments, transfers, conveyances and assurances as may be required for the better carrying out and performance of all the terms of this Agreement.

8.7 Remedies Cumulative

The rights and remedies of the parties under this Agreement are cumulative and in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by any Party hereto of any right or remedy for default or breach of any term, covenant or condition of this Agreement does not waive, alter, affect or prejudice any other right or remedy to which such Party may be lawfully entitled for the same default or breach.

8.8 Waiver, Amendment

No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by each of the Parties. No waiver of any provision of this Agreement shall be effective or binding unless made in writing and signed by the Party

purporting to give the same and, unless otherwise provided, no such waiver shall constitute a waiver of any other provision of this Agreement nor constitute a continuing waiver, or operate as a waiver of, or estoppel with respect to, any subsequent failure to comply.

8.9 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same agreement.

8.10 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein. The Parties agree that the courts of Ontario shall have exclusive jurisdiction to determine all disputes and claims arising under or pursuant to this Agreement.

8.11 Commercially Reasonable Efforts

The Parties acknowledge and agree that, for all purposes of this Agreement, an obligation on the part of any party to use commercially reasonable efforts to obtain any waiver, consent, approval, permit, licence or other document shall not require such party to make any payment to any person for the purpose of procuring the same, other than payments for amounts otherwise due and payable to such person, payments for incidental expenses incurred by such person and payments required by any applicable law or regulation.

8.12 Time of Essence

Time shall be of the essence hereof.

8.13 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. In respect of any provision so determined to be unenforceable or invalid, the Parties agree to negotiate in good faith to replace the unenforceable or invalid provision with a new provision that is enforceable and valid in order to give effect to the business intent of the original provision to the extent permitted by law and in accordance with the intent of this Agreement.

8.14 No Partnership

Nothing contained in this Agreement nor any acts of the Parties hereunder shall be deemed to constitute any Party as a partner of any other Party.

8.15 Assignment

The rights of the Parties hereunder shall not be assignable.

8.16 Successors and Assigns

This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors. Nothing herein, express or implied, is intended to confer upon any person, other than the Parties hereto and their respective successors, any rights remedies, obligations or liabilities under or by reason of this Agreement.

8.17 Expenses of the Parties

Except as set out in Section 6.2(3) and as otherwise set out in this Agreement, all costs and expenses (including the fees and disbursements of accountants, legal counsel and other professional advisors) incurred in connection with this Agreement and completion of the transactions contemplated by this Agreement should be paid by the party incurring those costs and expenses, except that the Vendor shall be responsible for all costs and expenses incurred by it, the Corporation and the Subsidiaries prior to the Closing Time as a direct result of the Transaction, unless otherwise agreed to by the Parties. If this Agreement is terminated, the obligation of each Party to pay its own costs and expenses is subject to each Party's respective rights arising from a breach or termination.

8.18 Covenant of the Vendor, the Corporation and the Purchaser

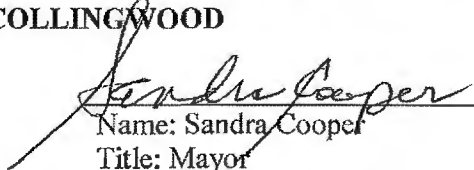
Each of the Vendor, the Corporation and the Purchaser is entering into this Agreement to confirm its undertaking and agreement to be bound by all of the provisions of this Agreement and that it will act to give effect to the terms and conditions of this Agreement.


[EXECUTION PAGE FOLLOWS]

Share Purchase Agreement

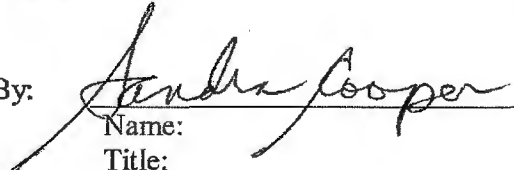
IN WITNESS WHEREOF the parties hereto have duly authorized and executed this Agreement as of the day and year first above written.

THE CORPORATION OF THE TOWN OF COLLINGWOOD


Name: Sandra Cooper
Title: Mayor

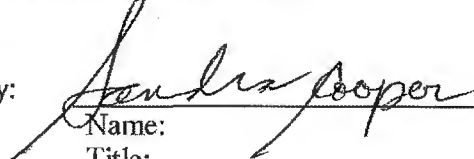

Name: Sara Almas
Title: Clerk

COLLINGWOOD UTILITY SERVICES CORP.

By: 
Name:
Title:

By: _____
Name:
Title:

COLLUS POWER CORP.

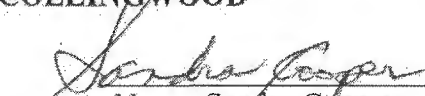
By: 
Name:
Title:

By: _____
Name:
Title:

Share Purchase Agreement

IN WITNESS WHEREOF the parties hereto have duly authorized and executed this Agreement as of the day and year first above written.

THE CORPORATION OF THE TOWN OF COLLINGWOOD


Name: Sandra Cooper
Title: Mayor

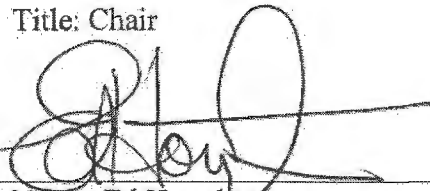
Name: Sara Almas
Title: Clerk

COLLINGWOOD UTILITY SERVICES CORP.

By:

Name: Dean Muncaster
Title: Chair

By:


Name: Ed Houghton
Title: President & CEO

COLLUS POWER CORP.

By:

Name: Dean Muncaster
Title: Chair

By:


Name: Ed Houghton
Title: President & CEO

Share Purchase Agreement

COLLUS SOLUTIONS CORP.

By: [Signature]
Name: Joan Pajunen
Title: Chair

By: [Signature]
Name: Ed Houghton
Title: President & CEO

COLLUS ENERGY CORP.

By: [Signature]
Name: Doug Garbutt
Title: Chair

By: [Signature]
Name: Ed Houghton
Title: President & CEO

POWERSTREAM INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Share Purchase Agreement


IN WITNESS WHEREOF the parties hereto have duly authorized and executed this Agreement as of the day and year first above written.

THE CORPORATION OF THE TOWN OF COLLINGWOOD

Name: Sandra Cooper
Title: Mayor


Name: Sara Almas
Title: Clerk

COLLINGWOOD UTILITY SERVICES CORP.

By: 
Name: Dean Muncaster
Title: Chair

By: _____
Name: Ed Houghton
Title: President & CEO

COLLUS POWER CORP.

By: 
Name: Dean Muncaster
Title: Chair

By: _____
Name: Ed Houghton
Title: President & CEO

COLLUS SOLUTIONS CORP.

By: _____
Name:
Title:

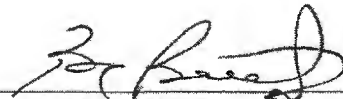
By: _____
Name:
Title:


COLLUS ENERGY CORP.

By: _____
Name:
Title:

By: _____
Name:
Title:

POWERSTREAM INC.

By:  _____
Name: Brian Bentz
Title: President & CEO

By:  _____
Name: Dennis Nolan
Title: EVP Corporate Services & Secretary

Schedule A
Promissory Note

See attached.

PROMISSORY NOTE

DATE: October 31, 2000

INTEREST: 5%

AMOUNT: \$1,710,169

DUE: On demand

FOR VALUE RECEIVED

The undersigned Corporation does hereby promise to pay on demand to:

THE CORPORATION OF THE TOWN OF COLLINGWOOD

the sum of One Million, Seven Hundred and Ten Thousand, One Hundred and Sixty-Nine Dollars (\$1,710,169) together with interest at the rate of Five Percent (5 %) per annum accruing from the date of this Promissory Note until paid in full.

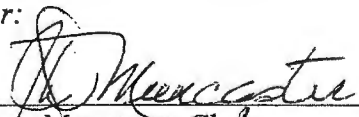
Interest shall be paid quarterly on the principal balance owing from time to time, on the last day of January, May, August and October in each and every year, commencing the last day of January, 2001.

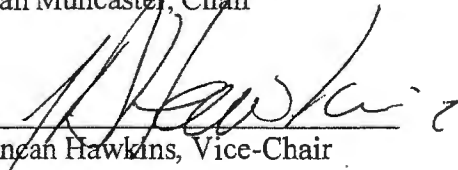
Provided that the principal sum, together with interest thereon, may be prepaid in full or part at any time or times without notice or bonus.

DATED at Collingwood, this 31st day of October, 2000

COLLUS POWER CORP.

per:


 _____ c/s
 Dean Muncaster, Chair



 Duncan Hawkins, Vice-Chair

Schedule B

Shareholders' Agreement

See attached.

UNANIMOUS SHAREHOLDERS AGREEMENT

Dated as of the ____ day of _____, 2012

THE CORPORATION OF THE TOWN OF COLLINGWOOD

- and -

POWERSTREAM INC.

- and -

COLLINGWOOD UTILITY SERVICES CORP.

AIRD & BERLIS LLP
Barristers and Solicitors

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UNANIMOUS SHAREHOLDERS AGREEMENT

THIS AGREEMENT made as of the ____ day of _____, 20____,

BETWEEN:

THE CORPORATION OF THE TOWN OF COLLINGWOOD, a corporation duly incorporated under the *Municipal Act* (Ontario) (hereinafter referred to as **“Collingwood”**)

- and -

POWERSTREAM INC., a corporation duly incorporated under the *Business Corporations Act* (Ontario) (hereinafter referred to as **“PowerStream”**)

- and -

COLLINGWOOD UTILITY SERVICES CORP., a corporation duly incorporated under the *Business Corporations Act* (Ontario) (hereinafter referred to as the **“Corporation”**)

RECITALS:

- (a) The Corporation is the owner of all of the issued and outstanding shares in Collus PowerStream Power Corp. (**“Collus”**), Collus PowerStream Solutions Corp. (**“Solutions”**) and Collus PowerStream Energy Corp. (**“Energy”**);
- (b) On the 25th day of October, 2000, Collingwood issued a shareholder declaration with respect to the shares it held in the Corporation (the **“Shareholder Declaration”**), which Shareholder Declaration was terminated on the ____ day of _____, 20____;
- (c) On or about the date hereof, PowerStream purchased 2,550,820 common shares in the capital of the Corporation pursuant to a share purchase agreement, dated the ____ day of _____, 2012, between Collingwood, the Corporation and PowerStream (the **“Share Purchase Agreement”**);
- (d) As of the date hereof, Collingwood and PowerStream are the only Shareholders of the Corporation;
- (e) The authorized capital of the Corporation consists of unlimited common shares, of which 5,101,640 common shares are issued and outstanding;

- (f) At the date hereof all of the issued and outstanding shares of the Corporation are registered and beneficially owned as follows:

<u>Shareholder</u>	<u>Shares</u>
Collingwood	2,550,820 common shares
PowerStream	2,550,820 common shares

- (g) The issued and outstanding shares of Collus, Solutions and Energy are registered and beneficially owned as follows:

<u>Entity</u>	<u>Shareholder</u>	<u>Shares</u>
Collus	the Corporation	5,101,340 common shares
Solutions	the Corporation	100 common shares
Energy	the Corporation	100 common shares

- (h) The operation and management of the Corporation and its Subsidiaries shall be based upon the general objectives and business principles set out in Section 2.1 of this Agreement; and
- (i) It is the intent and understanding of each of the Corporation, Collingwood and PowerStream to transition the corporate governance structure of the Corporation and its Subsidiaries as set out herein.

NOW THEREFORE IN CONSIDERATION OF THE FOREGOING AND OF THE MUTUAL COVENANTS HEREIN CONTAINED, THE PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE 1 INTERPRETATION

- 1.1 Definitions.** Whenever used in this Agreement unless there is something in the subject matter or context inconsistent therewith, the following terms shall have these respective meanings:

“**Adjourned Meeting**” has the meaning set forth in Section 4.9.

“**Affiliate**” means any Person that: (i) Controls a Party; (ii) is Controlled by a Party; or (iii) is Controlled by the same Person that Controls a Party.

“**Agreement**” means this Shareholders Agreement, and includes any agreement which is supplementary to or an amendment or confirmation of this agreement (and which is entered into in accordance with this Agreement) and any schedules hereto or thereto.

“**Applicable Law**” means, collectively, all applicable federal, provincial and municipal laws, statutes, ordinances, decrees, rules, regulations, by-laws, legally enforceable policies, codes, or guidelines, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, directives,

rulings or awards, and conditions of any grant of approval, permission, certification, consent, registration, authority or licence by any statutory body, self-regulatory authority or other Governmental Authority.

“**Arm’s Length**” means the same as the term “arm’s length” as used in the *Income Tax Act* (Canada), as amended from time to time.

“**Articles**” means the articles of incorporation of the Corporation in effect on the date hereof.

“**Board**” means the board of directors of the Corporation, or of a Subsidiary.

“**Business Day**” means any day except Saturday, Sunday or any day which is a statutory holiday in the Province of Ontario.

“**Business Plan**” has the meaning forth in Section 5.2(a).

“**Buy/Sell Notice**” has the meaning set forth in Section 9.1.

“**Chair**” means the director who is appointed chair of the Board from time to time as provided in this Agreement.

“**Collingwood**” has the meaning set forth in the recitals hereto.

“**Collus**” has the meaning set forth in the recitals hereto.

“**Control**” means, with respect to any Person at any time, (i) holding, as owner or other beneficiary, other than solely as the beneficiary of an unrealized security interest, directly or indirectly, securities or ownership interests of that Person carrying votes or ownership interests sufficient to elect or appoint the majority of individuals who are responsible for the supervision or management of that Person, or (ii) the exercise of de facto control of that Person whether direct or indirect and whether through the ownership of securities or ownership interests, by contract or trust or otherwise and “**Controlled by**”, “**Controlling**” and similar words have corresponding meanings.

“**Controlling Shareholder**” means a Person who Controls a Shareholder if that Shareholder is a company or corporation. If a Controlling Shareholder of a Shareholder is itself a company or corporation, “**Controlling Shareholder**” shall mean the Person(s) who ultimately Control such Shareholder.

“**Corporation**” has the meaning set forth in the recitals hereto.

“**Date of Closing**” has the meaning set forth in Section 9.3.

“**Dividend Policy**” has the meaning set forth in Section 5.2(c).

“**Electricity Act**” means the *Electricity Act, 1998* (Ontario), as amended from time to time and any replacement or successor legislation.

“**Energy**” has the meaning set forth in the recitals hereto.

“**Enforcing Shareholder**” has the meaning set forth in Section 9.3.

“**Fair Market Value**” has the meaning set forth in Section 8.4.

“**Former Director**” has the meaning set forth in Section 4.10.

“**Governmental Authority**” means any government or political subdivision (including without limitation, any municipality or federal or provincial ministry) or quasi-governmental or regulatory agency, authority, board, commission, department or instrumentality of any government or political subdivision, or any court or tribunal including the IESO, OEB and OPA.

“**HoldCo**” has the meaning set forth in Section 14.10(a).

“**IESO**” means the Ontario Independent Electricity System Operator and any successor.

“**includes**” means “includes, without limitation” and “**including**” means “including, without limitation”.

“**Information**” has the meaning set forth in Section 11.1.

“**New Date of Closing**” has the meaning set forth in Section 9.3.

“**New Purchase Price**” has the meaning set forth in Section 9.3.

“**Non-Selling Shareholder**” has the meaning set forth in Section 10.5(b).

“**OBCA**” means the *Business Corporations Act* (Ontario), as amended from time to time.

“**OEB**” means the Ontario Energy Board and any successor.

“**OEB Act**” means the *Ontario Energy Board Act, 1998*, as amended from time to time and any replacement or successor or legislation.

“**Offered Shares**” has the meaning set forth in Section 7.1 and 9.3, as applicable.

“**Offeree**” has the meaning set forth in Section 9.1.

“**Offeror**” has the meaning set forth in Section 9.1.

“**OPA**” means the Ontario Power Authority and any successor.

“Ordinary Course of Business” means, for the Corporation or any Subsidiary, the conduct of the business of the Corporation or the applicable Subsidiary in the ordinary and usual course and in a manner consistent with the manner in which the business is carried on as of the date hereof, if applicable, or as may be permitted pursuant to Section 2.3 hereof as to the nature and scope of the business.

“Parties” means the Shareholders and the Corporation and **“Party”** means any one of them.

“Permitted Transferee” has the meaning set forth in Section 6.3(a).

“Person” means any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, Governmental Authority and any other form of entity or organization.

“PowerStream” has the meaning set forth in the recitals hereto.

“Pro Rata” means in the same proportion that the number of Shares owned by a Shareholder is to all of the then issued and outstanding Shares of all classes of the Corporation.

“Prospective Purchaser” has the meaning set forth in Section 7.3.

“Purchase Notice” has the meaning set forth in Section 7.2.

“Purchase Price” has the meaning set forth in Section 7.1(a).

“Purchaser” has the meaning set forth in Schedule A hereto.

“Refusing Shareholder” has the meaning set forth in Section 9.3.

“Right of First Refusal Period” has the meaning set forth in Section 7.2.

“Remaining Shareholders” has the meaning set forth term in Section 7.1(b).

“Sale Notice” has the meaning set forth in Section 7.1(a).

“Second Adjourned Meeting” has the meaning set forth in Section 4.9.

“Selling Shareholder” has the meaning set forth in Section 7.1(a).

“Shareholder” means individually any, and **“Shareholders”** means collectively all, of Collingwood and PowerStream and any Person to whom any Shares are transferred, or issued, in accordance with the terms of this Agreement, at any time subsequent to the date of this Agreement.

“Shareholder Declaration” has the meaning set forth in the recitals hereto.

“**Share Purchase Agreement**” has the meaning set forth in the recitals hereto.

“**Shares**” means any authorized class of shares, voting or non-voting, of the Corporation.

“**Share Purchase Price**” has the meaning set forth in Section 8.3(a).

“**Solutions**” has the meaning set forth in the recitals hereto.

“**Standstill Period**” means the period that is thirty (30) months from the date hereof.

“**Strategic Plan**” has the meaning set forth in Section 2.2(d).

“**Subsidiaries**” means the subsidiary corporations (as defined in the OBCA) of the Corporation and “**Subsidiary**” means any one of such Subsidiaries and includes Collus, Solutions and Energy as at the date hereof.

“**Subsidiary Board**” means the board of directors of each Subsidiary of the Corporation, as elected by the Corporation as sole shareholder, comprised of nominees determined from time to time in accordance with the provisions of this Agreement.

“**Third Adjourned Meeting**” has the meaning set forth in Section 4.9.

“**Time of Closing**” means 10:00 am Toronto time.

“**Transfer Tax**” means the tax payable pursuant to Section 94 of the *Electricity Act, 1998* (Ontario) or any similar tax or replacement or substitution thereof.

“**Valuator**” has the meaning set forth in Schedule A hereto.

“**Vendor**” has the meaning set forth in Schedule A hereto.

“**Vice-Chair**” means the director who is appointed vice-chair of the Board from time to time as provided in this Agreement.

“**Withdrawal Date**” has the meaning set forth in Section 8.4.

“**Withdrawing Shareholder**” has the meaning set forth in Section 8.2.

1.2 Interpretation Not Affected by Headings. The division of this Agreement into articles, sections, subsections, paragraphs, subparagraphs and clauses and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein”, “hereunder” and similar expressions refer to this Agreement and not to any particular article, section, subsection, paragraph, subparagraph or clause or other portion hereof and include any agreement or instrument supplemental or ancillary hereto. Unless something

in the subject matter or context is inconsistent therewith, references herein to articles and sections are to articles and sections of this Agreement.

- 1.3 Number and Gender.** Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa.
- 1.4 Accounting Principles.** Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles. For greater clarity, the International Financial Reporting Standards shall apply for the periods on and after December 31, 2012.
- 1.5 Effect of this Agreement.** To the extent that this Agreement specifies that any matters relating to the Corporation or its Subsidiaries may only be or shall be dealt with or approved by, or shall require action by the Shareholders, the discretion and powers of the directors of the Corporation or a Subsidiary to manage and to supervise the management of the business and affairs of the Corporation or a Subsidiary with respect to such matters are correspondingly restricted. For greater certainty, the Parties agree that Sections 5.1 of this Agreement are intended to operate as a unanimous shareholders agreement with respect to the Corporation and its Subsidiaries, within the provisions of Section 108(2) of the OBCA.
- 1.6 Statutes and Amendments.** Any reference in this Agreement to an agreement, or to a statute, regulation or rule promulgated under a statute or to any provision of an agreement, a statute, regulation or rule shall be a reference to the agreement, statute, regulation, rule or provision, as amended, restated, re-enacted or replaced from time to time.
- 1.7 Schedules.** The following schedule is incorporated herein and forms part of this Agreement:

Schedule A	Valuation Method
Schedule B	Corporation and Subsidiaries Dividend Policy
Schedule C	Charter Documents of Corporation and each Subsidiary

ARTICLE 2
OBJECTIVES, GUIDING PRINCIPLES AND
PERMITTED BUSINESS ACTIVITIES

- 2.1 Guiding Principles and Objectives.** The Parties acknowledge and recognize the following guiding principles and objectives of the Corporation and its Subsidiaries and the intention of the Shareholders that the Corporation and its Subsidiaries be managed on an ongoing basis in a manner consistent with these guiding principles and objectives:
- (a) enhance Shareholder and investor value;

- (b) strengthened voice with the public, regulator and governments;
- (c) enhanced community leadership in energy conservation and environment protection;
- (d) continued high level of safety;
- (e) the Corporation and the Subsidiaries shall each be governed by a board of directors with proportional representation of the Shareholders;
- (f) policies shall be established to maintain and sustain infrastructure through adequate investments consistent with good utility practice;
- (g) service reliability levels in all service areas are to be maintained at or better than the levels which were maintained prior to the date hereof, subject in all cases to good utility practice and the requirements and/or approval of the OEB;
- (h) cost savings shall be obtained through suitable economies of scale;
- (i) customer service levels are to be maintained or improved as allowed by electricity distribution rates consistent with good utility practice and sound commercial principles;
- (j) utilize suitable human resource programs to avoid, if possible, lay offs including deployment, re-training, early retirement, separation incentives and attrition;
- (k) treat all employees in a fair and equitable manner, and develop with its employees a shared commitment towards high customer service, improved productivity and workplace safety, as well as ensuring that all staff understand the Business Plan and direction, and they have the skill required to fulfill their part in achieving those goals;
- (l) mutually seek to grow the Corporation's business both organically and through acquisition or merger;
- (m) provide a continued and substantial presence in the communities that the Corporation services;
- (n) provide continued and enhanced support for the interests of the communities that the Corporation serves;
- (o) with due consideration to the optimization of the rate of return and Shareholder value, be an integral participant and play a significant role in the local communities in which they operate. The Corporation and Subsidiaries will strive to be good corporate citizens and the facilitator of economic development throughout the service area, and not facilitate economic development in any way that would favour one community over another, nor discriminate against any community within the applicable service area; and

- (p) whenever possible and practicable, best utility practices of the industry are to be adopted.

2.2 Financial Policies, Risk Management and Strategic Plan. The Board and any Subsidiary Board shall establish policies to:

- (a) Capital Structure – develop and maintain a prudent financial and capitalization structure consistent with industry norms, OEB requirements applicable to licensed electricity distributors and sound financial principles;
- (b) Returns – have the objective of optimizing its rate of return and Shareholder value. Subject to OEB approval, the maximum rate of return sought by Collus from time to time will be achieved as soon as practical;
- (c) Risk Management – manage all risks related to the business conducted by Collus through the adoption of appropriate risk management strategies and internal controls consistent with industry norms; and
- (d) Strategic Plan – within six (6) months and not less than every three (3) years thereafter, update and revise the current strategic plan of the Corporation (the “**Strategic Plan**”) to reflect business opportunities available, consistent with the *Ontario Energy Board Act* and all other regulatory requirements which builds upon its excellence in electricity distribution.

2.3 Permitted Business Activities. The Corporation and its Subsidiaries may engage in any business activities which are permitted by Applicable Law, including the Electricity Act and OEB Act, applicable to the Corporation and its Subsidiaries from time to time. In so doing, the Corporation and its Subsidiaries shall conform to all requirements of all applicable Governmental Authorities, including the OEB, the IESO and the OPA.

ARTICLE 3
IMPLEMENTATION OF THIS AGREEMENT

3.1 Carrying out of the Agreement.

- (a) The Shareholders shall at all times act and vote their Shares to carry out and cause the Corporation to carry out the provisions of this Agreement.
- (b) The Corporation confirms its knowledge of this Agreement and will carry out and be bound by the provisions of this Agreement to the full extent that it has the capacity and power at law to do so.

3.2 Endorsement on Share Certificates. Share certificates of the Corporation and its Subsidiaries shall bear the following language either as an endorsement or on the face thereof:

“The shares represented by this certificate are subject to all the terms and conditions of an agreement made as of the ___ day of _____, 20___, a copy of which is on file at the registered office of the Corporation.”

ARTICLE 4
DIRECTORS OF THE CORPORATION AND SUBSIDIARIES

4.1 Number and Identity of Directors.

- (a) Each Shareholder shall be entitled to nominate and elect that number of directors to the Board and any Subsidiary Board (rounding up or down to the nearest whole number) which is in the same proportion to the total number of directors of the Corporation as the number of Shares owned by that Shareholder is to the total number of Shares issued and outstanding from time to time.
- (b) The Articles of the Corporation and each Subsidiary shall provide for the Board and each Subsidiary Board to consist of a minimum of 1 director and a maximum of 10 directors.
- (c) The Board and each Subsidiary Board as at the date of this Agreement shall consist of 6 directors. In accordance with Section 4.1(a), Collingwood shall be entitled to nominate 3 directors and PowerStream shall be entitled to nominate 3 directors. The majority of the Directors nominated by each Shareholder shall be independent from such Shareholder. Directors shall hold office until such time as their successors are elected by the Shareholders.

4.2 Election of Directors. The Shareholders shall elect the members of the Corporation and any Subsidiary Board. The Shareholders shall at all times act and vote their Shares to elect as directors of the Corporation or a Subsidiary the individuals nominated as directors, and, if required by a Shareholder, as contemplated in Section 4.6, to remove such director(s).

4.3 Qualification of Directors. The Board and any Subsidiary Board should reflect a cross-section of skills and experience. In addition to sound judgment and personal integrity, the qualifications of candidates for the Board and any Subsidiary Board may include:

- (a) industry knowledge concerning electricity distribution specifically and regulated industries generally;
- (b) business experience with businesses comparable to the Corporation or the Subsidiary, as applicable;
- (c) financial, legal, accounting and/or marketing experience;
- (d) experience on boards of public companies or major corporations;
- (e) awareness of public policy issues related to the Corporation or the Subsidiary, as applicable, and the electricity distribution business generally; and

- (f) knowledge and experience with corporate governance principles and/or risk management strategies.

4.4 **Chair.**

- (a) For two years from the date hereof, the Board shall have two co-Chairs, one nominated by each of the current Shareholders from among the directors. The co-Chairs shall preside at each meeting of the Board. In the absence of the co-Chairs, the chair of the meeting shall be selected by the directors in attendance at such meeting.
- (b) After the period contemplated by paragraph (a), and each year thereafter, the Board will have a Chair and a Vice-Chair, each representing one of the Shareholders and appointed by such Shareholder from the directors, with the right to appoint the Chair and Vice-Chair alternating between the Shareholders every second year.

4.5 **Term of Directors.**

- (a) Directors of a Board shall each be appointed for a term of three (3) years as provided in the by-laws of Corporation or the applicable Subsidiary.
- (b) A director may be appointed for successive terms at the discretion of the Shareholder appointing such director.

4.6 **Removal of Directors.** Subject to the provisions of the OBCA, each Shareholder shall be entitled in its discretion to cause any of the directors nominated by it to any Board to be removed and to nominate and have an individual elected a successor or successors, as required, by providing a direction in writing to the Corporation or the applicable Subsidiary and to the other Shareholders who shall elect such replacement director or directors. Upon the resignation or removal of a director from a Board, the Shareholder that nominated such director shall use reasonable efforts to obtain and deliver to the Corporation or the applicable Subsidiary a resignation and a release from such director in a form satisfactory to the Corporation or the applicable Subsidiary.

4.7 **Voting.** All matters to be determined by a Board shall be determined by a majority vote of directors at a duly convened meeting of that Board and, in case of an equality of votes, the chairperson of the meeting shall not be entitled to a second or casting vote.

4.8 **Meeting of Directors.**

- (a) The Board shall meet at least once each financial quarter at a time and place to be determined by the Chair. Additional meetings of the Board may be called by the Chair or any other director by notice in writing to every other director of the time, place and purpose of the meeting of the Board and the matters to be considered.
- (b) All meetings of the Board shall, unless held by telephone or video conference, be held within the Province of Ontario.

- (c) Any one or more of the directors may participate in a meeting of the Board by any telephonic or video device which permits all participants in the meeting to communicate with each other simultaneously and instantaneously, and such participation shall be deemed to constitute attendance at the meeting of the Board for the purpose of this Section 4.8. The Chair may determine that any meeting of the Board may be held by telephone or video conference.
- (d) At least seven (7) Business Days prior to each meeting, each director shall be notified in writing of the time, place and purpose of the meeting of the Board and the matters to be considered.
- (e) A director may waive notice of any meeting of the Board by an instrument in writing delivered to the Secretary of the Corporation or the applicable Subsidiary.
- (f) Notwithstanding Section 4.7, in lieu of a meeting of the directors, the consent of the directors with respect to any matter may be evidenced by a resolution in writing (which may be in counterparts) signed by all of the directors.

4.9 Quorum – Meetings of Directors of the Corporation and Subsidiaries.

- (a) A quorum for a meeting of the Board of the Corporation or applicable Subsidiary, as the case may be, shall consist of a majority of the total number of elected directors (rounded up to the next whole number) provided that, so long as Collingwood and PowerStream are the only Shareholders of the Corporation, at least one (1) director who is a nominee of Collingwood, and at least one (1) director who is a nominee of PowerStream must be present at all meetings of the Board of the Corporation or any Subsidiary, as the case may be.
- (b) If a quorum of directors is not present within thirty (30) minutes after the time appointed for a meeting of a Board of the Corporation or applicable Subsidiary, such meeting shall be adjourned to a date not less than five (5) and not more than fifteen (15) Business Days subsequent to the date originally set for the meeting, as the directors present at the meeting may determine.
- (c) At least two (2) Business Days prior written notice shall be provided to all of the directors of the date for the meeting of a Board of the Corporation or applicable Subsidiary, as the case may be, adjourned pursuant to Section 4.9(b) (the “**Adjourned Meeting**”).
- (d) If a quorum is not present at such adjourned meeting, the Secretary of the Corporation or of the applicable Subsidiary, as the case may be, shall forthwith call a further adjourned meeting (the “**Second Adjourned Meeting**”) of the Board, to be held not later than five (5) Business Days after the previously Adjourned Meeting was to be held and shall provide at least two (2) Business Days prior written notice thereof to the Shareholders. The Shareholders may:
 - (i) cause their respective nominee directors to attend, (or may remove their nominee directors and nominate directors to be elected as replacement

directors in accordance with Section 4.6 and may cause such replacement directors to attend) the Second Adjourned Meeting; or

- (ii) waive their right to have their nominee director or replacement director attend the Second Adjourned Meeting, however for greater certainty, the Second Adjourned Meeting may not proceed if the quorum requirements set forth in Section 4.9(a) are not met.
- (e) If a quorum is not present at the Second Adjourned Meeting, the Secretary of the Corporation or of the applicable Subsidiary, as the case may be, shall forthwith call a further adjourned meeting (the “**Third Adjourned Meeting**”) of the Board, to be held not later than five (5) Business Days after the Second Adjourned Meeting was to be held and shall provide at least two (2) Business Days prior written notice thereof to the Shareholders. The Shareholders may:
- (i) cause their respective nominee directors to attend, (or may remove their nominee directors and nominate directors to be elected as replacement directors in accordance with Section 4.6 and may cause such replacement directors to attend), the Third Adjourned Meeting; or
 - (ii) failing such attendance pursuant to Section 4.9(e)(i), the Third Adjourned Meeting shall be validly constituted if nominee directors or replacement directors of at least two Shareholders are present at the Third Adjourned Meeting, notwithstanding the quorum requirements set forth in Section 4.9(a).

4.10 Vacancies. In the event of any vacancy occurring on a Board by reason of the death, disqualification, inability to act or resignation of any director (the “**Former Director**”), the Shareholder entitled to nominate the Former Director shall nominate another individual to replace the Former Director in order to fill such vacancy as soon as reasonably possible, and the Shareholders shall vote their Shares to elect such nominee accordingly.

4.11 Insurance. The Corporation or applicable Subsidiary shall acquire and maintain insurance coverage for the directors and officers of the Corporation as the Board may determine from time to time. In the event that such insurance coverage ceases to be available to the directors for any reason, each Shareholder shall be responsible for insuring its own nominees.

4.12 Auditor. _____ shall be appointed as the initial auditor of the Corporation and shall hold office until such time as the Shareholders select a replacement.

4.13 Corporate Governance Matters. The Board shall supervise the management of the business and affairs of the Corporation or applicable Subsidiary and, in so doing, shall act honestly and in good faith with a view to the best interests of the Corporation or Subsidiary and each director shall exercise the same degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

4.14 Board Committees. The Board and each Subsidiary Board may establish committees at its discretion. The Shareholders anticipate that the Board will establish at least the following committees:

- (a) Audit and Finance Committee to review financial results and establish risk management policies; and
- (b) Human Resources and Governance Committee to determine and review human resources policies and corporate governance matters including senior management compensation.

ARTICLE 5
APPROVAL OF CERTAIN CORPORATE ACTIONS

5.1 Shareholder Approval.

No action shall be taken by the Corporation or any Subsidiary with respect to any of the matters set out below unless first approved by all the Shareholders:

- (a) to acquire by way of purchase of, or merger or amalgamation with, any one or more electricity distribution businesses;
- (b) in any financial year, enter into one or more transactions which individually or in the aggregate result in the disposition, lease or sale of any part of the business of the Corporation or a Subsidiary outside of the Ordinary Course of Business;
- (c) entering into any partnership, joint venture or other business venture that would involve the expenditure or investments of funds by the Corporation or any Subsidiary outside of the Ordinary Course of Business or that would change the status of the Corporation or any subsidiary for taxation purposes, under the Electricity Act or the *Income Tax Act* (Canada), *Corporations Tax Act* (Ontario) or other Applicable Law;
- (d) any change in the nature of the business of the Corporation or any Subsidiary, that would involve directly or indirectly any business activity that is not specifically authorized by the OEB Act or other Applicable Law;
- (e) the borrowing of funds outside of the Ordinary Course of Business;
- (f) any one or more expenditures by the Corporation or the Subsidiary outside of the Ordinary Course of Business exceeding the amount of \$500,000.00 in aggregate in any financial year of the Corporation or applicable Subsidiary;
- (g) any sale, transfer or other disposition by the Corporation of any of the shares of any Subsidiary, other than for the purposes of an internal reorganization of the Corporation or Subsidiary in which the proportionate interests of the Shareholders are maintained;

- (h) make, amend or repeal any by-law of the Corporation or any Subsidiary;
- (i) changing or removing any restriction on the business of the Corporation or any Subsidiary;
- (j) creating new classes of shares of the Corporation or any Subsidiary other than for the purposes of an internal reorganization of the Corporation or Subsidiary in which the proportionate interests of the Shareholders are maintained, or in any other manner to amend the Articles to reduce the number of directors;
- (k) the institution of proceedings for any winding up, arrangement or dissolution of the Corporation or any Subsidiary;
- (l) an application to continue the Corporation or any Subsidiary as a corporation under the laws of another jurisdiction;
- (m) issue, or enter into any agreement to issue, any shares of any class, or any securities convertible into any shares of any class of the Corporation or any Subsidiary, including in connection with any transaction pursuant to subsections 5.1(a) and 5.1(c), other than for the purposes of an internal reorganization of the Corporation or Subsidiary in which the proportionate interests of the Shareholders are maintained;
- (n) redeem or purchase any outstanding Shares of the Corporation or any Subsidiary;
- (o) any change in the Dividend Policy of the Corporation approved by the Shareholders pursuant to Section 5.2(c) of this Agreement; and
- (p) any sale, transfer or other disposition by the Corporation of any of the shares of any Subsidiary, other than for the purposes of an internal reorganization of the Corporation in which the proportionate interests of the Shareholders are maintained.

5.2 Business Plan and Dividend Policy.

- (a) Within 90 days from the date of this Agreement, the Shareholders shall use their in best good faith efforts to have approved the business plan for the Corporation (the "**Business Plan**") which is a one year business plan and includes capitalization and financing policies for the Corporation.
- (b) The Corporation shall, in each financial year, present an updated business plan for the Corporation, approved by the Board, to the Shareholders for informational purposes.
- (c) As at the date of this Agreement, the Shareholders have approved a policy (a copy of which is attached as Schedule B to this Agreement) (the "**Dividend Policy**") concerning the declaration and payment of dividends by the Corporation on its issued and outstanding Shares from time to time.

ARTICLE 6
RESTRICTIONS ON SHARE TRANSFERS

- 6.1 **Standstill Period - Restricted Sales of Shares.** No Shareholder may sell all or any portion of its Shares without the prior written consent of all of the other Shareholders during the Standstill Period. After the Standstill Period has expired, a Shareholder may only sell, transfer, assign or otherwise dispose of the whole or any part of its Shares in accordance with this Agreement.
- 6.2 **Agreement Binding on Transferees.** No Shares of the Corporation or any Subsidiary shall be effectively issued, sold, assigned, transferred, disposed of, or conveyed by a Shareholder to any Person except in accordance with this Agreement and until the proposed transferee or purchaser executes and delivers to the Parties hereto an agreement to the same effect as this Agreement and any further agreement with respect to the Corporation or Subsidiary to which the Shareholders are then, or are then required to be, a party. Upon the proposed transferee or purchaser so doing, such agreements shall enure to the benefit of and be binding upon all of the Parties to them as if all had executed and delivered the same agreements at the same time.
- 6.3 **Permitted Transferees.**
- (a) Subject to the restrictions on transfer or sale in Section 10.5 hereof, a Shareholder may, without the consent of the other Shareholders, transfer any or all of the Shares owned by it to any Person (hereinafter in this Section 6.3 referred to as a “**Permitted Transferee**”) provided that the Permitted Transferee is wholly-owned by such Shareholder or, if such Shareholder is a corporation, the Permitted Transferee is wholly-owned by the Controlling Shareholder of such Shareholder and provided that prior to any such transfer:
- (i) the Permitted Transferee shall undertake in writing, by signing a counterpart of this Agreement, to be bound by the terms and conditions of this Agreement; and
- (ii) the Controlling Shareholder of such Permitted Transferee represents, warrants, and undertakes in writing that it shall wholly own such Permitted Transferee for as long as such Permitted Transferee holds Shares of the Corporation.
- (b) In the event that the transferee of the Shares ceases to be a Permitted Transferee for the purposes of this Section 6.3 then the Shares shall be promptly transferred back to the Shareholder.

ARTICLE 7
RIGHT OF FIRST REFUSAL

- 7.1 **First Right of Refusal.**

- (a) Any Shareholder (hereinafter in this Article 7 referred to as the “**Selling Shareholder**”) who desires to transfer or sell all or any portion of its Shares (hereinafter in this Article 7 referred to as the “**Offered Shares**”) after the Standstill Period other than to a Permitted Transferee, shall give notice of such proposed sale (hereinafter in this Article 7 referred to as the “**Sale Notice**”) to the Corporation and to the other Shareholders and shall set out in the Sale Notice the terms upon which and the price at which it desires to sell the Offered Shares (such price being hereinafter in this Article 7 referred to as the “**Purchase Price**”). A Shareholder selling Shares under this Section 7.1 must sell all, and not less than all, of its Offered Shares, unless the other Shareholders otherwise agree.
- (b) Upon the Notice being given, the other Shareholders (hereinafter in this Article 7 referred to as the “**Remaining Shareholders**”) shall have the right to purchase all, but not less than all, of the Offered Shares for the Purchase Price on a Pro Rata basis.

7.2 Exercise of Right of First Refusal. The Remaining Shareholders shall have the option, exercisable by giving written notice of the exercise of such option (hereinafter in this Article 7 referred to as the “**Purchase Notice**”) to the Selling Shareholder and the Corporation within thirty (30) days (hereinafter in this Article 7 referred to as the “**Right of First Refusal Period**”) subsequent to the date of deemed receipt, pursuant to Section 12.1 hereof, by the Remaining Shareholders of the Sale Notice, to purchase all but not less than all of the Offered Shares, on a Pro Rata basis, determined on the basis of the ratio of the number of Shares owned by each Remaining Shareholder to the number of Shares owned by all Remaining Shareholders at the Purchase Price and the terms set forth in the Sale Notice. If all the Offered Shares have not been purchased by the Remaining Shareholders then the remaining Offered Shares shall be offered to those Remaining Shareholders which have purchased Offered Shares on a Pro Rata basis until all of the Offered Shares have been purchased. The closing of the sale of the Offered Shares shall occur on the first Business Day following the expiry of the sixty (60) day period following the date of deemed receipt, pursuant to Section 12.1 hereof, by the Remaining Shareholders and the Corporation of the Purchase Notice or, if the completion of such sale requires the prior approval of or notice to a third Person or Governmental Authority under Applicable Law or any instrument or agreement, within thirty (30) days after receipt of such approval or required period of notice or on such later date as may be agreed by the Parties.

7.3 Sale of Shares. In the event that the Remaining Shareholders do not exercise their right of first refusal pursuant to Section 7.2, the rights of the Remaining Shareholders, subject as hereinafter provided, to purchase the Offered Shares shall forthwith terminate and the Selling Shareholder, subject to the restrictions on transfer or sale specified in Section 10.5 hereof, may sell the Offered Shares to any Person (the “**Prospective Purchaser**”) within ninety (90) days after the termination of the Right of First Refusal Period, for a price not less than the Purchase Price and on other terms no more favourable to the Prospective Purchaser than those set forth in the Sale Notice, provided that the Prospective Purchaser agrees prior to such transaction to be bound by this Agreement and to become a party hereto in place of the Selling Shareholder with respect to the Offered

Shares. If the Offered Shares are not sold within such ninety (90) day period, or, if the completion of such sale requires the prior approval of or notice to a third Person or Governmental Authority under Applicable Law or any instrument or agreement, within thirty (30) days after receipt of such approval or any required period of notice, on such terms, the rights of the Remaining Shareholders pursuant to Sections 7.1 and 7.2 shall again take effect and so on from time to time.

- 7.4 **Moratorium on Sales While Purchase Offer Outstanding.** Once a Shareholder gives a Sale Notice pursuant to Section 7.1 hereof, no other Shareholder shall be entitled to give a Sale Notice with respect to Shares until such time as the Offered Shares are either sold to the Remaining Shareholders, or a Prospective Purchaser, as the case may be, in accordance with the terms of this Article 7 or the sale of such Shares to the Prospective Purchaser does not occur within the time limits prescribed in Section 7.3. No Shareholder may proceed with any sale of any of the Shares owned by it without complying with the relevant provisions of this Agreement.

ARTICLE 8

PURCHASE OF SHARES ON DEEMED WITHDRAWAL

8.1 Deemed Withdrawal from the Corporation.

- (a) Subject to Section 8.1(b), for the purposes of this Article 8, a Shareholder shall be deemed to withdraw from the Corporation on that date when such Shareholder,
- (i) or its Controlling Shareholder: (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar Applicable Law for the protection of creditors, including, the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors Arrangement Act* (Canada), the *Municipal Affairs Act* (Ontario) or other statute applicable to insolvent municipalities or has such petition filed against it and such petition is not withdrawn or dismissed for sixty (60) days after such filing; (ii) otherwise becomes bankrupt or insolvent (however evidenced); or (iii) is unable to pay its debts as they fall due;
 - (ii) fails, refuses or neglects to conform to any of the material terms and conditions of this Agreement, and fails to remedy any such material default within thirty (30) days of the deemed receipt, pursuant to Section 12.1 hereof, of a written notice from any other Shareholder giving details of such material default; or
 - (iii) has all or any portion of its Shares of the Corporation realized upon by an encumbrancer.
- (b) The Shareholders may unanimously agree to waive the provisions of this Article 8 with respect to any Shareholder that would otherwise have been deemed to withdraw from the Corporation pursuant to Section 8.1(a).

8.2 Purchase of Shares on a Shareholder's Withdrawal from the Corporation. In the event that a Shareholder is deemed to have withdrawn from the Corporation pursuant to the provisions of Section 8.1(a) hereof and the Shareholders have not agreed to waive the application of this Article 8 in accordance with Section 8.1(b), the Corporation irrevocably agrees to purchase, on the expiry of the one hundred and fifty (150) day period following the occurrence of such event, all and not less than all of the Shares of the Shareholder which is deemed to have withdrawn from the Corporation (hereinafter in this Section 8.2 referred to as the "**Withdrawing Shareholder**") at the Share Purchase Price. The closing of the sale of the Shares of the Withdrawing Shareholder to the Corporation shall take place at the offices of the Corporation at the address designated in Section 12.1 hereof at 10:00 in the morning (Toronto time) on the first Business Day following the expiry of the aforesaid one hundred and fifty (150) day period. The Share Purchase Price, determined pursuant to Section 8.4 hereof, shall be paid at such closing in Canadian dollars. In the event that the Corporation is not, at the time of such purchase of Shares, capable of fulfilling its obligations to pay for such Shares, either because it cannot do so in compliance with the OBCA, or other Applicable Law to the same effect, the sale of such Shares to the Corporation shall be completed with the balance of the Share Purchase Price for such Shares to be paid by the Corporation as soon as it is lawfully able to do so.

8.3 Sale of Shares on Deemed Withdrawal from the Corporation.

- (a) Upon a Shareholder being deemed to have withdrawn from the Corporation pursuant to the provisions of Section 8.1(a) hereof, such Shareholder hereby irrevocably offers to sell all of its Shares to the Corporation at a price per Share (hereinafter in this Article 8 the "**Share Purchase Price**") determined in the manner provided in Section 8.4 hereof and Schedule A hereto.
- (b) In all of the circumstances provided in Section 8.1(a), the remaining Shareholders shall have the right to require that the Corporation assign to them the right or obligation of the Corporation to purchase any or all of the Shares of a Shareholder deemed to have withdrawn from the Corporation as aforesaid and, pursuant to such assignment, the remaining Shareholders shall have the right to purchase such Shares, provided that in the opinion of tax counsel to the Corporation, the Withdrawing Shareholder will suffer no significant prejudice from an income tax perspective as a result of such Shares being purchased by the remaining Shareholders rather than by the Corporation.
- (c) In the event that the remaining Shareholders purchase such Shares, they shall be entitled to purchase them on a Pro Rata basis in proportion to their respective holdings of Shares or in any other proportion as they may choose, and the provisions of Section 8.2 of this Agreement shall apply *mutatis mutandis* provided however, that no Shareholder shall be obliged to purchase any such Shares.

8.4 Share Purchase Price Determination. The Share Purchase Price for the purposes of this Article 8 shall mean the fair market value (the "**Fair Market Value**") of each Share as at the financial year end of the Corporation immediately preceding the date

(hereinafter in this Article 8 (the “**Withdrawal Date**”) on which a Shareholder is deemed to withdraw from the Corporation as provided in Section 8.1(a). Such Share Purchase Price shall be determined in the manner provided in Schedule A hereto within the one hundred and twenty (120) days immediately following the Withdrawal Date. Fair Market Value per share shall be calculated on a pro-rata basis using “en bloc” Fair Market Value, without any premium or discount.

- 8.5 Cancellation of Shares.** Upon the acquisition of any Shares by the Corporation pursuant to this Article 8 of this Agreement, such Shares shall be cancelled and shall not be reissued.

ARTICLE 9 **BUY-SELL PROVISIONS**

9.1 Buy/Sell Notice.

- (a) Subject to paragraph (b), either of the Shareholders (the “**Offeror**”) shall be entitled to give notice (the “**Buy/Sell Notice**”) to the other Shareholder (the “**Offeree**”), which Buy/Sell Notice shall be signed by the Offeror and shall contain the following:
- (i) the price at which the Offeror will purchase or sell each Share;
 - (ii) an unconditional offer, irrevocable without the written consent of the Offeree, to purchase all of common shares beneficially owned by the Offeree at the said prices and upon and subject to the terms set forth in the Buy/Sell Notice; and
 - (iii) an unconditional offer, irrevocable without the written consent of the Offeree, to sell all of the Shares beneficially owned by the Offeror at the said prices and upon and subject to the terms set forth in the Buy/Sell Notice.
- (b) No Shareholder is entitled to exercise the rights provided for in paragraph (a) until the expiry of the Standstill Period.

- 9.2 Acceptance.** The Offeree shall be entitled to accept either of the offers contained in the Buy/Sell Notice by notice in writing delivered to the Offeror within 20 days of receipt by the Offeree of the Buy/Sell Notice.

- 9.3 Purchase and Sale.** If the Offeree accepts the offer referred to in Subsection 9.1(a)(ii), the Offeree shall sell to the Offeror and the Offeror shall purchase from the Offeree all of the Shares beneficially owned by the Offeror (the “**Offered Shares**”) at the prices and, subject to the provisions of this Agreement, upon the terms set forth in the Buy/Sell Notice. If the Offeree accepts the offer referred to in Subsection 9.1(a)(iii), the Offeree shall purchase from the Offeror and the Offeror shall sell to the Offeree all of the shares of the Corporation beneficially owned by the Offeror at the prices and, subject to the provisions of this agreement, upon the terms set forth in the Buy/Sell Notice. If the

Offeree does not accept either of the said offers within the said 20 day period, the Offeree shall be deemed to have accepted the offer referred to in Subsection 9.1(a)(ii), on the last day of the said 20 day period and the Offeree shall sell to the Offeror and the Offeror shall purchase from the Offeree all of the Offered Shares beneficially owned by the Offeree at the prices set forth in the Buy/Sell Notice. Notwithstanding anything in the Buy/Sell Notice to the contrary, the aggregate purchase price for the Offered Shares shall be paid in full at the Time of Closing. The closing of a transaction of purchase and sale contemplated in this Article shall take place at the on the date (the “**Date of Closing**”) which is 15 days following the acceptance by the Offeree of one of the offers contained in the Buy/Sell Notice. If, at the Time of Closing, a Shareholder (the “**Refusing Shareholder**”) neglects or refuses to complete the transaction of purchase and sale herein contemplated, the other Shareholder (the “**Enforcing Shareholder**”) shall have the right, without prejudice to any other rights which the Enforcing Shareholder may have, to give to the Refusing Shareholder, within five days of the Date of Closing, a notice that the Enforcing Shareholder intends to purchase from the Refusing Shareholder all of the Shares beneficially owned by the Refusing Shareholder at a purchase price for each share equal to 90% of the price for shares set forth in the Buy/Sell Notice (the “**New Purchase Price**”). The resulting transaction of purchase and sale shall take place on the date (the “**New Date of Closing**”) which is 15 days following the receipt or deemed receipt of the aforesaid notice. On the New Date of Closing, the Refusing Shareholder shall sell all of the Shares beneficially owned by it to the Enforcing Shareholder who shall purchase the same for the New Purchase Price, which shall be payable in accordance with the terms contained in this Article for the payment of the purchase price of the Offered Shares.

ARTICLE 10
PROVISIONS APPLICABLE TO SALES OF SHARES

- 10.1 Application to All Sales.** Except as, or in addition to what, may otherwise be provided in this Agreement, this Article 10 shall apply to any sale of Shares effected pursuant to the provisions of this Agreement.
- 10.2 Closing.** The closing of all sales of Shares effected pursuant to this Agreement shall take place at the offices of the Corporation at the address designated in Section 12.1 hereof, at the Time of Closing on the date stipulated, either pursuant to the provisions hereof or pursuant to any agreement executed in connection with any such sale, as the date on which such closing is to occur.
- 10.3 Cancellation of Share Certificates.** The President of the Corporation, or such other officer as may be designated by resolution of the directors of the Corporation shall attend all closings of any such sale of Shares and shall deliver to the Corporation for cancellation share certificates evidencing Shares which are to be sold and shall take custody of new share certificates, if any, issued in replacement of such cancelled share certificates so that at all times the Corporation shall have custody of share certificates representing all of the Shares.
- 10.4 Resignation of Seller’s Nominees.** At the closing of any sale of Shares, the Shareholder selling its Shares shall cause to be delivered to the Corporation signed resignations of its

nominees as directors of the Corporation and any Subsidiary, and shall assign and transfer to the purchaser of such Shares, all of its right, title and interest in such Shares.

10.5 Transfer Taxes and Other Tax Impacts of a Proposed Sale.

- (a) A Shareholder selling Shares to any Person agrees that, if permitted by the Electricity Act and any other Applicable Law to claim any credit against transfer tax payable by it pursuant to Subsection 94(1) of the Electricity Act, such Shareholder will claim only such proportion of the credits available in respect of any taxation year of the Corporation pursuant to Subsection 94(4) that is pro rata to: (i) the number of Shares it holds at such time in the Corporation to all outstanding Shares of the Corporation; and (ii) the number of days in such taxation year in which it holds such Shares.
- (b) In the event that any proposed sale or transfer of Shares would result or results in tax or an amount in respect of payments in lieu of tax being exigible from the Corporation or any Shareholder other than the Shareholder selling its Shares (the “**Non-Selling Shareholder(s)**”), whether transfer tax, income tax, capital tax or other tax (and including any taxes or related expenses resulting from the Corporation no longer being tax exempt pursuant to Section 149(1)(d.6) of the *Income Tax Act* (Canada)), all such tax and expenses shall be an expense to the selling Shareholder which shall indemnify the Corporation with respect thereto, and notwithstanding any other provision of this Agreement to the contrary, the proposed sale or transfer shall not be completed unless all such tax and expenses of the Corporation or any Non-Selling Shareholder are first paid in full by the Shareholder which wishes to sell its Shares.
- (c) A Shareholder selling Shares to any Person shall, as required by the Electricity Act or any other Applicable Law, pay all transfer taxes payable under the Electricity Act in respect of such sale such that the sale shall not be void.

10.6 Additional Provisions: Loans, Guarantees. In conjunction with any sale of all Shares:

- (a) if the Shareholder selling all of its Shares is indebted to the Corporation, the Corporation may, at its option, require such Shareholder to repay in full all indebtedness which it owes to the Corporation on or before the closing of such sale of Shares;
- (b) if the Corporation is indebted to the Shareholder selling all of its Shares, the Shareholder selling Shares may, at its option, require the Corporation to repay in full all indebtedness which it owes to such Shareholder on or before the closing of such sale of Shares; and
- (c) if the Shareholder selling all of its Shares has provided a guarantee, letter of credit, security or other financial assistance to the Corporation, the Corporation shall use its commercially reasonable efforts to replace or release such guarantee, letter of credit, security or other financial assistance within ninety (90) days after the closing of such sale of Shares.

- 10.7 **Priority of Liquidity Provisions.** In the event that any initiating notice has been delivered by any Party pursuant to Article 7, Article 8 or Article 9 of this Agreement, then no additional notice may be given by a Party under any such other Articles of this Agreement until such time as the process and procedures commenced by the first initiating notice have been completed in accordance with this Agreement.

ARTICLE 11
CONFIDENTIALITY

- 11.1 **Confidential Information.** The Shareholders hereby acknowledge that they have had and will have access to confidential information and trade secrets concerning the business of the Corporation and the Corporation's Affiliates, if any, and their customers and suppliers (hereinafter in this Article 11 referred to as the "**Information**") and they each undertake and agree that they shall not, and their Controlling Shareholder shall not, directly or indirectly, use, disclose or divulge to any Person or other entity any of the Information otherwise than in the ordinary course of business of the Corporation, and its Affiliates and as may be required by Applicable Law or order of any Governmental Authority.
- 11.2 **Survival of Obligations.** The obligations and covenants in this Article 11 shall survive the termination of this Agreement.

ARTICLE 12
NOTICES

- 12.1 **Notices.** Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be given by facsimile or other means of electronic communication or by hand-delivery as provided below. Any such notice or other communication, if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the Business Day following the sending, or if delivered by hand, shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this Section 12.1. Notices and other communications shall be addressed as follows:

- (a) in the case of Collingwood:

P.O. Box 189
43 Stewart Road
Collingwood, ON L9Y 3Z5

Attention: Clerk
Fax No.: (705) 445-2448

- (b) in the case of PowerStream:

161 Cityview Boulevard

Vaughan, ON L4H 0A9

Attention: Dennis Nolan, Executive Vice-President, Corporate Services
and Secretary

Fax No.: (905) 532-4616

(c) in the case of Corporation and the Subsidiaries:

c/o the Corporation
P.O. Box 189
43 Stewart Road
Collingwood, ON L9Y 3Z5

Attention: Ed Houghton
Fax No.: (705) 445-2549

With a copy to:

PowerStream
161 City View Boulevard
Vaughan, ON L4H 0A9

Attention: Dennis Nolan, Executive Vice-President, Corporate Services
and Secretary

Fax No.: (905) 532-4616

Notwithstanding the foregoing, any notice or other communication required or permitted to be given by any party pursuant to or in connection with any arbitration procedures contained in this Agreement or in any Schedule to this Agreement may only be delivered by hand.

ARTICLE 13 DISPUTE RESOLUTION

- 13.1 Disputes.** Each Shareholder shall appoint one or more representatives who shall be responsible for administering this Agreement on its behalf and for representing its respective interests in disputes relating to this Agreement. Any dispute between Shareholders relating to this Agreement that is not resolved between such representatives within ten (10) Business Days of a date that a Party notifies the other Party of such dispute shall be referred by the Parties' representatives in writing to the senior management of each Shareholder for resolution. Such senior management shall use good faith efforts to resolve the dispute for a period of up to ten (10) Business Days.
- 13.2 Arbitration.** If agreed to by all parties to a dispute that is not resolved by the procedure set forth in Section 13.1 above, such dispute may be referred to and resolved by arbitration by a single arbitrator in accordance with the provisions of the *Arbitration Act, 1991* (Ontario), subject to the following modifications and additions:

- (a) The arbitration shall take place in the Province of Ontario, and shall be conducted in English;
- (b) The arbitration shall be conducted by a single arbitrator having no financial, business or personal interest in the outcome of the arbitration. The arbitrator shall be appointed jointly by agreement of the parties to such dispute. In the event the parties to such dispute are unable to agree on the appointment of the arbitrator within ten (10) days after notice of a demand for arbitration is given by a party and agreed to by the other parties to such dispute, then the arbitrator shall be selected pursuant to the provisions of the *Arbitration Act, 1991* (Ontario).
- (c) The arbitrator shall have the authority to award any remedy or relief that a court could order or grant in accordance with this Agreement including, without limitation, specific performance of any obligation, the issuance of an interim, interlocutory or permanent injunction, or the imposition of sanctions for abuse or frustration of the arbitration process.
- (d) The arbitral award shall be in writing, stating the reasons for the award and be final and binding on the parties to such dispute with no rights of appeal.

ARTICLE 14
MISCELLANEOUS

- 14.1 Termination.** This Agreement shall terminate upon (a) the written agreement of all the Parties hereto to this effect, (b) the bankruptcy, receivership, or dissolution of the Corporation, or (c) the ownership of all the Shares of the Corporation, excluding any Subsidiary, by one Shareholder.
- 14.2 Successors and Assigns.** This Agreement shall be binding upon, and enure to the benefit of, the Parties hereto and their respective successors and permitted assigns.
- 14.3 Assignment.** Except as specifically provided in this Agreement, none of the Parties hereto may assign its rights or obligations under this Agreement without the prior written consent of all of the other Parties hereto.
- 14.4 Time is of the Essence.** Time shall be the essence of this Agreement in all respects.
- 14.5 Further Assurances.** Each Party hereto shall promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and matters in connection with this Agreement that the other Parties may reasonably require, for the purposes of giving effect to this Agreement.
- 14.6 Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or telecopied form and the Parties shall accept any signatures received by a receiving telecopy machine as original signatures of the Parties; provided, however, that

any Party providing its signature in such manner shall promptly forward to the other Parties an original of the signed copy of this Agreement which was so telecopied.

14.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable herein.

14.8 Amendments and Waivers.

(a) No amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by all of the Parties hereto.

(b) No waiver of any breach of any provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

14.9 Severability. If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.

14.10 Collingwood HoldCo. Notwithstanding any other provision of this Agreement, Collingwood shall have the right in its sole and absolute discretion without the consent of PowerStream, following written notice to PowerStream:

(a) to assign this Agreement and all benefits and obligations hereunder to its wholly-owned subsidiary (the "**HoldCo**"), which shall assume the obligations and liabilities of Collingwood under this Agreement and be novated into this Agreement in the place and stead of Collingwood (except as expressly provided in this Section 14.10), and this Agreement shall thereafter apply to HoldCo *mutatis mutandis*; and

(b) to transfer to HoldCo all of its shares in the capital of the Corporation;

provided that:

(c) the assignment described in (a) above may not take place unless and until the transfer described in (b) above; and

(d) HoldCo agrees in writing with Collingwood and PowerStream to assume and be bound by the terms and conditions of this Agreement.

The transfer described in (b) above shall be deemed not to be a transfer of or sale of Shares pursuant to Article 6 or Article 7 of this Agreement nor shall it give rise to any rights of PowerStream thereunder of consent, first refusal or otherwise. Notwithstanding the foregoing, Collingwood shall remain liable to PowerStream for any obligations and liabilities of HoldCo under this Agreement.

14.11 Certain Transactions. PowerStream shall be entitled to merge with, become affiliated with, acquire any equity in, enter into any outsourcing, consulting, service or management agreement or other business arrangements with, directly or indirectly, any Distributor (as defined in the *Electricity Act, 1988* (Ontario), except for the restrictions on such business arrangements as have been mutually agreed upon in writing by the Parties.

[NEXT PAGE IS THE EXECUTION PAGE]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the day first above written.

**THE CORPORATION OF THE TOWN
OF COLLINGWOOD**

By: _____
Name: Sandra Cooper
Title: Mayor

By: _____
Name: Sara Almas
Title: Clerk

POWERSTREAM INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

**COLLINGWOOD UTILITY SERVICES
CORP.**

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
VALUATION METHOD

In this Schedule, the vendor and the purchaser of the Shares being sold pursuant to Article 8 of this Agreement are called the “**Vendor**” and the “**Purchaser**”, respectively.

Negotiation. If the value of the Shares must be established pursuant to any provision of this Agreement, then the Vendor and the Purchaser shall negotiate honestly and in good faith to agree upon the fair market value of the Shares.

Failure to Agree. If the Vendor and the Purchaser do not agree upon the fair market value of the Shares on or before the 20th Business Day after the date on which the obligation to sell or purchase Shares arises under this Agreement, then the fair market value of the Shares shall be determined in accordance with the following provisions:

- (a) the Purchaser shall by notice to the Vendor nominate three independent business valuers each of whom deals at Arm’s Length with the Purchaser and has experience in valuing businesses similar to the business carried on by the Corporation; the notice must be accompanied by a *curriculum vitae* of each business valuator containing the following information concerning the nominee’s:
 - (i) educational background and professional qualifications;
 - (ii) prior business valuation experience, including details of the nature of the business valued and the methodology used; and
 - (iii) the business valuation principles that the valuator proposes to use to determine the fair value of the Shares.
- (b) The Vendor shall select one of the three business valuers nominated by the Purchaser by notice to be given to the Purchaser within two Business Days after the day on which the Vendor receives the nomination notice, failing which, the Purchaser may select one of the business valuers. The business valuator so selected shall be the “**Valuator**” for the purposes of this Agreement and shall proceed to determine the fair market value of all of the Shares being sold in accordance with the provisions of this Schedule A and Article 8.

Valuation by Valuator. The Valuator agreed upon or selected in accordance with this Schedule A to determine the fair market value of the Shares being sold shall act as a business valuator and not as an arbitrator or umpire. The Valuator shall apply such business valuation principles as the Valuator deems appropriate. The Vendor and the Purchaser shall provide guidance to the Valuator in respect of the valuation methodologies and approaches to be used, which would include a discounted cash flow approach. Subject to this guidance, the Valuator may consult such other expert valuers as it considers advisable. The fair market value of the Shares shall be determined without regard for any restrictions applying to the transfer of Shares. The fees and disbursements of the Valuator shall be borne equally by the Vendor and the Purchaser.

Valuation Conclusive. The determination of the fair market value of the Shares being sold pursuant to this Agreement in accordance with this Schedule A, whether based upon the agreement of the Vendor and the Purchaser or the determination by the Valuator, shall be conclusive and binding upon the Vendor and the Purchaser, and there shall be no appeal from the determination.

SCHEDULE B
CORPORATION AND SUBSIDIARIES DIVIDEND POLICY

The Dividend Policy for the Corporation and its Subsidiaries is based on the philosophy that the purpose of the dividend policy is to provide the Shareholders with a steady income stream from dividends while providing Collus with an appropriate capital structure and working capital level in order to operate as a viable business. The Dividend Policy philosophy would be consistent with the objectives and guiding principles of Collus.

Dividend amounts will be determined as follows:

Each entity shall normally pay a minimum of 50% of annual net income, as dividends, with consideration given to the following:

- (a) cash position at the beginning of the year;
- (b) working capital requirements for the current year;
- (c) net capital expenditures required for the current year; and
- (d) other cash requirements of the Corporation and the Subsidiaries, as applicable.

SCHEDULE C
CHARTER DOCUMENTS OF CORPORATION AND EACH SUBSIDIARY

11368862.16

Schedule C

Recapitalization Dividends and Working Capital Adjustment Calculations

See attached.

Schedule C – Recapitalization Dividend

Overview

The closing adjustments to Collus' capital structure will be made on the basis described below. These adjustments reflect the intent of this Agreement and the valuation that the Agreement, and the mechanisms set out in Section 2.1 of this Agreement in particular, were based on.

For the purposes of determining the Recapitalization Dividend Amount (and the Final Recapitalization Dividend Amount), rate base is calculated as the simple average of net fixed assets as presented in the Closing Date Financial Statements of Collus plus Deemed Working Capital. "Deemed Working Capital" is calculated according to the OEB definition and is equal to 15% of one year's Cost of Power, as defined by the OEB, plus 15% of one year's OM&A expenses.

Methodology for Calculation

All accounting terms shall be applied in the same manner as the way the 2010 Financial Statements for the Corporation and the Subsidiaries were developed. Rate base, deemed debt, deemed equity and Deemed Working Capital will be calculated using the Final 2011 Financial Statements of Collus. Actual working capital will be calculated using the Closing Date Financial Statements of Collus. All financial statements will be based on Canadian GAAP and consistent with past practice.

Calculations

The following is an illustrative example of the calculation of the Recapitalization Dividend Amount for Collus using Collus' 2010 audited financial statements.

Rate Base

Based on Collus' 2010 Financial Statements, Collus' rate base is calculated as follows:

Average Net Fixed Assets (as per page 2 of Collus' 2010 audited financial statements):

2010 Net Fixed Assets (PPE)	\$12,763,581
2009 Net Fixed Assets (PPE)	\$11,924,206
Average Net Fixed Assets (PPE)	\$12,343,894

Note that computer software – an intangible asset – is excluded from the calculation of Net Fixed Assets / PPE.

Deemed Working Capital

Deemed Working Capital was calculated according to the OEB definition. Deemed Working Capital is 15% of one year's Cost of Power plus 15% of one year's OM&A expenses (excluding amortization).

Cost of Power and OM&A expenses are as per page 4 of Collus' 2010 audited financial statements. Based on Collus' 2010 Financial Statements, Collus' Deemed Working Capital is:

2010 Cost of Power	\$25,971,849
2010 OM&A Expenses:	
Distribution and Transmission	\$ 1,883,667
Billing and Collecting	\$ 1,154,122
General Administration	\$ 1,244,511
Total OM&A Expenses	\$ 4,282,300
Total OM&A + Cost of Power	\$30,254,149
15% of Total OM&A + Cost of Power	\$ 4,538,122

Based on the above calculations, Collus' rate base for 2010 is \$12,343,894 + \$4,538,122 = **\$16,882,016**.

The OEB's deemed capital structure for electricity utilities is 60% debt and 40% equity. Based on Collus' 2010 rate base number as calculated above, Collus' deemed debt is:

Collus 2010 Rate Base	\$16,882,016
Deemed Capital Structure as per OEB	60%
Deemed Debt	\$10,129,210

Based on Collus' 2010 Financial Statements, Collus' actual debt at December 31, 2010 is:

Current Portion of Long-Term Debt	\$ 200,000
Long-Term Debt / Note	\$4,410,170
Total Actual Debt	\$4,610,170

The amount of new debt that Collus would require to be at the deemed capital structure is:

Deemed Debt	\$10,129,210
Less: Actual Debt	\$ 4,610,170
New Debt Required to be at 60% debt	\$ 5,519,040

Actual Working Capital

Actual Working Capital at December 31, 2010 was calculated as Current Assets minus the Current Liabilities plus the current portion of long-term debt as reported in the 2010 Collus Financial Statements.

Current Assets	\$11,451,746
Less: Current Liabilities	\$ 8,015,044
Add: Current Portion of Long Term Debt	\$ 200,000
Actual Working Capital	\$ 3,636,702

Note that the current portion of Regulatory Assets is not to be included in Current Assets, and the current portion of Regulatory Liabilities is not to be included in Current Liabilities.

Working Capital Surplus (Deficiency)

Working capital surplus (deficiency) is defined as the difference between Deemed Working Capital and Actual Working Capital. The following chart summarizes the Collus' working capital surplus (deficiency) based on Collus' 2010 Financial Statements.

	Collus
Deemed Working Capital	\$4,538,122
Actual Working Capital	\$3,636,702
Surplus (Deficiency)	(\$ 901,420)

Based on the 2010 Financial Statements, Collus has a working capital deficiency of \$901,420. The way that these amounts are adjusted for is dependent on the respective capital structure.

Total capitalization is considered to be the total debt and equity as listed on the balance sheet of the audited financial statements with an adjustment to allow for the appropriate level of working capital.

The following table provides an overview of the transition of Collus' financial position on December 31, 2010 to the targeted capital structure, and the required changes.

	COLLUS	COLLUS after Working Capital Adjustment	Required Change for WC Shortfall	Predicted Balance on Closing	Required Change
Shareholder Debt	\$1,710,170	\$1,710,170	0	\$1,710,170	Nil
Ontario Infrastructure Projects Corporation	\$2,900,000	\$2,900,000	0	\$2,900,000	Nil
New Debt		\$5,519,040	\$5,519,040	\$5,519,040	Nil
Total Debt	\$4,610,170	\$10,129,210		\$10,129,210	
Shareholders Equity	\$10,781,970	\$10,781,970	0	\$10,781,970	Nil
Working Capital			(\$901,420)*	\$4,538,122	
Recapitalization Dividend Amount			\$4,617,620	(\$4,617,620)	
Total Capital	\$15,392,140	\$20,911,180		\$16,293,560	Nil
Debt : Total Capital	29.95%	48.4%		62.2%	
Ratebase	\$16,882,016				
Debt : Ratebase	27.3%	60.0%	60.0%	60.0%	

**Amount required to satisfy the working capital adjustment.*

Recapitalization Dividend

As at December 31, 2010, there is a working capital deficiency of \$901K. In order to transition to a 60% debt-to-rate base level, Collus would require an additional \$5.519M in new debt. After the working capital is adjusted to the deemed level, there is approximately \$4.618M which can be paid out as the Recapitalization Dividend from Collus to the Corporation, and subsequently from the Corporation to the Vendor.

Recapitalization Dividend Amount and Final Recapitalization Dividend Amount

The Recapitalization Dividend Amount and Final Recapitalization Dividend Amount will be determined as follows:

- Rate base, deemed debt, deemed equity and deemed working capital will be calculated using the Final 2011 Financial Statements of Collus, calculated on the same basis as that calculated in the example presented above for 2010.

- Actual Working Capital and the Working Capital Surplus (Deficiency) will be calculated based on the Closing Date Financial Statements of Collus. The Final Recapitalization Dividend Amount, as adjusted by the Working Capital Adjustment as provided for in Section 2.1(7) of this Agreement, will be determined on the same basis as in the example presented above, subject to the following items.
- Any pre-closing debt principal repayments made by Collus between January 1, 2012 and the Closing Date will also be added to Actual Working Capital at the Closing Date (e.g. a \$100,000 payment to Infrastructure Ontario in April 2012 will be added to Actual Working Capital) for purposes of calculating the Final Recapitalization Dividend Amount and for the purposes of the Working Capital Adjustment Documents.
- If the combined net book value of the Regulatory Assets and Regulatory Liabilities of Collus is a net liability position of less than \$500,000 (i.e. either a net asset position or a net liability position between \$0 and \$500,000) as at the Closing Date, as presented in the Closing Date Financial Statements of Collus prepared under Canadian GAAP consistent with past practice, then the Actual Working Capital of Collus at the Closing Date (for purposes of calculating the Final Recapitalization Dividend Amount and Working Capital Adjustment) shall be increased to include the difference between the net book value of Net Regulatory Assets and Regulatory Liabilities at the Closing Date and a net Regulatory Assets and Liabilities hurdle position of (\$500,000). Several illustrative examples follow:

Net asset (liability) position in \$'s	Scenario A	Scenario B	Scenario C
	Closing Date 2012	Closing Date 2012	Closing Date 2012
Net regulatory assets / liabilities position at the Closing Date	(\$1,000,000)	(\$350,000)	\$250,000 asset
Hurdle rate – liability position	(\$500,000)	(\$500,000)	(\$500,000)
Adjusted Increase to Actual Working Capital Calculation at the Closing Date	\$0	+\$150,000	+\$750,000

The Actual Working Capital at the Closing Date (for purposes of calculating the Final Recapitalization Dividend and Working Capital Adjustment) shall be increased under Scenarios B and C to reflect the use of working capital to fund the reduction of the Net Regulatory Assets and Liabilities balance of Collus, which was in a net liability position of (\$1,411,987) as at December 31, 2010. No adjustment to Actual Working Capital would be necessary under Scenario A.

Schedule D

Escrow Agreement

See attached.

ESCROW AGREEMENT

THIS AGREEMENT made as of the _____ day of _____, 2012.

BETWEEN:

POWERSTREAM INC., a corporation incorporated under the laws of Ontario (the "**Purchaser**")

- and -

THE CORPORATION OF THE TOWN OF COLLINGWOOD, a corporation incorporated under the *Municipal Act* (Ontario) ("**Vendor**")

- and -

AIRD & BERLIS LLP, a partnership formed under the laws of the Province of Ontario (the "**Escrow Agent**")

WHEREAS the Purchaser, the Vendor, Collingwood Utility Services Corp. (the "**Corporation**"), Collus Power Corp., Collus Solutions Corp. and Collus Energy Corp. have entered into a share purchase agreement in respect of the sale by the Vendor to the Purchaser of 50% of its shares in the Corporation, dated as of the _____ day of _____, 2012 (the "**Share Purchase Agreement**");

AND WHEREAS the provisions of the Share Purchase Agreement provide for the deposit of \$1,000,000.00, referred to in the Share Purchase Agreement as the "Holdback Amount" (the "**Funds**") with the Vendor's counsel to be held in trust by such law firm;

AND WHEREAS all terms not defined herein shall have the meanings ascribed to them respectively in the Share Purchase Agreement;

NOW THEREFORE IN CONSIDERATION of the mutual covenants and promises contained in this agreement and the Share Purchase Agreement, the parties hereto agree as follows:

1. Designation of Escrow Agent

- 1.1 Pursuant to the provisions of Section 2.1 of the Share Purchase Agreement, the Vendor and the Purchaser hereby designate the Escrow Agent to act as the escrow agent referred to in the Share Purchase Agreement.

1.2 The Escrow Agent hereby agrees to act as the escrow agent referred to in the Share Purchase Agreement on the terms and conditions set out herein.

1.3 In discharging its duties under this agreement the Escrow Agent shall have regard only to the provisions hereof and no other agreement, document or instrument and specifically the Escrow Agent shall have no obligation to read or examine the Share Purchase Agreement except to the extent that terms defined therein are used herein.

2. Delivery of Funds

2.1 Collus shall deliver the Funds to the Escrow Agent upon the payment by Collus of the Recapitalization Dividend to the Corporation by means of a certified cheque or banker's draft.

2.2 If Collus fails to deliver the Funds in full the Escrow Agent shall have no obligations, liability or responsibility under this agreement whatsoever, and this agreement shall be of no force and effect.

3. Instructions to Escrow Agent

3.1 Upon receipt of the Funds, the Escrow Agent shall deposit the Funds in a separate trust account (the "**Escrow Account**") for the benefit of the Purchaser and the Vendor jointly, to be dealt with by the Escrow Agent on the trusts and subject to the terms and conditions hereof.

3.2 The Funds shall not be disbursed or released from escrow, transferred within escrow or dealt with in any other manner whatsoever except pursuant to the terms and conditions of this agreement.

3.3 The Escrow Agent shall not be required to invest the Escrow Funds.

3.4 The Funds shall be held by the Escrow Agent until the earliest occurrence of one of the following:

- (a) the date on which the Escrow Agent receives an Escrow Release Direction (as hereinafter defined);
- (b) the date on which the Escrow Agent receives a joint direction in writing, signed by both the Vendor and the Purchaser, specifying to whom the Funds should be released;
- (c) at the option of the Escrow Agent,
 - (i) the date the Escrow Agent receives an order of an arbitrator pursuant to Section 8.2 of the Share Purchase Agreement, or the order of a court of competent jurisdiction, in both cases whether a right of appeal lies therefrom or not; or

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- (ii) the date the Escrow Agent pays the Funds into court or interpleader of Funds pursuant to Section 3.9 hereof;

Any of the events listed in paragraphs (a), (b), (c) or (d) shall be either instruction, or payment, with respect to the full amount of the Funds.

- 3.5 Upon either the determination by the Vendor and the Purchaser of the Final Recapitalization Dividend Amount, and any Working Capital Deficiency or Working Capital Surplus as part of the same, and the Final Additional Closing Dividend Amount, the Purchaser and the Vendor shall execute and deliver to the Escrow Agent a joint direction in writing, in the form of the direction attached as Schedule "A" hereto (the "**Escrow Release Direction**"), signed by both the Purchaser and the Vendor, authorizing and directing the Escrow Agent to release the Funds to the applicable Party, as designated under Section 2.1(7) of the Share Purchase Agreement, and the Escrow Agent shall, within five (5) business days of the receipt by the Escrow Agent of such Escrow Release Direction, release such funds to such Party.
- 3.9 In the event that any action or other proceedings are commenced by any of the parties hereto to which one or both of the other parties hereto is a party relating to the Share Purchase Agreement or the Funds or if the Escrow Agent has not received an Escrow Release Direction within one year from the date hereof, the Escrow Agent shall be permitted to pay into court or to interplead the Funds pursuant to the applicable rules of procedure governing such action or proceedings and shall thereafter be released from any and all obligation to hold the Funds as Escrow Agent hereunder.

4. Escrow Agent's Fees and Expenses

- 4.1 The Vendor shall pay to the Escrow Agent (i) its fees for acting hereunder as Escrow Agent from time to time as and when incurred, and (ii) the Escrow Agent's out-of-pocket expenses, including without limitation reasonable legal fees and disbursements incurred as a result of consulting independent counsel, if necessary, as to its obligations hereunder, any fees and disbursements incurred in connection with the investing of the Funds and all applicable taxes thereon.

5. Limitations on Duties and Liabilities of Escrow Agent

- 5.1 The acceptance by the Escrow Agent of its duties and obligations under this agreement is subject to the following terms and conditions, which the parties to this agreement hereby agree shall govern with respect to the Escrow Agent's rights, duties, liabilities and immunities:
 - (a) the Escrow Agent shall not be liable or accountable for any loss or damage whatsoever, including, without limitation, loss of profit, to any person caused by the performance or failure to perform by it of its responsibilities under this agreement, save only to the extent that such loss or damage is attributable to the gross negligence or wilful misconduct of the Escrow Agent or to any action taken or omitted to be taken by the Escrow Agent in bad faith;

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- (b) the Escrow Agent shall have no duties except those which are expressly set forth herein and shall not be bound by any notice of a claim or a demand with respect thereto or any waiver, modification, amendment, termination or rescission of this agreement unless received by it in writing and signed by all of the parties hereto (or, in the case of a waiver, the party so waiving) other than the Escrow Agent and is in a form satisfactory to the Escrow Agent;
- (c) the Escrow Agent shall be protected in acting upon any certificate, written notice, request, waiver, consent, receipt, statutory declaration or other paper or document furnished to it and signed by one or both of the other parties hereto or on its or their behalf as herein provided not only as to its due execution and the validity and effectiveness of its provisions but also as to the truth and acceptability of any information therein contained which the Escrow Agent in good faith believes to be genuine in what it purports to be;
- (d) the Escrow Agent shall not be liable for or by reason of any statements of fact or recitals in this agreement and shall not be required to verify the same;
- (e) nothing herein contained shall impose any obligation on the Escrow Agent to see to or require evidence of the registration or filing or recording (or renewal thereof) of this agreement, or any instrument ancillary or supplemental thereto, or to procure any further, any other or additional instrument or further assurance;
- (f) in the exercise of its rights and duties hereunder, the Escrow Agent shall not be in any way responsible for the consequence of any breach on the part of a party hereto of any of their respective covenants herein contained or of any acts of the agents or servants of any of them;
- (g) the Escrow Agent shall retain the right not to act and shall not be held liable for refusing to act unless it has received clear and reasonable documentation which complies with the terms of this agreement. Such documentation must not require the exercise of any discretion or independent judgment;-
- (h) in the event of any disagreement arising regarding the terms of this agreement, the Escrow Agent shall be entitled at its option to refuse to comply with any or all demands whatsoever until the dispute is settled either by agreement amongst the various parties or by a court of competent jurisdiction;
- (i) the Escrow Agent may resign its agency and be discharged from all duties and obligations hereunder by giving to the Vendor and the Purchaser 30 days prior notice of its resignation, or such shorter period as such parties shall accept as sufficient; and
- (j) if the Escrow Agent resigns its agency in accordance herewith, the Purchaser and the Vendor shall have the right and obligation to appoint a succeeding escrow agent who, upon accepting such appointment, shall assume all of the obligations and responsibilities and shall be entitled to enjoy the benefits and rights of the Escrow Agent hereunder. If a successor escrow agent is appointed as herein

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provided, the Escrow Agent shall pay and deliver to such successor all funds, agreements and other documents then in its possession upon payment of its fees.

- 5.2 The rights and benefits held by and the indemnities granted in favour of the Escrow Agent set out in Sections 4, 5, 8 and 11 of this agreement shall continue indefinitely notwithstanding the appointment of a successor escrow agent pursuant to provisions of this paragraph.
- 5.3 No implied duties or obligations of the Escrow Agent shall be read into this agreement.
- 5.4 Payments made by the Escrow Agent hereunder shall be duly made if paid by trust cheque.

6. Discharge of Escrow Agent

- 6.1 The Escrow Agent shall be discharged from any further duty upon release of the monies contained in the Escrow Account in accordance with Article 3 of this agreement.

7. Co-Operation of the Purchaser and the Vendor with Escrow Agent

- 7.1 The Purchaser and the Vendor shall deliver to the Escrow Agent all documents and do or cause to be done all other things necessary to enable the Escrow Agent to comply with this agreement.

8. Disclosure by Escrow Agent

- 8.1 The Purchaser and the Vendor acknowledge that the Escrow Agent has, in the past, acted as counsel to the Vendor, is currently acting as counsel to the Vendor and may, in the future, act as counsel to the Vendor. The Purchaser and the Vendor further acknowledge their desire for the Escrow Agent to act in such capacity notwithstanding the disclosures set out in the first sentence of this Section 8. The Vendor and the Purchaser agree that in the event of a dispute under this agreement, the Escrow Agent shall have the right to deposit the Funds into a court of competent jurisdiction until such dispute is resolved to the satisfaction of such court.

9. Notice

- 9.1 Any notice required to be given hereunder shall be sufficiently given and delivered to the Escrow Agent if personally delivered, addressed to the Escrow Agent as set out below. Any notice, certificate or other writing required or permitted to be given hereunder (a "Notice") shall be sufficiently given and delivered to the party to whom it is given if personally delivered or mailed, by prepaid registered mail, addressed to such party as follows:

in the case of the Vendor:

P.O. Box 189
43 Stewart Road
Collingwood, ON L9Y 3Z5

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Attention: Clerk
 Fax No.: (705) 445-2448

in the case of the Purchaser:

PowerStream Inc.
 161 Cityview Boulevard
 Vaughan, ON L4H 0A9
 Attention: Dennis Nolan, Executive Vice-President,
 Corporate Services and Secretary
 Fax No.: (905) 532-4616

If to the Escrow Agent, to: Aird & Berlis LLP
 Barristers & Solicitors
 BCE Place
 Suite 1800, Box 754
 181 Bay Street
 Toronto, Canada
 M5J 2T9

Attention: Ron Clark
 Telephone No.: (416) 865-7701
 Telecopier No.: (416) 863-1515

or such other address as the party to whom a Notice is to be given shall have last notified in writing the other parties hereto of a change of address for the purposes of this provision. Any Notice mailed as aforesaid shall be deemed to have been given and received on the date that the Notice is signed for by the party to whom it is addressed or any employee or agent thereof. Any Notice personally delivered to the party to whom it is addressed shall be deemed to have been given and received on the day it is personally delivered, but if any such day falls on a weekend or statutory holiday in the City of Toronto, then the Notice shall be deemed to have been given and received on the business day next following such day. In the event of a postal disruption, a Notice must be personally delivered.

10. Amendment

10.1 This agreement shall not be amended, revoked or rescinded as to any of its terms and conditions except by agreement in writing signed by all of the parties hereto.

11. Indemnification of Escrow Agent

11.1 The Vendor agrees to indemnify and hold the Escrow Agent harmless against any and all losses, claims, suits, demands, costs and expenses that may be incurred by the Escrow Agent or made on the Escrow Agent by the Vendor, the Purchaser or any third party by reason of the Escrow Agent's compliance in good faith with the terms of this agreement, except claims, suits or demands arising from the, wilful default or gross negligence of the

Escrow Agent in the performance of its duties hereunder. In no event shall the Escrow Agent be liable to the Purchaser or the Vendor for any act which it may do or which it may omit to do with respect to this agreement, except in the case of gross negligence or wilful misconduct of the Escrow Agent.

12. Binding Agreement - Not Assignable

12.1 This agreement shall constitute a binding obligation and shall enure to the benefit of each of the parties hereto and their respective successors and assigns and shall not be assignable by any of them without the prior consent in writing of each of the other parties.

13. Governing Laws

13.1 This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

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IN WITNESS WHEREOF, the parties hereto have executed and delivered these presents as of the date first above written.

THE CORPORATION OF THE TOWN OF COLLINGWOOD

By:

Name: Sandra Cooper

Title: Mayor

By:

Name: Sara Almas

Title: Clerk

POWERSTREAM INC.

By:

Name:

Title:

By:

Name:

Title:

Schedule "A"
Form of Escrow Release Direction

11826758.5

Schedule E

Additional Closing Dividends

See attached.

Schedule E – Calculation of Additional Closing Dividend

Overview

This schedule outlines the calculation of the Additional Closing Dividend (and the Final Additional Closing Dividend Amount) that is payable to the Vendor as a result of the inclusion of the shares of the Corporation, Solutions and Energy as part of the Transaction. Collectively, the Corporation, Solutions and Energy are referred to in this Schedule E as the “**Companies**”. Collus is not included in these calculations.

The overall objective is for the Vendor to receive credit for any incremental net assets, other than the Corporation’s investment in the shares of Collus, Solutions and Energy, that remain in the Companies on the Closing Date, while ensuring that sufficient assets remain in the Companies to offset any outstanding liabilities. In particular, Solutions has a future employee benefits liability.

Calculation

The Additional Closing Dividend will consist of two parts:

- a) A calculation of the Additional Closing Dividend Amount based on the Final 2011 Financial Statements of the Companies. This Additional Closing Dividend Amount will be calculated and declared as payable to the Vendor prior to the Closing Date but shall be paid on or after the Closing Date in accordance with Section 2.1(2)(c) of this Agreement.
- b) A true-up of the Additional Closing Dividend Amount based on the Closing Date Financial Statements of the Companies (prior to any dividend accrual). This true-up is intended to capture any net income (loss) earned by the Companies between December 31, 2011 and the Closing Date, and will be accrued as a dividend payable (receivable) to (from) the Vendor in the Closing Date Financial Statements of the Corporation (with a corresponding dividend (receivable) payable in the Closing Date Financial Statements of Solutions).

The Additional Closing Dividend Amount and the Final Additional Closing Dividend shall be calculated at December 31, 2011 and the Closing Date using the Final 2011 Financial Statements of the Companies and the Closing Date Financial Statements of the Companies, respectively. The following table presents a calculation of the Additional Closing Dividend Amount based on the 2010 Financial Statements for illustrative purposes.

		Note Book Value of shareholder's equity at Dec 31, 2010
The Corporation (non-consolidated)	\$	5,101,640
Less: Investment in shares of Subsidiaries		(5,101,540)
Add: Solutions		201,683
Add: Energy		100
Total = Additional Closing Dividend Amount	\$	201,883

Schedule 4.1(1)(c)

Third Party Consents of Vendor, Corporation and Subsidiaries

1. Consents Required

- (a) Financing Agreement between Ontario Infrastructure Projects Corporation and Collus Power Corp., dated March 10, 2010.
- (b) Shareholders Agreement between various local distribution company entities, including but not limited to Collus Power Corp, as well as Util-Assist Inc., Utility Collaborative Services Inc., dated November 20, 2009.
- (c) CIBC Credit Facility Agreement with Collus Power Corp., dated July 29, 2011, comprised of a revolving line of credit (\$500,000), standby letters of credit/letter of guarantee (\$2,417,179), and corporate Classic VISA (\$25,000).
- (d) CIBC Credit Facility Agreement with Collus Solutions Corp, dated July 29, 2011, comprised of a revolving line of credit (\$250,000).
- (e) Letter of comfort or discharge of registration from RCAP Leasing Inc. re PPSA File No. 670065453, Registration No. 20110520 1644 8077 2199, in respect of the following office equipment: (1) CC4483 Colour Multifunction System, (1) Contex SD4420 Stand, (1) Contex MFP Stand 44" SD Scanners, (1) Acer E5800, (1) Contex Touch Screen 17", (1) Canon Imageprograf IPF8300S.
- (f) Advanced Metering Infrastructure Sale and Services Agreement between Collus Power Corp. and Sensus Metering Systems Inc, dated 2009.
- (g) Ontario Energy Board MAAD filing.
- (h) Master Services Agreement between Kinetiq Canada Ltd., 437967 Ontario Limited, d.b.a. Savage Data System, and Collus Power Corp, dated September 10, 2009.
- (i) Membership Agreement between Collus Power Corp. and Cornerstone Hydro Electric Concepts Association Inc., dated March 7, 2005.

2. Notices to be provided

- (a) Small Utility Enterprise License Agreement (Agreement No. 2009 ELA 7885; Effective Date is December 14, 2009 (based on last signature)), between Environmental Systems Research Institute, Inc. (ESRI), Collus Power Corp. (as Licensee), and ESRI Canada Limited (as Distributor).

Schedule 4.2(1)(c)

Third Party Consents of the Purchaser

1. TD Credit Facility Agreement dated Dec 17, 2008, as amended Dec 3, 2009 and May 17, 2010 with PowerStream Inc. comprised of a committed revolving facility (\$75,000,000), a demand facility (\$25,000,000) a letter of guarantee facility (\$15,000,000) and a committed term facility 5 year fixed rate of 5.08% (\$50,000,000), as further amended from time to time

Schedule 5.2(9)

Real Property and Leased Property

1. The following properties are owned by Collus:

- (a) Part of the North Half of Lot 43, Concession 8, formerly Township of Nottawasaga Town of Collingwood, County of Simcoe, designated as Part 2 on Plan 51R-26095 together with an easement over Pt 2, 51R-26084 as created by instrument No. 01311107 in favour of the Public Utilities Commission of the Town of Collingwood, being all of the PIN, known municipally as 180 Ontario Street, Collingwood L9Y 1M6.
- (b) Part of Lot 43, Concession 7 formerly Township of Nottawasaga Town of Collingwood, County of Simcoe, designated as Part 1 on Plan 51R-3895, known municipally as 495 Hume St., Collingwood, L9Y 4H8.
- (c) PIN 58255-0114(LT), being Lots 9 and 10, South Side of Water Street, Registered Plan 175 formerly Township of Nottawasaga Town of Collingwood, County of Simcoe.
- (d) Lot 48, Registered Plan 1611, Town of Collingwood, County of Simcoe, subject to an easement in favour of the Bell Telephone Company of Canada over the westerly 5 feet of the hereinbefore described lands which easement was registered in the Registry Office for the Registry Division of Simcoe (51) on October 14, 1971 as Instrument Number 372100. As in Instrument Number 373103. Known municipally as 440 Walnut St, Collingwood.
- (e) Parcel 1-1, Section M-75, being Lot 1, Plan M-75, Town of Collingwood, County of Simcoe, known municipally as 47 Sproule Ave., Collingwood, L9Y 4K8.
- (f) Part of Lot 47, Concession 10, formerly Township of Nottawasaga Town of Collingwood, County of Simcoe, designated as Part 1 on Plan 51R-13479, known municipally as 11383 Highway 26 W, Collingwood, L9Y 5E7.
- (g) Part Lot 41, Concession 7 formerly Township of Nottawasaga Town of Collingwood, County of Simcoe, designated as Parts 1, 2 and 3 on Plan 51R-19376, being all of the PIN, known municipally as 2 Sanford Fleming Dr, Collingwood, L9Y 4V9.
- (h) In the Town of Blue Mountains, County of Grey, Firstly: Part of Lot 31, Concession 9, in the Town of the Blue Mountains (formerly the Township of Collingwood), County of Grey, now designated as Part 1, Plan 16R-7556; Secondly: Part of Lots 35, 36, 37, 38 and 39, Southwest of King Street, in the Town of the Blue Mountains (formerly the Town of Thornbury), County of Grey now designated as Parts 1 and 2, Plan 16R-7557, known municipally as 95 King Street Thornbury, N0H 2P0 and 208330 Highway 26/ Russell Street, Thornbury N0H 2P0.

- (i) PIN 58235-0118LT, Part Lot 7 N/S of Quebec St., PL 103 Nottawasaga as in R0797216, Clearview, Stayner, known municipally as 229 Quebec Street, Stayner, L0M 1N0.
- (j) Minnesota St, Nottawasaga Con 8 Pt Lot 44 RP 51R34927 Part 9.
- (k) Plan 175 Pt Lots 9 and 10 RP 51R30684 Part 4, known municipally as 20 Mountain Rd, Collinwood, L9Y 0A1.
- (l) PIN 58290-0004 (LT), Pt N1/2 Lt 43 Con 8 Nottawasaga Pt 1 & 3, 51R26694 & Pt 2, 51R29853; Collingwood, known municipally as Ontario Street, Collingwood, Ontario. Subject to restrictive covenants registered on October 26, 2000 as Instrument No. RO1447147Z from Rogers Wireless Inc. to Donald Gallinger and David Chandler.
- (m) Superior Street, Stayner, L0M 1N0. Sub-station only.
- (n) Highway 26 W, Collingwood, L9Y 3E5. Sub-station only.
- (o) Maple Street, Collingwood, L9Y. Sub-station only.

2. **The following properties are rented by Collus:**

- (a) Land referenced in Shared Facilities Lease between The Public Utilities Commission of Collingwood ("Landlord") and Collus Power Corp. ("Tenant"), dated November 30, 2000, located on Part of Lot 43, Concession 10, Town of Collingwood (formerly the Township of Nottawasaga) County of Simcoe and shown as Parts 6 and 7 on Reference Plan 51R-17032 and shown as Parts 1 and 2 on Reference Plan 51R-26745. (expired December 31, 2001)
- (b) Land referenced in Shared Facilities Lease between The Public Utilities Commission of Collingwood ("Landlord") and Collus Power Corp. ("Tenant"), dated January 1, 2002, located on Part of Lot 43, Concession 10, Town of Collingwood (formerly the Township of Nottawasaga) County of Simcoe and shown as Parts 6 and 7 on Reference Plan 51R-17032 and shown as Parts 1 and 2 on Reference Plan 51R-26745. (expired December 31, 2002)
- (c) Land referenced in Shared Facilities Lease between The Public Utilities Commission of Collingwood ("Landlord") and Collus Power Corp. ("Tenant"), dated January 1, 2003, located on Part of Lot 43, Concession 10, Town of Collingwood (formerly the Township of Nottawasaga) County of Simcoe and shown as Parts 6 and 7 on Reference Plan 51R-17032 and shown as Parts 1 and 2 on Reference Plan 51R-26745. (expired December 31, 2003), as amended by amending agreements dated November 4, 2004, December 14, 2005, December 20, 2006, December 19, 2007, December 16, 2009, January 31, 2011. Please note that there is no formal renewal in place for 2012, however, the parties to this agreement have continued the arrangement per the Shared Facilities Lease.

Schedule 5.2(10)

Intellectual Property

1. Agreements with technology licensing provisions

- (a) Microsoft Dynamics service plan, dated October 30, 2007.
- (b) Microsoft Great Plains Standard Software, dated October 13, 2005, with Collingwood Public Utilities Service Board. Software purchased by CPU and used by Collus and Town, pursuant to Computer Rental Agreement referenced in Schedule 5.2(21).
- (c) Small Utility Enterprise License Agreement (Agreement No. 2009 ELA 7885; Effective Date is December 14, 2009 (based on last signature)), between Environmental Systems Research Institute, Inc. (ESRI), Collus Power Corp. (as Licensee), and ESRI Canada Limited (as Distributor).
- (d) Account Viewer Usage Agreement between The SPI Group Inc. and Collus Power Corp., dated August 6, 2008.
- (e) Software Licence, Implementation and Support and Maintenance Agreement between N. Harris Computer Corporation and 1713637 Ontario Inc. (of which Collus Power is a shareholder), dated September 1, 2006.
- (f) End User License Agreement between Diamond Municipal Solutions Inc. and Collingwood Public Utilities Service Board, dated January 20, 2006. Software purchased by and licensed to CPU and used by Collus and Town, pursuant to Computer Rental Agreement.
- (g) Advanced Metering Infrastructure Sale and Services Agreement between Collus Power Corp. and Sensus Metering Systems Inc, dated 2009.
- (h) Application Service Provider Agreement between Utility Collaborative Services Inc. (of which Collus Power is a shareholder) and Util-Assist Inc., dated January 1, 2010.
- (i) Master Services Agreement between Kinetiq Canada Ltd., 437967 Ontario Limited, d.b.a. Savage Data System, and Collus Power Corp., dated September 10, 2009.
- (j) Utilismart Customer Agreement, between Emera Incorporated and Cornerstone Hydro Electric Concepts Association Inc., term between November 1, 2001 and November 1, 2004 (initial term). There is no new agreement, but the terms from the old agreement are still followed.

2. **Other Intellectual Property**

- (a) Unregistered logos of Collingwood Utility Services Corp. and Collus Power Corp., designed in-house and owned by Collingwood Utility Services Corp. and Collus Power Corp., respectively.
- (b) Domain names www.collus.com and www.colluspowers.com registered to the Corporation.

Schedule 5.2(11)

Contracts and Commitments

1. Employment or consulting Contract or any other written Contract with an officer, employee or consultant

- (a) IFRS conversion services agreement between BDO Dunwoody LLP and Collingwood Utility Services Corp., dated July 24, 2009. Please note that the agreement and work contemplated thereunder will be complete as of 2012. Discussions are ongoing to determine if new works and a corresponding new agreement is required.
- (b) IFRS conversion services agreement between BDO Dunwoody LLP and Collus Power Corp., dated February 18, 2010. Please note that the agreement and work contemplated thereunder will be complete as of 2012. Discussions are ongoing to determine if new works and a corresponding new agreement is required
- (c) Consulting Services Agreement re Sync Operator Service Agreement between Util-Assist Inc. and Collus Power Corp, dated August 4, 2011.
- (d) MEARIE Employee and Labour Relations Service Subscriber Agreement between MEARIE Management Inc. and Collus Power Corp., dated December 13, 2011.

2. Agreements limiting freedom to engage in any line of business or to compete

- (a) Shareholders Agreement between various local distribution company entities, including Collus Power Corp, Util-Assist Inc., Utility Collaborative Services Inc., dated November 20, 2009.
- (b) Master Services Agreement between Kinetiq Canada Ltd., 437967 Ontario Limited, d.b.a. Savage Data System, and Collus Power Corp, dated September 10, 2009.
- (c) Utility-Specific Load Shape Agreement between Hydro One Networks Inc. and Collus Power Corp., dated July 24, 2006.
- (d) Mutual Non-Disclosure Agreement between The Corporation of the Town of Collingwood, Collus, and PowerStream Inc, September 19, 2011.

3. Any other Material Contract

- (a) See Service Agreements listed in Schedule 5.2(21);
- (b) See Intellectual Property licensing agreements listed in Schedule 5.2(10).
- (c) See Shared Services Agreements listed in Schedule 5.2(9).

- (d) Agreement between Collus and Burman Energy Consultants Group Inc., dated April 28, 2011 and Goods and Services Agreement, dated April 28, 2011, between Collus Power Corp. and Burman Energy Consultants Group Inc. re Delivery Agent Services for Direct Install Lighting and Water Heating Initiatives (formerly the Power Savings Blitz Program).
- (e) Agreement between Collus and Burman Energy Consultants Group Inc., dated June 9, 2011 and Goods and Services Agreement, dated June 9, 2011, between Collus Power Corp. and Burman Energy Consultants Group Inc. re Delivery Agent Services for Provincial Equipment Replacement Incentive – Schedule C2 (formerly the Power Savings Blitz Program).
- (f) Utility-Specific Load Shape Agreement between Hydro One Networks Inc. and Collus Power Corp., dated July 24, 2006.
- (g) Application Service Provider Agreement between Utility Collaborative Services Inc. and Util-Assist Inc., dated January 1, 2010
- (h) Peterborough Utilities Inc. MSP#1002 Meter Service Provider Agreement between Collus Power Corporation and MSP#1002 – Peterborough Utilities Inc., dated December 4, 2009.
- (i) Membership Agreement between Collus Power Corp. and Cornerstone Hydro Electric Concepts Association Inc., dated March 7, 2005.
- (j) Advanced Metering Infrastructure Sale and Services Agreement between Collus Power Corp. and Sensus Metering Systems Inc., dated 2009.
- (k) Street Lighting Agreement – Collus Solutions Corp. and The Corporation of the Township of Clearview – January 1, 2004. Please note that this agreement was not signed by the parties thereto have treated it as being in place and are in compliance with the same.
- (l) Street Lighting Agreement – Collus Solutions Corp. and The Corporation of the Town of the Blue Mountains – January 1, 2004. Please note that this agreement was not signed by the parties thereto have treated it as being in place and are in compliance with the same.
- (m) Contract Service Agreement, CSA-001.2001, dated April 23, 2002 (as amended April 2, 2002 [*sic*] between Collus Power Corp and Cornerstone Hydro Electric Concepts Association Inc.
- (n) Customer Agreement, Contract No. CHEC02-SMONT-01-11-08 between Utilismart Corporation and Cornerstone Hydro Electric Concepts Association Inc. and its member utilities (including Collus Power); re wholesale settlement verification. Initial Term November 1, 2008 to October 31, 2010. Still in force.

- (o) Agreements to acquire Distribution Assets, assume obligations to maintain, repair, and replace Distribution Assets, and to keep Corporation informed of the state of the Distribution Assets and issues related to works on these assets, between Collus Power Corp and: Simcoe Condominium Corporations No. 102, 107, 113, 122, 126, 136, 194, 199, 211, 214, 218, 231, 238, 245, 254, 261, and Lighthouse Point Yacht and Tennis Club, dated January 25, 2003; Simcoe Condominium Corporation No. 5, dated December 12, 2003; Simcoe Condominium Corporation No. 21, dated January 2, 2003; Simcoe Condominium Corporation No. 24, dated December 11, 2002; Simcoe Condominium Corporation No. 30, dated December 7, 2002; Simcoe Condominium Corporation No. 31, dated December 7, 2002; Simcoe Condominium Corporation No. 34, dated December 21, 2002; Simcoe Condominium Corporation No. 36, dated January 10, 2003; Simcoe Condominium Corporation No. 38, dated December 5, 2003; Simcoe Condominium Corporation No. 40, dated December 23, 2003; Simcoe Condominium Corporation No. 42, dated April 8, 2004; Simcoe Condominium Corporation No. 45, dated December 11, 2002; Simcoe Condominium Corporation No. 48, dated December 7, 2002; Simcoe Condominium Corporation No. 50, dated February 23, 2002; Simcoe Condominium Corporation No. 52, dated February 8, 2002; Simcoe Condominium Corporation No. 53, dated April 8, 2004; Simcoe Condominium Corporation No. 55, dated December 9, 2002; Simcoe Condominium Corporation No. 56, dated February 11, 2002; Simcoe Condominium Corporation No. 57, dated April 25, 2003; Simcoe Condominium Corporation No. 59, dated February 9, 2002; Simcoe Condominium Corporation No. 63, dated May 12, 2003; Simcoe Condominium Corporation No. 64, dated February 8, 2002; Simcoe Condominium Corporation No. 67, dated December 7, 2002; Simcoe Condominium Corporation No. 78, dated April 8, 2004; Simcoe Condominium Corporation No. 79, dated January 8, 2003; Simcoe Condominium Corporation No. 80, dated January 27, 2004; Simcoe Condominium Corporation No. 91, dated April 5, 2003; Simcoe Condominium Corporation No. 92, dated December 7, 2002; Simcoe Condominium Corporation No. 94, dated May 3, 2002; Simcoe Condominium Corporation No. 114, dated May 3, 2002; Simcoe Condominium Corporation No. 116, dated February 16, 2002; Simcoe Condominium Corporation No. 124, dated December 13, 2002; Simcoe Condominium Corporation No. 125, dated January 26, 2004; Simcoe Condominium Corporation No. 144, dated May 3, 2002; Simcoe Condominium Corporation No. 145, dated April 15, 2003; Simcoe Condominium Corporation No. 146, dated December 7, 2002; Simcoe Condominium Corporation No. 167, dated February 18, 2003; Simcoe Condominium Corporation No. 207, dated April 30, 2002; Simcoe Condominium Corporation No. 244, dated November 21, 2003; Simcoe Condominium Corporation No. 86, dated November 21, 2003; Simcoe Condominium Corporation No. 130, dated November 21, 2003; Simcoe Condominium Corporation No. 188, dated November 21, 2003; Simcoe Condominium Corporation No. 219, dated November 21, 2003; Simcoe Condominium Corporation No. 220, dated November 21, 2003; Simcoe Condominium Corporation No. 230, dated November 21, 2003; Simcoe Condominium Corporation No. 237, dated November 21, 2003; Simcoe

Condominium Corporation No. 239, dated November 21, 2003; Simcoe Condominium Corporation No. 240, dated November 21, 2003; Simcoe Condominium Corporation No. 247, dated November 21, 2003; Simcoe Condominium Corporation No. 255, dated November 21, 2003; Simcoe Condominium Corporation No. 258, dated November 21, 2003; Simcoe Condominium Corporation No. 200, dated November 21, 2003.

- (p) Telecommunications Site Agreement between SCBN Telecommunications Inc. and Collus Power Corp., dated as of April 1, 2002.
- (q) Telecommunications Site Agreement between SCBN Telecommunications Inc. and Collus Power Corp., dated June 1, 2002.
- (r) Agreement for Licensed Attachment to Collus Power Corp. by Atria Networks LP, dated April 17, 2009
- (s) Model Agreement for Joint Use of Poles by Collus Power Corp. and Bell Canada, March 27, 2009

4. **Indebtedness in respect of borrowed money or guarantees**

- (a) Financing Agreement between Ontario Infrastructure Projects Corporation and Collus Power Corp., dated March 10, 2010.
- (b) Guarantee Agreement between OIPC and Collingwood Utility Services Corp., dated March 10, 2010.
- (c) General Security Agreement between OIPC and Collus Power Corp., dated March 10, 2010.
- (d) 15 year serial debenture no. 04-01-2010-01, in the amount of \$3,000,000 with Collus Power as Borrower April 15, 2010.
- (e) CIBC Credit Facility Agreement with Collus Power Corp., dated July 29, 2011, comprised of a revolving line of credit (\$500,000), standby letters of credit/letter of guarantee (\$2,417,179), and corporate Classic VISA (\$25,000)
- (f) CIBC Credit Facility Agreement with Collus Solutions Corp, dated July 29, 2011, comprised of a revolving line of credit (\$250,000)
- (g) Letter of Credit issued by CIBC No. SBGT721839, from Collus Power Corp. in favour of IESO and amendments no. 1-4.
- (h) Promissory Note from Collus to the Vendor dated October 31, 2000, in the amount of \$1,710,169.
- (i) Amount of \$13,201 owed to Collus by Utility Collaborative Services Inc. as of December 31, 2010 (shareholder, related party transaction) One share issued (of

10 total). Please note that this amount will change for 2012 and will be confirmed once known.

- (j) Guarantees from CUS for Solutions and Power credit facilities listed in paragraphs (e) and (f) above.
- (k) Agreement dated April 23, 2002 between Collus Power Corp, Emera Incorporated, and Cornerstone Hydro Electric Concepts Association Inc.

Schedule 5.2(12)**Employee Plans**

1. See Collective Agreement referenced in Schedule 5.2(13).
2. The MEARIE Group Employee Benefit Program. Employee Benefit Booklet for Collingwood Utility Services (and Subsidiaries), effective Jan 1 2012.
3. Ontario Municipal Employees Retirement System (OMERS) for Collus Power and Collus Solutions (November 23, 2000).

Schedule 5.2(13)**Collective Agreement**

Collective Agreement between Collus Power Corp. and Collingwood Public Utilities of the Town of Collingwood, and It's Employees Through Local #636 of the International Brotherhood of Electrical Workers, dated January 14, 2011 covering the period from September 1, 2010 to August 31, 2013.

Schedule 5.2(14)

Employees

See attached.

Schedule 5.2(15)

Insurance

1. Policies

- (a) The MEARIE Group, Comprehensive Liability Policy, Policy No. L2012COLL1, covering Jan 1, 2012 to Jan 1, 2013, with insured as CUS and Additional named insured Collus, Solutions, Energy, Public Utilities Services Board.
- (b) The MEARIE Group, Property Program Policy, Policy No. P2012COLL1, covering from Jan 1, 2012 to Jan 1 2013, insured is CUS and Subsidiaries.
- (c) The MEARIE Group, Vehicle Program, Certificate of Automobile Insurance, Policy No. V2012COLL1 for Collus Power dating from Jan 1 2012 to Jan 1 2013. Additional Named Insured: Collingwood Public Utility Service Board.
- (d) Chartis Insurance Company of Canada, Policy No. RMGL9895550 and BE6849066, Named Insured is Rogers Communications Partnership and additional insured is Collus Power Corp., dating from September 1, 2011 to June 1, 2012. Relating to the Agreement for Licensed Attachment entered into between Collus Power Corp. and Atria Networks LP.

2. Claims

Nil.

Schedule 5.2(16)

Environmental

Nil.

Schedule 5.2(17)

Litigation

Nil.

Schedule 5.2(18)

Taxes

Nil.

Schedule 5.2(20)

2010 Financial Statements

See attached.

COLLINGWOOD UTILITY SERVICES CORP.

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholder of **Collingwood Utility Services Corp.**:

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of **Collingwood Utility Services Corp.**, which comprise the consolidated balance sheet as at December 31, 2010, and the consolidated income and retained income statement and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Collingwood Utility Services Corp.** as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gaviller & Company LLP

Licensed Public Accountants

Collingwood, Ontario

May 13, 2011

COLLINGWOOD UTILITY SERVICES CORP.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31

	2010	2009
	\$	\$
Assets		
Current		
Cash	3,131,790	1,572,425
Accounts receivable (Note 9)	4,969,831	3,735,946
Unbilled revenue	3,343,566	3,024,852
Taxes recoverable	53,413	104,404
Prepaid expenses	130,846	74,051
Inventory	317,756	297,789
	11,947,202	8,809,467
Property, plant and equipment		
Lands	90,439	90,439
Buildings	494,142	255,668
Distribution stations	5,219,952	3,857,578
Distribution lines	20,475,695	19,596,227
Distribution transformers	5,184,349	5,020,605
Distribution meters	1,767,391	1,565,562
Load control	1,521,439	1,459,235
Other	1,991,042	2,838,992
Contributions in aid of construction (Note 7)	(9,636,769)	(9,354,806)
	27,107,680	25,329,500
Less accumulated depreciation	(14,344,099)	(13,405,295)
	12,763,581	11,924,205
Other		
Goodwill	276,704	276,704
Intangible assets (net of accumulated amortization of \$232,256 (2009 -\$130,189))	278,072	338,117
Investment in Utility Collaborative Services Inc. - at cost	100	100
Future taxes recoverable	243,823	255,837
	798,699	870,758
	25,509,482	21,604,430

Approved by directors:

_____ Director

_____ Director

See accompanying notes to the financial statements

COLLINGWOOD UTILITY SERVICES CORP.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31

	2010	2009
	\$	\$
Liabilities		
Current		
Accounts payable and accruals (Notes 7 and 9)	7,417,305	7,342,070
Customer deposits	430,736	355,081
Current portion of long-term (Note 10)	200,000	-
	8,048,041	7,697,151
Long-term (Note 10)	4,410,170	1,710,170
Employee future benefits (Note 12)	655,332	595,475
Other (Note 11)	1,411,987	1,005,314
	14,525,530	11,008,110
Shareholder's equity		
Capital stock		
Authorized		
Unlimited common shares		
Issued		
5,101,640 common shares	5,101,640	5,101,640
Miscellaneous paid in capital	2,966,014	2,966,014
Retained income	2,916,298	2,528,666
	10,983,952	10,596,320
	25,509,482	21,604,430

See accompanying notes to the financial statements

COLLINGWOOD UTILITY SERVICES CORP.

CONSOLIDATED INCOME AND RETAINED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31

	2010	2009
	\$	\$
Revenues		
Sale of power	25,971,849	24,064,556
Distribution services	5,437,389	5,126,519
	31,409,238	29,191,075
Cost of power		
Power purchased	25,971,849	24,064,556
Distribution income (17.3%; 2009 - 17.6%)	5,437,389	5,126,519
Other operating income (Note 9)		
Accounting and administrative services	881,803	811,881
Miscellaneous	629,785	557,971
	6,948,977	6,496,371
Operating expenses		
Distribution and transmission	1,697,352	1,732,891
Billing and collecting	913,832	631,522
General administration (Notes 9 and 10)	2,893,320	2,593,799
Amortization	967,205	1,004,161
	6,471,709	5,962,373
Net income before taxes	477,268	533,998
Provision for (recovery) of taxes		
Current	77,622	110,755
Future	12,014	(47,493)
	89,636	63,262
Net income for the year	387,632	470,736
Retained income, beginning of year	2,528,666	2,057,930
Retained income, end of year	2,916,298	2,528,666

See accompanying notes to the financial statements

COLLINGWOOD UTILITY SERVICES CORP.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31

	2010	2009
	\$	\$
Cash flows from (for):		
Operating activities		
Net income for the year	387,632	470,736
Items not requiring funds		
Amortization	1,150,939	1,112,226
Future taxes	12,014	(47,493)
Gain on disposition of property, plant and equipment	(8,852)	-
	1,541,733	1,535,469
Changes in:		
Accounts receivable	(1,290,680)	382,845
Unbilled revenue	(318,714)	445,532
Inventory	(19,967)	(42,658)
Accounts payable and accruals	75,235	(1,475,224)
Income taxes	50,991	84,752
Customer deposits	75,655	(191)
Employee future benefits	59,857	56,411
Other liabilities	406,673	(2,709,369)
	580,783	(1,722,433)
Investing activities		
Acquisition of property, plant and equipment	(1,930,270)	(980,224)
Investment in Utility Collaborative Services Inc.	-	(100)
Proceeds from disposal of property, plant and equipment	8,852	-
	(1,921,418)	(980,324)
Financing activities		
Repayment of long-term liabilities	(100,000)	(1,117,353)
Issuance of long-term liabilities	3,000,000	-
	2,900,000	(1,117,353)
Change in cash	1,559,365	(3,820,110)
Cash position, beginning of year	1,572,425	5,392,535
Cash position, end of year	3,131,790	1,572,425

See accompanying notes to the financial statements

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

1. Significant accounting policies

The financial statements of the corporation are the representations of management. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements based on available information. The most significant estimates are included in unbilled revenue and economic evaluation. The financial statements have, in the opinion of management, been properly prepared within the framework of the accounting policies summarized below.

- (a) The financial statements of the company are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), including accounting principles prescribed by the Ontario Energy Board (OEB) through the accounting procedures handbook and directives.
- (b) The company's distribution of electricity is subject to rate regulation by the OEB. This rate regulation results in the company accounting for specific transactions differently than it would if it was not rate-regulated. The differences in accounting treatment give rise to regulatory assets or liabilities. These balances will be recovered from or returned to customers by increases or decreases to rates in the future.

The electricity rates charged by the company are approved on an annual basis using performance-based regulation. For the rate year ending April 30, 2010, the company was authorized to earn 8.01% on equity and 6.25% on debt with a deemed debt to equity ratio of 1:0.89.

- (c) The company recognizes revenue on an accrual basis, which includes unbilled revenue, which is an estimate of electricity consumed by customers to the end of year but not yet billed by the company. Revenue from accounting and administrative services provided are recognized at the time in which the services were provided.
- (d) The financial statements of the company's subsidiaries, COLLUS Power Corp. , COLLUS Solutions Corp. and COLLUS Energy Corp. have been consolidated. All inter-company transactions have been eliminated.
- (e) Property, plant and equipment are stated at cost. Contributions received in aid of construction of property, plant and equipment are capitalized and amortized at the same rate as the related asset. Property, plant and equipment are amortized over their estimated useful lives, using the straight-line method. Assets constructed by others and donated to the company are recorded at cost to the developer. Amortization rates are 4% except as follows:

Buildings	2%
Distribution stations	3.33%
Other capital assets	6.67% to 20%

- (f) Deferred charges - service area expansion costs are being amortized on a straight-line basis over twenty-five years.
- (g) Economic evaluation is an estimate of amounts due to subdivision developers in the future as repayment for the developers installation of hydro infrastructure.

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

1. Significant accounting policies (continued)

- (h) Taxes are calculated using the liability method of tax allocation accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future tax liabilities or assets. Future tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse.
- (i) The company's inventory typically consists of poles and wire, unless purchased for specific capital projects in process or as spare units. Items for specific capital projects, spare transformers and meters are recorded as property, plant and equipment. The company's inventory is valued using the moving average cost method and is recorded at the lower of cost and net realizable value.
- (j) The company has adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861 - "Financial Instruments - Disclosure and Presentation" which establishes the requirement of disclosure of risks associated with financial instruments and the management of those risks.

- (k) Intangible assets

Intangible assets are externally acquired and are stated at cost. Amortization is provided on a straight-line basis over their estimated useful service lives at the following annual rates:

Computer software	20%
-------------------	-----

2. Tax status

The company is exempt from income tax under section 149 of the Income Tax Act. The company is required to make payments in lieu of tax calculated on the same basis as the Income Tax Act.

3. Financial instruments

The company's financial instruments consist of cash, accounts receivable, unbilled revenue, taxes recoverable, accounts payable and accruals, customer deposits and long-term liabilities. It is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Fair market value does not vary significantly from recorded value.

4. Line of credit

The company has two revolving lines of credit with CIBC with a combined credit limit of \$750,000. The interest rates for both are set at prime minus 0.75% per annum. During 2010 the company did not draw on either line of credit.

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

5. Future Accounting Pronouncements

The Accounting Standards Board has decided that rate regulated publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP for annual reporting purposes for fiscal years beginning on or after January 1, 2012. The transition period is expected to begin for fiscal years beginning on or after January 1, 2011. The impact of these changes cannot be estimated at this time.

Phase 1 of the company's IFRS implementation was complete as of October 2009. Phase 1 identified the company's needs with regard to the new standards and set out recommendations to meet those needs. Phase 2 was still in progress as of the 2010 audit report date, which includes reclassifying property, plant, and equipment to comply with IFRS.

6. Supplemental cash flow information

Cash receipts (payments) were made as follows:

	2010	2009
	\$	\$
Interest received	51,253	70,417
Interest paid	(221,217)	(179,149)
Taxes refunded	104,403	190,118
Taxes paid	(130,950)	(216,120)

7. Contributions in aid of construction

Under the terms of the Distribution System Code, the corporation cannot charge a developer more than the difference between the present value of the projected capital costs and on-going maintenance costs for the equipment and the present value of the projected revenue for distribution services provided by those facilities. These amounts are determined by an economic evaluation study of the project. The corporation estimates that it will return \$365,610 (2009 - \$365,610). The liability is included in accounts payable and accruals. The balance of \$9,636,769 (2009 - \$9,354,806) is recorded as a reduction of the cost of property, plant and equipment.

8. Property, plant and equipment

Effective in 2010 and under the direction of the OEB, the company had the option of moving stranded meter costs into the regulatory asset accounts or leave them in property, plant, and equipment. The company decided to keep them in property, plant, and equipment and continue to amortize the stranded meter costs. The balance of stranded meters in property, plant, and equipment is \$1,529,891 and the accumulated amortization is \$909,545 (2009 - \$863,275).

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

9. Related party transactions

Collingwood Public Utilities Commission and the company are controlled by the council of the Town of Collingwood.

Related party transactions are recorded at their exchange value and include the following:

	2010	2009
	\$	\$
Amounts receivable from Collingwood Public Utilities Service Board	171,234	162,324
Amounts receivable from the Town of Collingwood	91,413	75,536
Amounts payable to the Collingwood Public Utilities Service Board	(93,479)	(496,809)
Amounts payable to the Town of Collingwood	(1,831,697)	(412,995)
Revenues include amounts charged to the following parties:		
Town of Collingwood	68,461	62,517
Collingwood Public Utilities Service Board	881,803	811,881
Expenses include information technology assistance to the Town of Collingwood	21,631	20,029
The company is leasing its operations centre and computers from the Collingwood Public Utilities Service Board. The lease has a one year term and is renewable annually. These costs are included in general administration expense.	317,000	317,000

10. Long-term liabilities

Long-term liabilities consist of the following:

	2010	2009
	\$	\$
4.67% loan payable to the Ontario Infrastructure Projects Corporation, secured by a General Security Agreement over all of the assets of the company. Payments are to be made semi-annually to April 15, 2025	2,900,000	-
7.25% note payable to Town of Collingwood, no set terms of repayment	1,710,170	1,710,170
	4,610,170	1,710,170
Current portion of long-term liabilities	(200,000)	-
	4,410,170	1,710,170

Included in general administration expense is \$176,802 (2009 - \$129,020) of interest on long-term liabilities.

The corporation is contingently liable for a letter of credit in the amount of \$2,046,656 (2009 - \$1,631,702) to meet the prudential requirements of the Independent Electricity System Operator.

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

11. Other assets (liabilities)

Other assets (liabilities) consist of the following:

	2010	2009
	\$	\$
Deferred charges-service area expansion (net of \$98,899 accumulated amortization, 2009 - \$90,744)	106,015	114,170
Regulatory assets		
Other regulatory assets	225,179	66,530
Smart meter variance	1,838,379	1,927,304
Regulatory liabilities		
Purchased power cost variance	(938,916)	(2,562,776)
Regulatory recoveries	(2,562,854)	(507,194)
Other regulatory liabilities	(79,790)	(43,348)
Total regulatory liabilities	(3,581,560)	(3,113,318)
Net liability	(1,411,987)	(1,005,314)

Other regulatory assets consist of Hydro One incremental capital and pension costs from OMERS not recovered in rates. This account includes annual carrying charges accrued at the OEB quarterly interest rate in effect.

In 2010 the OEB approved the disposition of power variances from December 31, 2008. The liability is being paid back through a reduction of customer's monthly billings over a period of three years, beginning in May 2010.

The purchased power cost variance represents variances in the purchase and sale of electricity which will be recovered from or returned to customers by increases or decreases to rates in the future. Purchased power cost variance includes annual carrying charges accrued at the OEB quarterly interest rate in effect.

The smart meters regulatory asset account relates to the Province of Ontario's decision to install smart meters throughout Ontario by 2011. The company launched its project shortly following the Province of Ontario's announcement in 2006. As at December 31, 2010, the company had installed approximately 15,000 smart meters. The company is currently authorized to collect \$2.00 per residential customer per month. Carrying charges are accrued on this account for 2007 and later years at the OEB quarterly interest rate in effect. As at December 31, 2010, smart meter capital expenditures totaled \$2,414,022 (2009 - \$2,257,264) which is offset by revenues of \$575,644 (2009 - \$262,021) and accumulated amortization of \$215,072 (2009 - \$67,939). In the current year smart meter accumulated amortization was offset by a contra account per OEB regulation.

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

12. Employee future benefits

The employees of Collingwood Utility Services Corp. participate in the Ontario Municipal Employees Retirement System ("OMERS"). Although the plan has a defined retirement benefit for employees, the related obligation of the corporation cannot be identified. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant. Amounts paid to OMERS during the year totaled \$216,202 (2009 - \$227,922).

In addition, Collingwood Utility Services Corp. pays certain benefits on behalf of its retired employees. The corporation recognizes these post-retirement costs in the period in which the employees rendered the services. The accrued benefit obligation at December 31, 2010 of \$655,332 and the net periodic benefit cost for 2010 was determined by actuarial valuations using discount rates of 6.0% and was adjusted by management based on new information available. Actuarial valuations will be prepared every second year or when there are significant changes to the workforce.

Information about the company's defined benefit plan is as follows:

	2010	2009
	\$	\$
Accrued benefit obligation		
Balance at the beginning of period	595,475	539,064
Current service cost for the period	23,018	21,715
Interest cost for the period	38,815	35,914
Actuarial loss	27,471	30,014
Prior period cost	6,434	12,868
Benefits paid for the period	(10,953)	(10,195)
Projected accrued benefit obligation at end of period as determined by actuarial valuation.	680,260	629,380
Unamortized actuarial loss	(24,928)	(27,471)
Unamortized prior service cost	-	(6,434)
Balance at end of period	655,332	595,475
Components of net periodic benefit cost		
Current service cost for the period	23,018	21,715
Interest cost for the period	38,815	35,914
Amortization of actuarial losses	2,543	2,543
Amortization of prior service cost	6,434	6,433
Net periodic benefit cost	70,810	66,605

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

12. Employee future benefits (continued)

The main actuarial assumptions employed for the valuations are as follows:

(a) General inflation

Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.0% in 2010 and thereafter.

(b) Interest (discount) rate

The obligation as at December 31, 2010, of the present value of future liabilities was determined using a discount rate of 6.0%. This corresponds to the assumed CPI rate plus an assumed real rate of return of 4.0%.

(c) Salary levels

Future general salary and wage levels were assumed to increase at 3.3% per annum.

(d) Medical costs

Medical costs were assumed to increase at 9.0% in 2010 graded down 0.67% a year until 2015 after which the rate is assumed to increase 5.0% annually.

(e) Dental costs

Dental costs were assumed to increase at 5.0% in 2010 and thereafter.

13. Capital disclosures

The company's main objectives when managing capital are to:

- (a) Ensure ongoing access to funds that will allow the ongoing operation of the service company.
- (b) Ensure ongoing access to funding to maintain and improve the electricity distribution system and to ensure that capital needs are met.
- (c) Ensure compliance with covenants related to its credit facilities and the Town of Collingwood promissory note.
- (d) Ensure that the capital structure is such that the debt to equity structure deemed by the OEB is not exceeded.

As at December 31, 2010, the company's definition of capital includes shareholder's equity and long-term debt. There have been no changes in the Company's approach to capital management during the year.

The company has met all covenants related to its credit facilities.

14. Comparative information

Certain comparative information has been reclassified to conform with the current year's financial statement presentation.

COLLINGWOOD UTILITY SERVICES CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of **Collingwood Utility Services Corp.** as at December 31, 2010.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Gaviller & Company LLP

Licensed Public Accountants

Collingwood, Ontario

April 26, 2011

COLLINGWOOD UTILITY SERVICES CORP.

BALANCE SHEET AS AT DECEMBER 31

	2010	2009
	\$	\$
Assets		
Due from Town of Collingwood	100	100
Investment in subsidiaries, at cost	5,101,540	5,101,540
	5,101,640	5,101,640
Shareholder's equity		
Capital stock		
Authorized		
Unlimited common shares		
Issued		
5,101,640 common shares	5,101,640	5,101,640
	5,101,640	5,101,640
Total shareholder's equity	5,101,640	5,101,640

Approved on behalf of the board:

_____ Director

_____ Director

COLLUS POWER CORP.

FINANCIAL STATEMENTS
DECEMBER 31, 2010

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholder of **COLLUS Power Corp.**

Report on the Financial Statements

We have audited the accompanying financial statements of **COLLUS Power Corp.**, which comprise the balance sheet as at December 31, 2010, and the income and retained income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **COLLUS Power Corp.** as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gaviller & Company LLP

Licensed Public Accountants

Collingwood, Ontario

May 13, 2011

COLLUS POWER CORP.

BALANCE SHEET AS AT DECEMBER 31

	2010	2009
	\$	\$
Assets		
Current		
Cash	2,922,832	1,388,603
Accounts receivable	4,690,260	3,480,409
Unbilled revenue	3,343,566	3,024,852
Taxes recoverable	46,486	102,231
Prepaid expenses	130,846	74,050
Inventory	317,756	297,789
	11,451,746	8,367,934
Property, plant and equipment (Note 6)		
Lands	90,439	90,439
Buildings	494,142	255,668
Distribution stations	5,219,952	3,857,578
Distribution lines	20,475,695	19,596,227
Distribution transformers	5,184,349	5,020,605
Distribution meters and services	1,767,391	1,565,362
Load control	1,521,439	1,459,235
Other	1,991,042	2,838,992
Contributions in aid of construction (Note 3)	(9,636,769)	(9,354,806)
	27,107,680	25,329,500
Less accumulated amortization	(14,344,099)	(13,405,294)
	12,763,581	11,924,206
Other		
Goodwill	276,704	276,704
Intangible asset - computer software (net of accumulated amortization of \$232,256 (2009 - \$130,189))	278,072	338,117
Investment in Utility Collaborative Services Inc. - at cost	100	100
Future taxes recoverable	156,997	178,811
	711,873	793,732
	24,927,200	21,085,872

Approved by directors:

..... Director

..... Director

See accompanying notes to the financial statements

COLLUS POWER CORP.

BALANCE SHEET AS AT DECEMBER 31

	2010	2009
	\$	\$
Liabilities		
Current		
Accounts payable and accruals (Notes 3 and 9)	7,384,308	7,350,989
Customer deposits	430,736	355,081
Current portion of long-term (Note 5)	200,000	-
	8,015,044	7,706,070
Long-term (Note 5)	4,410,170	1,710,170
Employee future benefits (Note 12)	308,029	281,085
Other (Note 4)	1,411,987	1,005,314
Total liabilities	14,145,230	10,702,639
Shareholder's equity		
Capital stock		
Authorized		
Unlimited common shares		
Issued		
5,101,340 common shares	5,101,340	5,101,340
Miscellaneous paid in capital	2,966,014	2,966,014
Retained income	2,714,616	2,315,879
Total shareholder's equity	10,781,970	10,383,233
	24,927,200	21,085,872

See accompanying notes to the financial statements

COLLUS POWER CORP.

INCOME AND RETAINED INCOME STATEMENT FOR THE YEAR ENDING DECEMBER 31

	2010	2009
	\$	\$
Revenue		
Sale of power	25,971,849	24,064,556
Distribution services	5,437,389	5,126,519
	31,409,238	29,191,075
Cost of power		
Power purchased	25,971,849	24,064,556
Distribution income (17.3%, 2009 - 17.6%)	5,437,389	5,126,519
Other revenue	556,865	488,295
	5,994,254	5,614,814
Operating and maintenance expenses (Note 9)		
Distribution and transmission	1,883,667	1,903,185
Billing and collecting	1,154,122	821,070
General administration	1,244,511	1,190,578
Amortization	967,205	1,004,161
	5,249,505	4,918,994
Operating income	744,749	695,820
Other expense		
Interest (Note 5)	249,634	179,149
Net income before taxes	495,115	516,671
Provision for (recovery of) taxes		
Current	74,564	100,906
Future	21,814	(32,937)
	96,378	67,969
Net income for the year	398,737	448,702
Retained income, beginning of year	2,315,879	1,867,177
Retained income, end of year	2,714,616	2,315,879

See accompanying notes to the financial statements

COLLUS POWER CORP.

CASH FLOW STATEMENT FOR THE YEAR ENDING DECEMBER 31

	2010	2009
	\$	\$
Cash flows from (for):		
Operating activities		
Net income	398,737	448,702
Items not requiring funds		
Amortization	1,150,939	1,112,226
Future taxes	21,814	(32,937)
Gain on disposition of property, plant, and equipment	(8,852)	-
	1,562,638	1,527,991
Changes in		
Accounts receivable	(1,209,851)	347,127
Unbilled revenue	(318,714)	445,532
Inventory	(19,967)	(42,658)
Accounts payable and accruals	33,319	(1,335,717)
Prepaid expenses	(56,795)	(18,316)
Taxes payable	55,745	78,488
Customer deposits	75,655	(191)
Employee future benefits	26,944	25,976
Other liabilities	406,673	(2,709,369)
	555,647	(1,681,137)
Investing activities		
Acquisition of property, plant and equipment	(1,930,270)	(926,226)
Investment in Utility Collaborative Services Inc.	-	(100)
Proceeds from disposal of property, plant, and equipment	8,852	-
	(1,921,418)	(926,326)
Financing activities		
Repayment of long-term liabilities	(100,000)	(1,117,353)
Issuance of long-term liabilities	3,000,000	-
	2,900,000	(1,117,353)
Change in cash	1,534,229	(3,724,816)
Cash position, beginning of year	1,388,603	5,113,419
Cash position, end of year	2,922,832	1,388,603

See accompanying notes to the financial statements

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

1. Significant accounting policies

The financial statements of the company are the representations of management. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment based on available information. The most significant estimates are included in unbilled revenue and economic evaluations. The financial statements have, in the opinion of management, been properly prepared within the framework of the accounting policies summarized below:

- (a) The financial statements of the company have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), including accounting principles prescribed by the Ontario Energy Board (OEB) through the accounting procedures handbook and directives.
- (b) The company's distribution of electricity is subject to rate regulation by the OEB. This rate regulation results in the company accounting for specific transactions differently than it would if it was not rate-regulated. The differences in accounting treatment give rise to regulatory assets or liabilities. These balances will be recovered from or returned to customers by increases or decreases to rates in the future.

The electricity rates charged by the company are approved on an annual basis using performance-based regulation. For the rate year ending April 30, 2010, the company was authorized to earn 8.01% on equity and 6.25% on debt with a deemed debt to equity ratio of 1:0.89.

- (c) The company recognizes revenue on an accrual basis, which includes unbilled revenue, which is an estimate of electricity consumed by customers to the end of year but not yet billed by the company.
- (d) Property, plant and equipment are stated at cost. Contributions received in aid of construction of property, plant and equipment are capitalized and amortized at the same rate as the related asset. Property, plant and equipment are amortized over their estimated useful lives, using the straight-line method. Assets constructed by others and donated to the company are recorded at cost to the developer. Amortization rates are 4% except as follows:

Buildings	2%
Distribution stations	3.33%
Other	6.67% to 20%

- (e) Deferred charges - service area expansion costs are being amortized on a straight-line basis over twenty-five years.
- (f) Taxes are calculated using the liability method of tax allocation accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future tax liabilities or assets. Future tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse.

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

1. Significant accounting policies (continued)

- (g) The company's inventory typically consists of poles and wire, unless purchased for specific capital projects in process or as spare units. Items for specific capital projects, spare transformers and meters are recorded as capital assets. The company's inventory is valued using the moving average cost method and is recorded at the lower of cost and net realizable value.
- (h) The company accounts for financial instruments using Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861 - "Financial Instruments - Disclosure and Presentation" which establishes the requirement of disclosure of risks associated with financial instruments and the management of those risks.

(i) Intangible assets

Intangible assets are externally acquired and are stated at cost. Amortization is provided on a straight-line basis over their estimated useful service lives at the following annual rates:

Computer software	20%
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2. Future accounting pronouncements

The Accounting Standards Board has decided that rate regulated publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP for annual reporting purposes for fiscal years beginning on or after January 1, 2012. The transition period is expected to begin for fiscal years beginning on or after January 1, 2011. The impact of these changes cannot be estimated at this time.

Phase 1 of the company's IFRS implementation was complete as of October 2009. Phase 1 identified the company's needs with regard to the new standards and set out recommendations to meet those needs. Phase 2 was still in progress as of the 2010 audit report date, which includes reclassifying property, plant, and equipment to comply with IFRS.

3. Contributions in aid of construction

Under the terms of the Distribution System Code, the company cannot charge a developer more than the difference between the present value of the projected capital costs and on-going maintenance costs for the equipment and the present value of the projected revenue for distribution services provided by those facilities. These amounts are determined by an economic evaluation study of the project. The company estimates that it will return \$365,610 (2009 - \$365,610). The liability is included in accounts payable. The balance of \$9,636,769 (2009 - \$9,354,806) is recorded as a reduction of the cost of property, plant, and equipment.

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

4. Other assets (liabilities)

Other assets (liabilities) consist of the following:

	2010	2009
	\$	\$
Deferred charges-service area expansion (net of \$98,899 accumulated amortization, (2009 - \$90,744))	106,015	114,170
Regulatory assets		
Other regulatory assets	225,179	66,530
Smart meter variance	1,838,379	1,927,304
Total regulatory assets	2,063,558	1,993,834
Regulatory liabilities		
Purchased power cost variance	(938,916)	(2,562,776)
Regulatory recoveries	(2,562,854)	(507,194)
Other regulatory liabilities	(79,790)	(43,348)
Total regulatory liabilities	(3,581,560)	(3,113,318)
Net liability	(1,411,987)	(1,005,314)

Other regulatory assets consist of Hydro One incremental capital and pension costs from OMBRS not recovered in rates. This account includes annual carrying charges accrued at the OEB quarterly interest rate in effect.

In 2010 the OEB approved the disposition of power variances from December 31, 2008. The liability is being paid back through a reduction of customer's monthly billings over a period of three years, beginning in May 2010.

The purchased power cost variance represents variances in the purchase and sale of electricity which will be recovered from or returned to customers by increases or decreases to rates in the future. Purchased power cost variance includes annual carrying charges accrued at the OEB quarterly interest rate in effect.

The smart meters regulatory asset account relates to the Province of Ontario's decision to install smart meters throughout Ontario by 2011. The company launched its project shortly following the Province of Ontario's announcement in 2006. As at December 31, 2010, the company had installed approximately 15,000 smart meters. The company is currently authorized to collect \$2.00 per residential customer per month. Carrying charges are accrued on this account for 2007 and later years at the OEB quarterly interest rate in effect. As at December 31, 2010, smart meter capital expenditures totaled \$2,414,022 (2009 - \$2,257,264) which is offset by revenues of \$575,644 (2009 - \$262,021) and accumulated amortization of \$215,072 (2009 - \$67,939).

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

5. Long-term liabilities

Long-term liabilities consist of the following:

	2010	2009
	\$	\$
4.67% loan payable to the Ontario Infrastructure Projects Corporation, secured by a General Security Agreement over all of the assets of the company. Payments are to be made semi-annually to April 15, 2025.	2,900,000	-
7.25% note payable to the Town of Collingwood, no set terms of repayment	1,710,170	1,710,170
Current portion	4,610,170 (200,000)	1,710,170 -
	4,410,170	1,710,170

Principal payments in the next year are as follows:

	\$
2011	200,000
2012	200,000
2013	200,000
2014	200,000
2015	200,000

Included in interest expense is \$176,802 (2009 - \$129,020) of interest on long-term liabilities.

The company is contingently liable for a letter of credit in the amount of \$2,046,656 (2009 - \$1,631,702) to meet the prudential requirements of the Independent Electricity System Operator.

6. Property, plant, and equipment

Effective in 2010 and under the direction of the OEB, the company had the option of moving stranded meter costs into the regulatory asset accounts or leave them in property, plant, and equipment. The company decided to keep them in property, plant, and equipment and continue to amortize the stranded meter costs. The balance of stranded meters in property, plant, and equipment is \$1,529,891 and the accumulated amortization is \$909,545 (2009 - \$863,275).

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

7. Financial instruments

The company's financial instruments consist of cash, accounts receivable, unbilled revenue, taxes recoverable, investment in Utility Collaborative Services Inc., accounts payable and accruals, customer deposits, and long-term liabilities. It is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Fair value does not vary significantly from recorded value.

8. Tax status

The company is exempt from income tax under section 149 of the Income Tax Act. The company is required to make payments in lieu of taxes calculated on the same basis as the Income Tax Act.

9. Related party transactions

Collingwood Public Utilities Service Board, COLLUS Solutions Corp., and the company are controlled by the council of the Town of Collingwood.

Related party transactions are recorded at their exchange amount and include the following:

	2010	2009
	\$	\$
Amounts payable to the Collingwood Public Utilities Service Board	(93,479)	(496,809)
Amounts payable to COLLUS Solutions Corp.	(135,797)	(94,769)
Amounts payable to the Town of Collingwood	(1,831,697)	(412,995)
The company is leasing its operations centre from the Collingwood Public Utilities Service Board. The lease has a one year term and is renewable annually. These costs are included in general administration expense.	200,000	200,000
Operating and maintenance expenses include services purchased from COLLUS Solutions Corp.	1,174,677	1,114,125
COLLUS Power Corp. is leasing computer equipment from Collingwood Public Utilities Service Board. This amount is included in the above netted expenses.	117,000	117,000

10. Supplemental cash flow information

Cash receipts and (payments) were as follows:

	2010	2009
	\$	\$
Interest paid	(221,064)	(179,149)
Interest received	49,997	68,862
Taxes paid	(121,050)	(204,160)
Taxes refunded	102,231	181,742

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

11. Line of credit

The company has a revolving line of credit with CIBC with a credit limit of \$500,000. The interest rate is set at prime minus 0.75% per annum. During 2010 the company did not draw on their line of credit.

12. Employee future benefits

The employees of COLLUS Power Corp. participate in the Ontario Municipal Employees Retirement System ("OMERS"). Although the plan has a defined retirement benefit for employees, the related obligation of the company cannot be identified. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant. Amounts paid to OMERS during the year totaled \$50,626 (2009 - \$60,174).

In addition, COLLUS Power Corp. pays certain benefits on behalf of its retired employees. The company recognizes these post-retirement costs in the period in which the employees rendered the services. The accrued benefit obligation at December 31, 2010 of \$308,029 and the net periodic benefit cost for 2010 was determined by actuarial valuation using discount rates of 6.0% and was adjusted by management based on new information available. Actuarial valuations will be prepared every second year or when there are significant changes to the workforce.

Information about the company's defined benefit plan is as follows:

	2010	2009
	\$	\$
Accrued benefit obligation		
Balance at the beginning of period	281,085	255,109
Current service cost for the period	10,157	9,582
Interest cost for the period	20,555	19,409
Actuarial loss	52,235	54,778
Prior period cost	4,531	9,063
Benefits paid for the period	(10,842)	(10,090)
Projected accrued benefit obligation at end of period as determined by actuarial valuation.	357,721	337,851
Unamortized actuarial loss	(49,692)	(52,235)
Unamortized prior service cost	-	(4,531)
Balance at end of period	308,029	281,085
Components of net periodic benefit cost		
Current service cost for the period	10,157	9,582
Interest cost for the period	20,555	19,409
Amortization of actuarial loss	2,543	2,543
Amortization of prior service cost	4,531	4,531
Net periodic benefit cost	37,786	36,065

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

12. Employee future benefits (continued)

The main actuarial assumptions employed for the valuations are as follows:

(a) General inflation

Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.0% in 2010 and thereafter.

(b) Interest (discount) rate

The obligation as at December 31, 2010, of the present value of future liabilities was determined using a discount rate of 6.0%. This corresponds to the assumed CPI rate plus an assumed real rate of return of 4.0%.

(c) Salary levels

Future general salary and wage levels were assumed to increase at 3.3% per annum.

(d) Medical costs

Medical costs were assumed to be 9.0% in 2010 and graded down 0.67% a year until 2015 after which the rate is assumed to increase 5.0% annually.

(e) Dental costs

Dental costs were assumed to increase at 5.0% in 2010 and thereafter.

13. Capital disclosures

The company's main objectives when managing capital are to:

- (a) Ensure ongoing access to funding to maintain and improve the electricity distribution system and to ensure that capital needs are met.
- (b) Ensure compliance with covenants related to its credit facilities and the Town of Collingwood promissory note.
- (c) Ensure that the capital structure is such that the debt to equity structure deemed by the OEB is not exceeded.

As at December 31, 2010, the company's definition of capital includes shareholder's equity and long-term debt. The company's debt to equity ratio as defined by the OEB, as at December 31, 2010 is 1:2.98 (2009 - 1:2.98). There have been no changes in the company's approach to capital management during the year.

The company has met all covenants related to its credit facilities.

14. Comparative information

Certain comparative information has been reclassified to conform with the current year's financial statement presentation.

COLLUS SOLUTIONS CORP.

**FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholder of **COLLUS Solutions Corp.**:

Report on the Financial Statements

We have audited the accompanying financial statements of **COLLUS Solutions Corp.**, which comprise the balance sheet as at December 31, 2010, and the income and retained income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **COLLUS Solutions Corp.** as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gaviller & Company LLP

Licensed Public Accountants
Collingwood, Ontario
May 13, 2011

COLLUS SOLUTIONS CORP.

BALANCE SHEET AS AT DECEMBER 31

	2010	2009
	\$	\$
Assets		
Current		
Cash	208,958	183,822
Accounts receivable (Note 3)	415,168	350,105
Taxes receivable	6,927	2,172
	631,053	536,099
Future taxes	86,826	77,026
	717,879	613,125
Liabilities		
Current		
Accounts payable and accruals	168,793	85,849
Employee future benefits (Note 9)	347,303	314,390
Total liabilities	516,096	400,239
Shareholder's equity		
Capital stock		
Authorized		
Unlimited common shares		
Issued		
100 common shares	100	100
Retained income	201,683	212,786
Total shareholder's equity	201,783	212,886
	717,879	613,125

Approved on behalf of the Board:

_____ Director

_____ Director

See accompanying notes to the financial statements

COLLUS SOLUTIONS CORP.

INCOME AND RETAINED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31

	2010	2009
	\$	\$
Revenue (Note 3)		
Accounting and administrative services	2,056,480	1,926,006
Miscellaneous	72,920	69,676
	2,129,400	1,995,682
Operating expenses (Note 3)		
Administration	31,580	19,585
Wages and benefits	2,115,665	1,958,770
	2,147,245	1,978,355
Income (loss) before taxes	(17,845)	17,327
Provision for (recovery of) taxes		
Current	3,058	9,849
Future	(9,800)	(14,556)
	(6,742)	(4,707)
Net (loss) income for the year	(11,103)	22,034
Retained income, beginning of year	212,786	190,752
Retained income, end of year	201,683	212,786

See accompanying notes to the financial statements

COLLUS SOLUTIONS CORP.

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31

	2010	2009
	\$	\$
Cash flows from (for):		
Operating activities		
Net (loss) income	(11,103)	22,034
Items not providing funds		
Future taxes	(9,800)	(14,556)
	(20,903)	7,478
Changes in		
Accounts receivable	(65,063)	(30,757)
Income taxes	(4,755)	6,265
Accounts payable and accruals	82,944	(108,715)
Employee future benefits	32,913	30,435
Change in cash	25,136	(95,294)
Cash position, beginning of year	183,822	279,116
Cash position, end of year	208,958	183,822

See accompanying notes to the financial statements

COLLUS SOLUTIONS CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

1. Significant accounting policies

The financial statements of the company are the representations of management. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment based on available information. The most significant estimates are included in employee future benefits. The financial statements have, in the opinion of management, been properly prepared within the framework of the accounting policies summarized below:

(a) Revenue Recognition

Revenue from accounting and administrative services provided are recognized at the time in which the services were provided.

(b) Financial Instruments

The company has adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861 - "Financial Instruments - Disclosure and Presentation" which establishes the requirement of disclosure of risks associated with financial instruments and the management of those risks. The adoption of this standard did not have any impact on the company's results of operations or financial position.

2. Tax status

The company is exempt from income tax under section 149 of the Income Tax Act. The company is required to make payments in lieu of tax calculated on the same basis as the Income Tax Act.

3. Related party transactions

The company, COLLUS Power Corp. and Collingwood Public Utilities Service Board are controlled by the council of the Town of Collingwood.

Related party transactions are recorded at their exchange value and include the following:

	2010	2009
	\$	\$
Amounts receivable from COLLUS Power Corp.	135,797	94,769
Amounts receivable from Collingwood Public Utilities Service Board	171,234	162,324
Amounts receivable from the Town of Collingwood	91,413	75,536
Revenues include amounts charged to the following parties:		
Town of Collingwood	68,461	62,517
COLLUS Power Corp.	1,174,677	1,114,125
Collingwood Public Utilities Service Board	881,803	811,881
Expenses include information technology assistance to the		
Town of Collingwood	21,631	20,029

COLLUS SOLUTIONS CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

4. Line of credit

The company has a revolving line of credit with CIBC with a credit limit of \$250,000. The interest rate is set at prime minus 0.75% per annum. During 2010 the company did not draw on their line of credit.

5. Economic dependence

As the company's major source of revenue is derived from providing processing services to related parties its ability to continue viable operations is dependent upon COLLUS Power Corp. and Collingwood Public Utilities Service Board.

6. Future Accounting Pronouncements

The company will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP for annual reporting purposes for fiscal years beginning on or after January 1, 2012. The transition period is expected to begin for fiscal years beginning on or after January 1, 2011. It is subject to IFRS in 2012 as it is consolidated under Collingwood Utilities Services Corp. financial statements with Collus Power Corp. a sister company who is required to adopt IFRS starting in 2012. The impact of these changes cannot be estimated at this time.

Phase 1 of the company's IFRS implementation was complete as of October 2009. Phase 1 identified the company's needs with regard to the new standards and set out recommendations to meet those needs.

7. Financial instruments

The company's financial instruments consist of cash, accounts receivable, taxes recoverable and accounts payable and accruals. It is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Fair value does not vary significantly from recorded value.

8. Supplemental cash flow information

Cash receipts (payments) were made as follows:

	2010	2009
	\$	\$
Interest received	1,256	1,555
Interest paid	(153)	-
Taxes refunded	2,172	8,376
Taxes paid	(9,900)	(11,960)

COLLUS SOLUTIONS CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

9. Employee future benefits

The employees of COLLUS Solutions Corp. participate in the Ontario Municipal Employees Retirement System ("OMERS"). Although the plan has a defined retirement benefit for employees, the related obligation of the company cannot be identified. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant. Amounts paid to OMERS during the year totaled \$165,576 (2009 - \$167,748).

In addition, COLLUS Solutions Corp. pays certain benefits on behalf of its retired employees. The company recognizes these post-retirement costs in the period in which the employees rendered the services. The accrued benefit obligation at December 31, 2010 of \$347,303 and the net periodic benefit cost for 2010 was determined by actuarial valuations using discount rates of 6.0% and was adjusted by management based on new information available. Actuarial valuations will be prepared every second year or when there are significant changes to the workforce.

Information about the company's defined benefit plan is as follows:

	2010	2009
	\$	\$
Accrued benefit obligation		
Balance at the beginning of period	314,390	283,955
Current service cost for the period	12,861	12,133
Interest cost for the period	18,260	16,505
Actuarial gain	(24,764)	(24,764)
Prior period cost	1,903	3,805
Benefits paid for the period	(111)	(105)
Projected accrued benefit obligation at end of period as determined by actuarial valuation.	322,539	291,529
Unamortized actuarial gain	24,764	24,764
Unamortized prior service cost	-	(1,903)
Balance at end of period	347,303	314,390
Components of net periodic benefit cost		
Current service cost for the period	12,861	12,133
Interest cost for the period	18,260	16,505
Amortization of prior service cost	1,903	1,902
Net periodic benefit cost	33,024	30,540

COLLUS SOLUTIONS CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

9. Employee future benefits (continued)

The main actuarial assumptions employed for the valuations are as follows:

(a) General inflation

Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.0% in 2010 and thereafter.

(b) Interest (discount) rate

The obligation as at December 31, 2010, of the present value of future liabilities was determined using a discount rate of 6.0%. This corresponds to the assumed CPI rate plus an assumed real rate of return of 4.0%.

(c) Salary levels

Future general salary and wage levels were assumed to increase at 3.3% per annum.

(d) Medical costs

Medical costs were assumed to increase at 9.0% in 2010 graded down 0.67% a year until 2015 after which the rate is assumed to increase 5.0% annually.

(e) Dental costs

Dental costs were assumed to increase at 5.0% in 2010 and thereafter.

10. Capital disclosures

The company's main objectives when managing capital are to:

- (a) Ensure ongoing access to funds that will allow the ongoing operation of the service company.
- (b) Ensure compliance with covenants related to its credit facilities.

As at December 31, 2010, the company's definition of capital includes shareholder's equity and long-term debt. There have been no changes in the Company's approach to capital management during the year.

The company has met all covenants related to its credit facilities.

COLLUS ENERGY CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of **COLLUS Energy Corp.** as at December 31, 2010.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Gaviller & Company LLP

Licensed Public Accountants

Collingwood, Ontario

May 13, 2011

COLLUS ENERGY CORP.

BALANCE SHEET AS AT DECEMBER 31

	2010	2009
	\$	\$
Assets		
Due from Town of Collingwood	100	100
Total assets	100	100
 Shareholder's equity		
Capital stock		
Authorized		
Unlimited number of common shares		
Issued		
100 common shares	100	100
Total shareholder's equity	100	100

Approved on behalf of the Board:

_____ Director

_____ Director

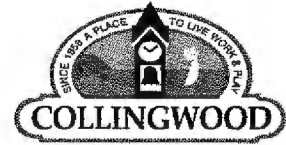
Prepared without audit - see Notice to Reader

Schedule 5.2(21)

Service Agreements

3. Computer Rental Agreement between Collus Solutions Corp and Collingwood Public Utilities Commission, dated December 3, 2003 (between Solutions and Collingwood Public Utilities Commission ("CPUC"), which agreement was based on, and amended, section 3(c) of the Shared Facilities Lease dated January 1, 2002, between CPUC and Collus. No agreement was made for January 1, 2003), November 4, 2004 (between Solutions and CPUC), January 1, 2005 (between Collus and CPUC), December 14, 2005 (between Solutions and CPUC), December 19, 2007 (between Collus and CPUC), December 15, 2008 (between Collus and CPUC), December 16, 2009 (between Collus and CPUC), January 31, 2011 (between Collus and CPUC). Please note that no formal renewal is in place for 2012, however the parties thereto have continued the arrangement as in previous years.
4. Services Agreement between Collingwood Public Utilities Commission and Collus Solutions Corp., dated January 1, 2003 and amending agreement dated November 4, 2004.
5. Services Agreement between Collus Power Corp. and Collus Solutions Corp., dated December 18, 2002 and amending agreement dated December 17, 2003.
6. Street Lighting Agreement between Collus Power Corp and Collus Solutions Corp., dated January 1, 2003.
7. Street Lighting Agreement between Collus Solutions Corp. and The Town of Collingwood, dated January 1, 2003.

TOWN OF COLLINGWOOD



97 Hurontario Street
 Box 157
 Collingwood, ON
 L9Y 3Z5
 Phone: 705 445 1030
 Fax: 705 445 2448

March 1, 2012

Powerstream Inc.
 161 Cityview Blvd.
 Vaughan, Ontario
 L4H 0A9

**Attention: Dennis Nolan,
 Executive Vice-President,
 Corporate Services and Secretary**

Dear Sirs:

Re: Share Purchase Agreement dated March 6, 2012 (the "Agreement")

In connection with the entering into the Agreement today, we hereby confirm that our intention is as follows:

1. The Town of Collingwood will continue to purchase the services as described in the Service Agreement(s); and
2. In connection with the amendments to the Service Agreements which may be required prior to the Closing Date, such amendments will be made such that the Service Agreements will be in compliance with the Affiliate Relationships Code of the Ontario Energy Board, except as the parties may otherwise mutually agree.

All capitalized terms used in this letter have the meanings set out in the Agreement.

This letter is a statement of intention. It is not and shall not be construed as a legally binding agreement nor as creating any other legally enforceable rights of any kind (whether on the basis of reliance or otherwise).

Yours very truly,

THE TOWN OF COLLINGWOOD

Per: 

Authorized Signatory Officer

COLLINGWOOD UTILITIES SERVICES CORP.

Per: 

Authorized Signatory Officer

Acknowledged upon this 6th day of March, 2012.

POWERSTREAM INC.

Per:



Name: Dennis Nolan
Title: Executive Vice-President,
Corporate Services and Secretary

TOR_LAW\7859901\1

11995478.3

DIRECTION

TO: PowerStream Inc.

AND TO: Aird & Berlis LLP ("Vendor's Counsel")

RE: Purchase of 2,550,820 shares in Collingwood Utility Services Corp. (the "Corporation") by PowerStream Inc. (the "Purchaser") from The Corporation of the Town of Collingwood (the "Vendor") pursuant to a share purchase agreement, dated the 6th day of March, 2012 (the "Share Purchase Agreement")

THE UNDERSIGNED hereby irrevocably authorizes and directs the Purchaser to pay to the Vendor's Counsel, using the wire transfer information provided below, the amount of \$8,000,000.00 owing by the Purchaser to the Vendor pursuant to Section 2.1 of the Share Purchase Agreement, in full payment of the Share Purchase Price owed by the Purchaser for the Purchased Shares, and this shall be your good and sufficient authority for doing so.

The Toronto Dominion Bank
King & Bay Branch, TD Centre
55 King Street West
Toronto, Ontario
M5K 1A2

Aird & Berlis LLP Trust Account

Transit No: 10202

Swift Code: TDOMCATTTOR

ABA No: 026009593

Canadian Dollar Trust Account No: 5221548

IN ADDITION, upon receipt of the Share Purchase Price from the Purchaser, the undersigned irrevocably authorizes and directs the Vendor's Counsel to hold the Holdback Amount in accordance with the Escrow Agreement, and to forward the balance of the Share Purchase Price less the Holdback Amount to its accounts using the wire transfer information provided below.

Bank: Canadian Imperial Bank of Commerce
86 Hurontario Street
Collingwood, Ontario
L9Y 2L8

Account No: 25 07412

Transit: 06442

Institution No: 010

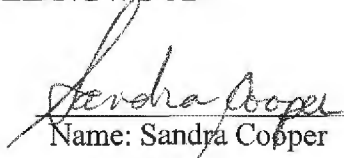
Swift Code: CIBCCATT


Capitalized terms used herein have the meanings ascribed thereto in the Share Purchase Agreement.

[Remainder of page left intentionally blank]

DATED the 31st day of July, 2012.

**THE CORPORATION OF THE TOWN OF
COLLINGWOOD**

By: 
Name: Sandra Cooper
Title: Mayor

By: 
Name: Sara Almas
Title: Clerk

Ontario Energy
Board

Commission de l'énergie
de l'Ontario



EB-2012-0056

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B;

AND IN THE MATTER OF an application by the Corporation of the Town of Collingwood and PowerStream Inc. under section 86 of the *Ontario Energy Board Act, 1998* seeking leave for PowerStream Inc. to acquire shares of Collingwood Utilities Services Corporation.

BEFORE: Paul Sommerville
Presiding Member

Ken Quesnelle
Member

DECISION AND ORDER JULY 12, 2012

Background

On March 9, 2012, the Corporation of the Town of Collingwood and Collingwood Utility Services Corporation (respectively referred to as “the Town”, and “Holdco”) filed an application with the Board under section 86 (2)(b) of the Act, seeking a Board order granting leave for the Town to sell, and for PowerStream Inc. (“PowerStream”), to purchase a 50% interest in Holdco (the “Proposed Transaction”).

The Town is the sole owner of Holdco, and Holdco is the owner of COLLUS Power Corp., a licensed electricity distributor. PowerStream, as a generator and co-applicant in this matter, also notified the Board of its intent to acquire an interest in a distribution system through the purchase of Holdco, as contemplated by section 81 of the Act.

The Town intends to sell a 50% non-controlling interest in Holdco to PowerStream through the sale of 2,550,820 common shares of Holdco for a cash consideration of \$8 million. The Town submitted that the application meets the Board's "no harm" test and that there will be no increase in rates or degradation of the quality of the service provided to the ratepayers of COLLUS Power Corp. PowerStream stated that there are no costs of the Proposed Transaction for the customers of PowerStream as there will be no impact on distribution rates or service levels. The Town indicated that the Proposed Transaction will not have an adverse affect relative to the Board's statutory objectives. The Town also stated that there is no intention to harmonize rates as a result of the Proposed Transaction. The applicants indicated that COLLUS Power Corp. and PowerStream would continue to operate as individual corporations under their current distribution licences.

The Town also provided the following information in support of its application:

- The incremental costs for the Proposed Transaction are not material and will not be recovered from PowerStream's electricity customers;
- COLLUS Power will have access to PowerStream's expertise and financial resources which will provide benefits to the COLLUS Power ratepayers;
- Each party to the transaction will have the ability to appoint 50% of the Board of Directors and the Chair does not possess a second vote in the event of a tie, therefore should the Proposed Transaction be completed neither party will have control of COLLUS Power;
- No distribution system assets of COLLUS Power will be sold or transferred;
- The Proposed Transaction will not change the deemed capital structure used to set rates and will not require additional capital expenditures.

The Proceeding

On April 25, 2012 the Board issued its Notice of Application and Written Hearing. No parties responded to the Notice requesting intervenor status. Veridian Connections Inc. requested and was granted observer status in the proceeding. On May 16, 2012 the Board issued Procedural Order No. 1 providing time for interrogatories and submissions on the application evidence. On May 28, 2012 Board staff filed interrogatories on the application. On June 6, 2012 the applicants responded to Board staff's interrogatories.

After considering the responses to interrogatories, Board staff filed a submission on the application and stated it had no issues with the Proposed Transaction. The Town responded to the submission and submitted that the Proposed Transaction meets the “no harm” test and should be approved by the Board. The applicants requested the Board approve the Proposed Transaction at the earliest opportunity so they could proceed with the close of the transaction.

Board Findings

The full record of this proceeding is available for review at the Board’s offices. While the Board has considered the full record, the Board has summarized and referred only to those portions of the record that it considers helpful to provide context to its findings.

In determining whether to approve the section 86 application, the Board has been guided by the principles set out in the Board’s decision in the combined MAADs proceeding (Board File Numbers RP-2005-0018/EB-2005-0234/EB-2005-0254/EB-2005-0257). In that decision, the Board ruled that the “no harm” test is the relevant test for purposes of applications for leave to acquire shares or amalgamate under section 86 of the Act. The “no harm” test consists of a consideration as to whether the Proposed Transaction would have an adverse effect relative to the status quo in relation to the Board’s statutory objectives. If the Proposed Transaction would have a positive or neutral effect on the attainment of the statutory objectives, then the application should be granted. The factors to be considered are those set out in section 1 of the Act, namely:

1. to protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service; and
2. to promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.

Based on the evidence in this proceeding, the Board concludes that the Proposed Transaction is not likely to have an overall adverse effect in terms of the factors identified in the Board’s objectives in section 1 of the Act. Accordingly, the Board finds that the Proposed Transaction reasonably meets the “no harm” test.

In determining whether to approve the section 81 notice, the Board is guided by section 82(2)(a) of the Act states that the Board shall approve a proposal under section 81 if it

determines that the impact of the proposal would not adversely affect the development and maintenance of a competitive market. In response to Board staff interrogatories the applicant stated that the Proposed Transaction and the fact that PowerStream, as a generator, will be acquiring an interest in a distribution system will not have an affect on the competitive market. The applicant also stated the Proposed Transaction will not impact open access or the ability of generators to access the distribution systems.

The Board finds PowerStream's Notice as contemplated under section 81 of the Act will not adversely affect the development of the competitive generation market and is approved.

THE BOARD ORDERS THAT:

1. The Corporation of the Town of Collingwood is hereby granted leave to sell 50% share of Collingwood Utility Services Corporation to PowerStream Inc. pursuant to section 86 of the Act.
2. The Board's leave for PowerStream Inc. to purchase shares of Collingwood Utility Services Corporation shall expire 12 months from the date of this Decision and Order. If the transaction has not been completed by that date, a new application for leave to acquire shares will be required in order for the transaction to proceed.
3. The Corporation of the Town of Collingwood shall promptly notify the Board of the completion of the transaction.
4. PowerStream's Notice as contemplated under section 81 of the Act is approved.

DATED at Toronto, July 12, 2012

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

AIRD & BERLIS LLP

Barristers and Solicitors

Corrine E. Kennedy
Associate
Direct: 419.865.7709
E-mail: ckennedy@airdberlis.com

FILE COPY

July 17, 2012

BY FACSIMILE: 905-433-5770 (WITH ORIGINAL TO FOLLOW BY COURIER)

Land Resources and Taxes Section
Audit Branch
Ministry of Finance
33 King Street West
Oshawa ON L1H 8H5

To Whom it May Concern:

Re: Proposed Transfer of Municipal Electricity Property

As required by the *Electricity Act*, we hereby provide you with notice on behalf of our client, The Corporation of the Town of Collingwood ("Collingwood"), that it has entered into a share purchase agreement (the "Share Purchase Agreement") with PowerStream Inc. ("PowerStream"), pursuant to which Collingwood will sell fifty percent of its interest, being 2,550,820 common shares, in Collingwood Utility Services Corp. ("CUS") and, indirectly, in CUS' subsidiaries (the "Transaction"). The estimated fair market value of the interest being transferred, immediately prior to the completion of the Transaction, is \$8,000,000.00, the purchase price for the common shares being purchased by PowerStream.

CUS is currently a wholly owned subsidiary of Collingwood and is, in turn, the sole shareholder of Collus Power Corp, Collingwood's municipal electricity utility. PowerStream is a "municipal electricity utility" as defined in section 88 of the *Electricity Act* and its head office is located at 161 Cityview Boulevard, Vaughan, Ontario L4H 0A9.

Pursuant to subsection 3(21) of Ontario Regulation 124/99 to subsection 94(1) of the *Electricity Act*, the Transaction is not subject to transfer tax since it is a transfer from one municipal electricity utility to another municipal electricity utility that is exempt under subsection 149(1) of the *Income Tax Act* (Canada) from payment of tax. Accordingly, no amounts are payable under the *Electricity Act* in respect of the Transaction.

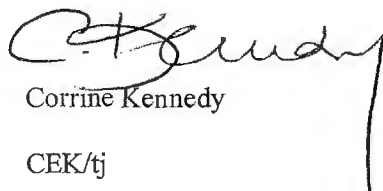
July 17, 2012

Page 2

Although the Share Purchase Agreement has been signed, the Transaction has not yet closed, pending various third party approvals, including Ontario Energy Board approval, which we have now received, and the finalization of documentation. Please do not hesitate to contact us if you have any questions or concerns about the information above.

Yours truly,

AIRD & BERLIS LLP



Corrine Kennedy

CEK/tj

12684033.6



COLLINGWOOD UTILITY SERVICES CORP.

CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2011

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Collingwood Utility Services Corp.:

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of **Collingwood Utility Services Corp.**, which comprise the consolidated balance sheet as at December 31, 2011, and the consolidated income and retained income statement and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Collingwood Utility Services Corp.** as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gaviller & Company LLP

Licensed Public Accountants

Collingwood, Ontario

April 26, 2012

COLLINGWOOD UTILITY SERVICES CORP.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31

	2011	2010
	\$	\$
Assets		
Current		
Cash	1,320,837	3,131,790
Accounts receivable (Note 10)	5,640,809	4,969,831
Unbilled revenue	3,003,699	3,343,566
Taxes recoverable	-	53,413
Prepaid expenses	107,755	130,846
Inventory	321,799	317,756
	10,394,899	11,947,202
Property, plant and equipment (Note 9)		
Lands	95,439	90,439
Buildings	494,142	494,142
Distribution stations	5,219,952	5,219,952
Distribution lines	21,529,828	20,475,695
Distribution transformers	5,578,931	5,184,349
Distribution meters and services	1,971,544	1,767,391
Load control	672,850	1,521,439
Other	2,354,776	1,991,042
Contributions in aid of construction (Note 8)	(10,231,780)	(9,636,769)
	27,685,682	27,107,680
Less accumulated amortization	(14,548,873)	(14,344,099)
	13,136,809	12,763,581
Other		
Goodwill	276,704	276,704
Intangible assets (net of accumulated amortization of \$323,814; 2010 - \$232,256)	187,564	278,072
Investment in Utility Collaborative Services Inc. - at cost	100	100
Future taxes recoverable	274,938	243,823
	739,306	798,699
	24,271,014	25,509,482

Approved by directors:

_____ Director

_____ Director

See accompanying notes to the financial statements

COLLINGWOOD UTILITY SERVICES CORP.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31

	2011	2010
	\$	\$
Liabilities		
Current		
Accounts payable and accruals (Notes 8 and 10)	6,754,132	7,417,305
Customer deposits	524,234	430,736
Taxes payable	66,325	-
Current portion of long-term (Note 11)	200,000	200,000
	7,544,691	8,048,041
Long-term (Note 11)	4,210,170	4,410,170
Employee future benefits (Note 13)	719,411	655,332
Other (Note 12)	332,174	1,411,987
	12,806,446	14,525,530
Shareholder's equity		
Capital stock		
Authorized		
Unlimited common shares		
Issued		
5,101,640 common shares	5,101,640	5,101,640
Miscellaneous paid in capital	2,966,014	2,966,014
Retained income	3,396,914	2,916,298
	11,464,568	10,983,952
	24,271,014	25,509,482

See accompanying notes to the financial statements

COLLINGWOOD UTILITY SERVICES CORP.

CONSOLIDATED INCOME AND RETAINED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31

	2011	2010
	\$	\$
Revenues		
Sale of power	29,031,935	25,971,849
Distribution services	5,592,609	5,437,389
	34,624,544	31,409,238
Cost of power		
Power purchased	29,031,935	25,971,849
Distribution income (16.2%; 2010 - 17.3%)	5,592,609	5,437,389
Other operating income (Note 10)		
Accounting and administrative services	937,020	881,803
Miscellaneous	541,953	629,785
	7,071,582	6,948,977
Operating expenses		
Distribution and transmission	1,931,790	1,697,352
Billing and collecting	539,629	913,832
General administration (Notes 10 and 11)	2,934,526	2,893,320
Amortization	1,053,169	967,205
	6,459,114	6,471,709
Net income before taxes	612,468	477,268
Provision for (recovery) of taxes		
Current	162,967	77,622
Future	(31,115)	12,014
	131,852	89,636
Net income for the year	480,616	387,632
Retained income, beginning of year	2,916,298	2,528,666
Retained income, end of year	3,396,914	2,916,298

See accompanying notes to the financial statements

COLLINGWOOD UTILITY SERVICES CORP.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31

	2011	2010
	\$	\$
Cash flows from (for):		
Operating activities		
Net income for the year	480,616	387,632
Items not requiring funds		
Amortization	1,197,943	1,150,939
Future taxes	(31,115)	12,014
Gain on disposal of property, plant and equipment	-	(8,852)
	1,647,444	1,541,733
Changes in:		
Accounts receivable	(670,978)	(1,233,885)
Unbilled revenue	339,867	(318,714)
Prepaid expenses	23,091	(56,795)
Inventory	(4,043)	(19,967)
Accounts payable and accruals	(663,173)	75,235
Taxes payable (recoverable)	119,738	50,991
Customer deposits	93,498	75,655
Employee future benefits	64,079	59,857
Other liabilities	(1,079,813)	406,673
	(130,290)	580,783
Investing activities		
Acquisition of property, plant and equipment	(1,480,663)	(1,930,270)
Proceeds from disposal of property, plant and equipment	-	8,852
	(1,480,663)	(1,921,418)
Financing activities		
Repayment of long-term liabilities	(200,000)	(100,000)
Issuance of long-term liabilities	-	3,000,000
	(200,000)	2,900,000
Change in cash	(1,810,953)	1,559,365
Cash position, beginning of year	3,131,790	1,572,425
Cash position, end of year	1,320,837	3,131,790

See accompanying notes to the financial statements

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

1. Significant accounting policies

The financial statements of the company are the representations of management. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements based on available information. The most significant estimates are included in allowance for doubtful accounts, economic evaluations, and amortization of property, plant and equipment. The financial statements have, in the opinion of management, been properly prepared within the framework of the accounting policies summarized below:

- (a) The financial statements of the company are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), including accounting principles prescribed by the Ontario Energy Board (OEB) through the accounting procedures handbook and directives.
- (b) The company's distribution of electricity is subject to rate regulation by the OEB. This rate regulation results in the company accounting for specific transactions differently than it would if it was not rate-regulated. The differences in accounting treatment give rise to regulatory assets or liabilities. These balances will be recovered from or returned to customers by increases or decreases to rates in the future.

The electricity rates charged by the company are approved on an annual basis using performance-based regulation. For the rate year ending April 30, 2011, the company was authorized to earn 8.01% on equity and 6.25% on debt with a deemed debt to equity ratio of 60% debt to 40% equity.

- (c) The company recognizes revenue on an accrual basis, which includes unbilled revenue, which is an estimate of electricity consumed by customers to the end of year but not yet billed by the company. Revenue from accounting and administrative services provided are recognized at the time in which the services were provided.
- (d) The financial statements of the company's subsidiaries, COLLUS Power Corp., COLLUS Solutions Corp. and COLLUS Energy Corp. have been consolidated. All inter-company transactions have been eliminated.
- (e) Property, plant and equipment are stated at cost. Contributions received in aid of construction of property, plant and equipment are capitalized and amortized at the same rate as the related asset. Property, plant and equipment are amortized over their estimated useful lives, using the straight-line method. Assets constructed by others and donated to the company are recorded at cost to the developer. Amortization rates are 4% except as follows:

Buildings	2%
Distribution stations	3.33%
Other capital assets	6.67% to 20%

- (f) Deferred charges - service area expansion costs are being amortized on a straight-line basis over twenty-five years.

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

1. Significant accounting policies (continued)

- (g) Taxes are calculated using the liability method of tax allocation accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future tax liabilities or assets. Future tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse.
- (h) The company's inventory typically consists of poles and wire, unless purchased for specific capital projects in process or as spare units. Items for specific capital projects, spare transformers and meters are recorded as property, plant and equipment. The company's inventory is valued using the moving average cost method and is recorded at the lower of cost and net realizable value.
- (i) The company accounts for financial instruments using Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861 - "Financial Instruments - Disclosure and Presentation" which establishes the requirement of disclosure of risks associated with financial instruments and the management of those risks.

- (j) Intangible assets

Indefinite life intangible assets consist of purchased goodwill. These assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired.

Definite life intangible assets are externally acquired and are stated at cost. Amortization is provided on a straight-line basis over their estimated useful service lives at the following annual rates:

Computer software	20%
-------------------	-----

2. Tax status

The company is exempt from income tax under section 149 of the Income Tax Act. The company is required to make payments in lieu of tax calculated on the same basis as the Income Tax Act.

3. Financial instruments

The company's financial instruments consist of cash, accounts receivable, unbilled revenue, taxes recoverable, investment in Utility Collaborative Services Inc., accounts payable, customer deposits and long-term liabilities. It is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Fair market value does not vary significantly from recorded value.

4. Line of credit

The company has two revolving lines of credit with CIBC with a combined credit limit of \$750,000. The interest rates for both are set at prime minus 0.75% per annum. At year end, the balance of the line of credit was \$NIL (2010 - \$NIL).

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

5. Subsequent events

On March 6, 2012, the Town of Collingwood ("the Town"), the company, COLLUS Power Corp. ("Power"), COLLUS Solutions Corp. ("Solutions") and COLLUS Energy ("Energy") entered into an agreement with PowerStream Inc. for the sale of 50% of the outstanding common shares of the company by the Town.

As part of this agreement, Power will be required to declare recapitalization and closing dividends to the company prior to the finalization of the agreement, with payments occurring following the closing date. Power has the ability to repay the promissory note to the Town at its discretion. To the extent that the note is not repaid, the interest rate on the note will remain 7.25% in 2012 and will be reduced to 5.58% per annum in 2013. Following 2013, the interest rate on the note shall be determined based on OEB regulations.

Further, Solutions will be required to declare closing dividends to the company prior to the finalization of the agreement, with payments occurring following the closing date.

Following receipt of the above dividends, the company will be required to declare the dividends received to the Town. Therefore it is not expected that the transaction will significantly impact the company's balance sheet.

The sale transaction is pending the approval of the OEB and it is expected that the sale will close during fiscal 2012. The dividends to be declared and paid will be based on the financial position of Power and Solutions at the closing date which is seven days following OEB approval.

Included in accounts receivable at December 31, 2011 is \$115,231 due from the Town for expenditures paid on behalf of the Town related to the sale agreement. Subsequent to year end, additional payments of \$291,780 have been paid on behalf of and are receivable from the Town related to the sale agreement. Management is not able to readily estimate the remaining closing costs associated with this transaction.

6. Future accounting pronouncements

The Accounting Standards Board has decided that rate regulated publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP for annual reporting purposes for fiscal years beginning on or after January 1, 2013. The transition period is expected to begin for fiscal years beginning on or after January 1, 2012. The impact of these changes cannot be estimated at this time.

Phase 1 of the company's IFRS implementation was complete as of October 2009. Phase 1 identified the company's needs with regard to the new standards and set out recommendations to meet those needs. Phase 2 was still in progress as of the 2011 audit report date, which includes reclassifying property, plant, and equipment to comply with IFRS.

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

7. Supplemental cash flow information

Cash receipts (payments) were made as follows:

	2011	2010
	\$	\$
Interest received	33,201	51,253
Interest paid	(288,468)	(221,217)
Taxes refunded	52,578	104,403
Taxes paid	(95,810)	(130,950)

8. Contributions in aid of construction

Under the terms of the Distribution System Code, the corporation cannot charge a developer more than the difference between the present value of the projected capital costs and on-going maintenance costs for the equipment and the present value of the projected revenue for distribution services provided by those facilities. These amounts are determined by an economic evaluation study of the project. The company estimates that it will return \$365,610 (2010 - \$365,610). The liability is included in accounts payable and accruals. The balance of \$10,231,780 (2010 - \$9,636,769) is recorded as a reduction of the cost of property, plant and equipment.

9. Property, plant and equipment

Effective in 2010 and under the direction of the OEB, the company had the option of moving stranded meter costs into the regulatory asset accounts or leave them in property, plant, and equipment. The company decided to keep them in property, plant, and equipment and continue to amortize the stranded meter costs. The balance of stranded meters in property, plant, and equipment is \$1,529,891 (2010 - \$1,529,891) and the accumulated amortization is \$970,627 (2009 - \$909,545).

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

10. Related party transactions

Collingwood Public Utilities Service Board and the company are controlled by the council of the Town of Collingwood.

Related party transactions are recorded at their exchange value and include the following:

	2011	2010
	\$	\$
Amounts receivable from Collingwood Public Utilities Service Board	106,874	171,234
Amounts receivable from the Town of Collingwood	251,248	91,413
Amounts payable to the Collingwood Public Utilities Service Board	(351,008)	(93,479)
Amounts payable to the Town of Collingwood	(1,291,676)	(1,831,697)
Revenues include amounts charged to the following parties:		
Town of Collingwood	111,273	68,461
Collingwood Public Utilities Service Board	937,020	881,803
Expenses include information technology assistance to the Town of Collingwood	28,202	21,631
The company is leasing its operations centre and computer equipment from the Collingwood Public Utilities Service Board. These costs are included in general administration expense.	296,000	317,000

In 2003, a lease agreement was entered into with the Collingwood Public Utilities Service Board for the use of the administrative building at 43 Stewart Road. The initial term of the lease expired December 31, 2003 and totaled \$90,000. The agreement will automatically be renewed for successive terms of one calendar year. In 2011, the agreement was amended to change the rental fee to \$216,000 per annum.

In 2009, a lease agreement was entered into with the Collingwood Public Utilities Service Board for the use of computer hardware and software. The initial term of the lease expired December 31, 2009 and totaled \$117,000. The agreement will automatically be renewed for successive terms of one calendar year. In 2011, the agreement was amended to change the rental fee to \$80,000 per annum.

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

11. Long-term liabilities

Long-term liabilities consist of the following:

	2011	2010
	\$	\$
4.67% loan payable to the Ontario Infrastructure Projects Corporation, secured by a General Security Agreement over all of the assets of the company. Payments are to be made semi-annually to April 15, 2025	2,700,000	2,900,000
7.25% note payable to Town of Collingwood, no set terms of repayment	1,710,170	1,710,170
	4,410,170	4,610,170
Current portion of long-term liabilities	(200,000)	(200,000)
	4,210,170	4,410,170

Principal payments for the next five years are as follows:

	\$
2012	200,000
2013	200,000
2014	200,000
2015	200,000
2016	200,000

Included in general administration expense is \$255,131 (2010 - \$176,802) of interest on long-term liabilities.

The company is contingently liable for a letter of credit in the amount of \$2,046,656 (2010 - \$2,046,656) to meet the prudential requirements of the Independent Electricity System Operator.

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

12. Other assets (liabilities)

Other assets (liabilities) consist of the following:

	2011	2010
	\$	\$
Deferred charges-service area expansion (net of \$107,054 accumulated amortization; 2010 - \$98,899)	97,860	106,015
Regulatory assets		
Other regulatory assets	276,348	225,179
Smart meters	1,840,500	1,838,379
Regulatory liabilities		
Purchased power cost variance	(599,795)	(938,916)
Regulatory recoveries	(1,709,059)	(2,562,854)
Other regulatory liabilities	(238,028)	(79,790)
Total regulatory liabilities	(2,546,882)	(3,581,560)
Net liability	(332,174)	(1,411,987)

Other regulatory assets consist of Hydro One incremental capital and pension costs from Ontario Municipal Employees Retirement System ("OMERS") not recovered in rates. This account includes annual carrying charges accrued at the OEB quarterly interest rate in effect.

In 2010 the OEB approved the disposition of power variances from December 31, 2008. The liability is being paid back through a reduction of customer's monthly billings over a period of three years, beginning in May 2010.

The purchased power cost variance represents variances in the purchase and sale of electricity which will be recovered from or returned to customers by increases or decreases to rates in the future. Purchased power cost variance includes annual carrying charges accrued at the OEB quarterly interest rate in effect.

The smart meters regulatory asset account relates to the Province of Ontario's decision to install smart meters throughout Ontario by 2011. The company launched its project shortly following the Province of Ontario's announcement in 2006. As at December 31, 2010, the company had installed approximately 15,600 smart meters. The company is currently authorized to collect \$2.00 per residential customer per month until April 2012. Carrying charges are accrued on this account for 2007 and later years at the OEB quarterly interest rate in effect. As at December 31, 2011, smart meter capital expenditures totaled \$2,679,886 (2010 - \$2,414,022) which is offset by revenues of \$964,486 (2010 - \$575,644) and accumulated amortization of \$381,149 (2010 - \$215,072).

Other regulatory liabilities consist of deferred revenue received from the Ontario Power Authority for administrative funding of conservation programs for 2012. Conservation and demand management revenues and expenses which will be recovered in future years are also included in this balance.

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

13. Employee future benefits

The employees of Collingwood Utility Services Corp. participate in the OMERS. Although the plan has a defined retirement benefit for employees, the related obligation of the corporation cannot be identified. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant. Amounts paid to OMERS during the year totaled \$225,716 (2010 - \$216,202).

In addition, Collingwood Utility Services Corp. pays certain medical and dental benefits on behalf of its retired employees. The company recognizes these post-retirement costs in the period in which the employees rendered the services. The accrued benefit obligation at December 31, 2011 of \$825,922 and the net periodic benefit cost for 2011 was determined by actuarial valuation on January 1, 2011, using discount rates of 5.0% and was adjusted by management based on new information available. Actuarial valuations will be prepared every second year or when there are significant changes to the workforce.

Information about the company's defined benefit plan is as follows:

	2011	2010
	\$	\$
Accrued plan liability, beginning of year	655,332	595,475
Current service cost	28,859	23,018
Interest cost	39,609	38,815
Prior period service cost	-	6,434
Actuarial loss	7,342	2,543
Benefits paid for the year	(11,731)	(10,953)
Accrued plan liability, end of year	719,411	655,332
Unamortized actuarial loss	106,511	24,928
Accrued benefit obligation, end of year	825,922	680,260
Components of net periodic benefit cost		
Current service cost for the period	28,859	23,018
Interest cost for the period	39,609	38,815
Amortization of actuarial loss	7,342	2,543
Amortization of prior period service cost	-	6,434
Net periodic benefit cost	75,810	70,810

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

12. Employee future benefits (continued)

The main actuarial assumptions employed for the valuation are as follows:

(a) General inflation

Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.0% in 2011 and thereafter.

(b) Interest (discount) rate

The obligation as at December 31, 2011, of the present value of future liabilities was determined using a discount rate of 5.0% (2010 - 6.0%).

(c) Salary levels

Future general salary and wage levels were assumed to increase at 3.3% per annum.

(d) Medical costs

Medical costs were assumed to increase at 9.0% in 2011 graded down 0.67% a year until 2015 after which the rate is assumed to increase 5.0% annually.

(e) Dental costs

Dental costs were assumed to increase at 5.0% in 2011 and thereafter.

14. Capital disclosures

The company's main objectives when managing capital are to:

- (a) Ensure ongoing access to funds that will allow the ongoing operation of the service company.
- (b) Ensure ongoing access to funding to maintain and improve the electricity distribution system and to ensure that capital needs are met.
- (c) Ensure compliance with covenants related to its credit facilities and the Town of Collingwood promissory note.
- (d) Ensure that the capital structure is such that the debt to equity structure deemed by the OEB is not exceeded.

As at December 31, 2011, the company's definition of capital includes shareholder's equity and long-term liabilities. There have been no changes in the company's approach to capital management during the year.

The company has met all covenants related to its credit facilities.

COLLINGWOOD UTILITY SERVICES CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2011

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of **Collingwood Utility Services Corp.** as at December 31, 2011.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Gaviller & Company LLP

Licensed Public Accountants

Collingwood, Ontario

May 4, 2012

COLLINGWOOD UTILITY SERVICES CORP.

BALANCE SHEET AS AT DECEMBER 31

	2011	2010
	\$	\$
Assets		
Due from Town of Collingwood	100	100
Investment in subsidiaries, at cost	5,101,540	5,101,540
	5,101,640	5,101,640
 Shareholder's equity		
Capital stock		
Authorized		
Unlimited common shares		
Issued		
5,101,640 common shares	5,101,640	5,101,640
	5,101,640	5,101,640
Total shareholder's equity	5,101,640	5,101,640

Approved on behalf of the board:

_____ Director

_____ Director

COLLUS POWER CORP.

FINANCIAL STATEMENTS
DECEMBER 31, 2011

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholder of COLLUS Power Corp.:

Report on the Financial Statements

We have audited the accompanying financial statements of COLLUS Power Corp., which comprise the balance sheet as at December 31, 2011, and the income and retained income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of COLLUS Power Corp. as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gaviller & Company LLP

Licensed Public Accountants

Collingwood, Ontario

April 26, 2012

COLLUS POWER CORP.

BALANCE SHEET AS AT DECEMBER 31

	2011	2010
	\$	\$
Assets		
Current		
Cash	901,124	2,922,832
Accounts receivable (Notes 7 and 14)	5,358,660	4,690,260
Unbilled revenue	3,003,699	3,343,566
Taxes recoverable	-	46,486
Prepaid expenses	107,755	130,846
Inventory	321,799	317,756
	9,693,037	11,451,746
Property, plant and equipment (Note 6)		
Lands	95,439	90,439
Buildings	494,142	494,142
Distribution stations	5,219,952	5,219,952
Distribution lines	21,529,828	20,475,695
Distribution transformers	5,578,931	5,184,349
Distribution meters and services	1,971,544	1,767,391
Load control	672,850	1,521,439
Other	2,354,776	1,991,042
Contributions in aid of construction (Note 3)	(10,231,780)	(9,636,769)
	27,685,682	27,107,680
Less accumulated amortization	(14,548,873)	(14,344,099)
	13,136,809	12,763,581
Other		
Goodwill	276,704	276,704
Intangible asset - computer software (net of accumulated amortization of \$323,814; 2010 - \$232,256)	187,564	278,072
Investment in Utility Collaborative Services Inc. - at cost	100	100
Future taxes recoverable	179,288	156,997
	643,656	711,873
	23,473,502	24,927,200

Approved by directors:

_____ Director

_____ Director

See accompanying notes to the financial statements

COLLUS POWER CORP.

BALANCE SHEET AS AT DECEMBER 31

	2011	2010
	\$	\$
Liabilities		
Current		
Accounts payable and accruals (Notes 3 and 7)	6,562,882	7,384,308
Taxes payable	56,842	-
Customer deposits	524,234	430,736
Current portion of long-term (Note 5)	200,000	200,000
	7,343,958	8,015,044
Long-term (Note 5)	4,210,170	4,410,170
Employee future benefits (Note 12)	336,820	308,029
Other (Note 4)	332,174	1,411,987
Total liabilities	12,223,122	14,145,230
Shareholder's equity		
Capital stock		
Authorized		
Unlimited common shares		
Issued		
5,101,340 common shares	5,101,340	5,101,340
Miscellaneous paid in capital	2,966,014	2,966,014
Retained income	3,183,026	2,714,616
Total shareholder's equity	11,250,380	10,781,970
	23,473,502	24,927,200

See accompanying notes to the financial statements

COLLUS POWER CORP.

INCOME AND RETAINED INCOME STATEMENT FOR THE YEAR ENDING DECEMBER 31

	2011	2010
	\$	\$
Revenue		
Sale of power	29,031,935	25,971,849
Distribution services	5,592,609	5,437,389
	34,624,544	31,409,238
Cost of power		
Power purchased	29,031,935	25,971,849
Distribution income (16.2%, 2010 - 17.3%)	5,592,609	5,437,389
Other revenue	423,378	556,865
	6,015,987	5,994,254
Operating and maintenance expenses (Note 7)		
Distribution and transmission	2,157,047	1,883,667
Billing and collecting	732,457	1,154,122
General administration	1,193,817	1,244,511
Amortization	1,053,169	967,205
	5,136,490	5,249,505
Operating income	879,497	744,749
Other expense		
Interest (Note 5)	285,649	249,634
Net income before taxes	593,848	495,115
Provision for taxes		
Current (Note 11)	147,729	74,564
Future	(22,291)	21,814
	125,438	96,378
Net income for the year	468,410	398,737
Retained income, beginning of year	2,714,616	2,315,879
Retained income, end of year	3,183,026	2,714,616

See accompanying notes to the financial statements

COLLUS POWER CORP.

CASH FLOW STATEMENT FOR THE YEAR ENDING DECEMBER 31

	2011	2010
	\$	\$
Cash flows from (for):		
Operating activities		
Net income for the year	468,410	398,737
Items not requiring funds		
Amortization	1,197,943	1,150,939
Future taxes	(22,291)	21,814
Gain on disposition of property, plant, and equipment	-	(8,852)
	1,644,062	1,562,638
Changes in		
Accounts receivable	(668,400)	(1,209,851)
Unbilled revenue	339,867	(318,714)
Taxes receivable	103,328	55,745
Prepaid expenses	23,091	(56,795)
Inventory	(4,043)	(19,967)
Accounts payable and accruals	(821,426)	33,319
Customer deposits	93,498	75,655
Employee future benefits	28,791	26,944
Other liabilities	(1,079,813)	406,673
	(341,045)	555,647
Investing activities		
Acquisition of property, plant and equipment	(1,480,663)	(1,930,270)
Proceeds from disposal of property, plant, and equipment	-	8,852
	(1,480,663)	(1,921,418)
Financing activities		
Repayment of long-term liabilities	(200,000)	(100,000)
Issuance of long-term liabilities	-	3,000,000
	(200,000)	2,900,000
Change in cash	(2,021,708)	1,534,229
Cash position, beginning of year	2,922,832	1,388,603
Cash position, end of year	901,124	2,922,832

See accompanying notes to the financial statements

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

1. Significant accounting policies

The financial statements of the company are the representations of management. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment based on available information. The most significant estimates are included in allowance for doubtful accounts, economic evaluations and amortization of property, plant and equipment. The financial statements have, in the opinion of management, been properly prepared within the framework of the accounting policies summarized below:

- (a) The financial statements of the company have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), including accounting principles prescribed by the Ontario Energy Board (OEB) through the accounting procedures handbook and directives.
- (b) The company's distribution of electricity is subject to rate regulation by the OEB. This rate regulation results in the company accounting for specific transactions differently than it would if it was not rate-regulated. The differences in accounting treatment give rise to regulatory assets or liabilities. These balances will be recovered from or returned to customers by increases or decreases to rates in the future.

The electricity rates charged by the company are approved on an annual basis using performance-based regulation. For the rate year ending April 30, 2011, the company was authorized to earn 8.01% on equity and 6.25% on debt.

- (c) The company recognizes revenue on an accrual basis, which includes unbilled revenue, which is an estimate of electricity consumed by customers to the end of year but not yet billed by the company.
- (d) Property, plant and equipment are stated at cost. Contributions received in aid of construction of property, plant and equipment are capitalized and amortized at the same rate as the related asset. Property, plant and equipment are amortized over their estimated useful lives, using the straight-line method. Assets constructed by others and donated to the company are recorded at cost to the developer. Amortization rates are 4% except as follows:

Buildings	2%
Distribution stations	3.33%
Other	6.67% to 20%

- (e) Deferred charges - service area expansion costs are being amortized on a straight-line basis over twenty-five years.
- (f) Taxes are calculated using the liability method of tax allocation accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future tax liabilities or assets. Future tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse.

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

1. Significant accounting policies (continued)

- (g) The company's inventory typically consists of poles and wire, unless purchased for specific capital projects in process or as spare units. Items for specific capital projects, spare transformers and meters are recorded as capital assets. The company's inventory is valued using the moving average cost method and is recorded at the lower of cost and net realizable value.
- (h) The company accounts for financial instruments using Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861 - "Financial Instruments - Disclosure and Presentation" which establishes the requirement of disclosure of risks associated with financial instruments and the management of those risks.

(i) Intangible assets

Indefinite life intangible assets consist of purchased goodwill. These assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired.

Definite life intangible assets are externally acquired and are stated at cost. Amortization is provided on a straight-line basis over their estimated useful service lives at the following annual rates:

Computer software	20%
-------------------	-----

2. Future accounting pronouncements

The Accounting Standards Board has decided that rate regulated publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian generally accepted accounting principles (GAAP) for annual reporting purposes for fiscal years beginning on or after January 1, 2013. The transition period is expected to begin for fiscal years beginning on or after January 1, 2012. The impact of these changes cannot be estimated at this time.

Phase 1 of the company's IFRS implementation was complete as of October 2009. Phase 1 identified the company's needs with regard to the new standards and set out recommendations to meet those needs. Phase 2 was still in progress as of the 2011 audit report date, which includes reclassifying property, plant, and equipment to comply with IFRS.

3. Contributions in aid of construction

Under the terms of the Distribution System Code, the company cannot charge a developer more than the difference between the present value of the projected capital costs and on-going maintenance costs for the equipment and the present value of the projected revenue for distribution services provided by those facilities. These amounts are determined by an economic evaluation study of the project. The company estimates that it will return \$365,610 (2010 - \$365,610). The liability is included in accounts payable. The balance of \$10,231,780 (2010 - \$9,636,769) is recorded as a reduction of the cost of property, plant, and equipment.

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

4. Other assets (liabilities)

Other assets (liabilities) consist of the following:

	2011	2010
	\$	\$
Deferred charges-service area expansion (net of \$107,054 accumulated amortization; 2010 - \$98,899)	97,860	106,015
Regulatory assets		
Other regulatory assets	276,348	225,179
Smart meters	1,840,500	1,838,379
Total regulatory assets	2,116,848	2,063,558
Regulatory liabilities		
Purchased power cost variance	(599,795)	(938,916)
Regulatory recoveries	(1,709,059)	(2,562,854)
Other regulatory liabilities	(238,028)	(79,790)
Total regulatory liabilities	(2,546,882)	(3,581,560)
Net liability	(332,174)	(1,411,987)

Other regulatory assets consist of Hydro One incremental capital and pension costs from Ontario Municipal Employees Retirement System ("OMERS") not recovered in rates. This account includes annual carrying charges accrued at the OEB quarterly interest rate in effect.

In 2010 the OEB approved the disposition of power variances from December 31, 2008. The liability is being paid back through a reduction of customer's monthly billings over a period of three years, beginning in May 2010.

The purchased power cost variance represents variances in the purchase and sale of electricity which will be recovered from or returned to customers by increases or decreases to rates in the future. Purchased power cost variance includes annual carrying charges accrued at the OEB quarterly interest rate in effect.

The smart meters regulatory asset account relates to the Province of Ontario's decision to install smart meters throughout Ontario by 2011. The company launched its project shortly following the Province of Ontario's announcement in 2006. As at December 31, 2011, the company had installed approximately 15,600 smart meters. The company is currently authorized to collect \$2.00 per residential customer per month until April 2012. Carrying charges are accrued on this account for 2007 and later years at the OEB quarterly interest rate in effect. As at December 31, 2011, smart meter capital expenditures totaled \$2,679,886 (2010 - \$2,414,022) which is offset by revenues of \$964,486 (2010 - \$575,644) and accumulated amortization of \$381,149 (2010 - \$215,072).

Other regulatory liabilities consist of deferred revenue received from the Ontario Power Authority for administrative funding of conservation programs for 2012. Conservation and demand management revenues and expenses which will be recovered in future years are also included in this balance.

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

5. Long-term liabilities

Long-term liabilities consist of the following:

	2011	2010
	\$	\$
4.67% loan payable to the Ontario Infrastructure Projects Corporation, secured by a General Security Agreement over all of the assets of the company. Payments are to be made semi-annually to April 15, 2025.	2,700,000	2,900,000
7.25% note payable to the Town of Collingwood, no set terms of repayment	1,710,170	1,710,170
Current portion	4,410,170 (200,000)	4,610,170 (200,000)
	4,210,170	4,410,170

Principal payments in the next year are as follows:

	\$
2012	200,000
2013	200,000
2014	200,000
2015	200,000
2016	200,000

Included in interest expense is \$255,131 (2010 - \$176,802) of interest on long-term liabilities.

The company is contingently liable for a letter of credit in the amount of \$2,046,656 (2010 - \$2,046,656) to meet the prudential requirements of the Independent Electricity System Operator.

6. Property, plant, and equipment

Effective in 2010 and under the direction of the OEB, the company had the option of moving stranded meter costs into the regulatory asset accounts or leave them in property, plant, and equipment. The company decided to keep them in property, plant, and equipment and continue to amortize the stranded meter costs. The balance of stranded meters in property, plant, and equipment is \$1,529,891 (2010 - \$1,529,891) and the accumulated amortization is \$970,627 (2010 - \$909,545).

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

7. Related party transactions

The company and COLLUS Solutions Corp. are wholly-owned subsidiaries of Collingwood Utility Services Corp. Collingwood Utility Services Corp. and Collingwood Public Utilities Service Board are controlled by the Council of the Town of Collingwood.

Related party transactions are recorded at their exchange amount and include the following:

	2011	2010
	\$	\$
Amounts payable to the Collingwood Public Utilities Service Board	(351,008)	(93,479)
Amounts receivable from COLLUS Solutions Corp.	8,986	-
Amounts payable to COLLUS Solutions Corp.	-	(135,797)
Amounts payable to the Town of Collingwood	(1,288,009)	(1,831,697)
The company is leasing its operations centre from the Collingwood Public Utilities Service Board. These costs are included in general administration expense.	216,000	200,000
Operating and maintenance expenses include services purchased from COLLUS Solutions Corp.	1,137,366	1,174,677
COLLUS Power Corp. is leasing computer equipment from Collingwood Public Utilities Service Board. This amount is included in the above netted expenses.	80,000	117,000

In 2003, a lease agreement was entered into with the Collingwood Public Utilities Service Board for the use of the administrative building at 43 Stewart Road. The initial term of the lease expired December 31, 2003. and totaled \$90,000. The agreement will automatically be renewed for successive terms of one calendar year. In 2011, the agreement was amended to change the rental fee to \$216,000 per annum.

In 2009, a lease agreement was entered into with the Collingwood Public Utilities Service Board for the use of computer hardware and software. The initial term of the lease expired December 31, 2009 and totaled \$117,000. The agreement will automatically be renewed for successive terms of one calendar year. In 2011, the agreement was amended to change the rental fee to \$80,000 per annum.

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

8. Supplemental cash flow information

Cash receipts and (payments) were as follows:

	2011	2010
	\$	\$
Interest paid	(288,468)	(221,064)
Interest received	30,617	49,997
Taxes paid	(90,890)	(121,050)
Taxes refunded	46,486	102,231

9. Line of credit

The company has a revolving line of credit with CIBC with a credit limit of \$500,000. The interest rate is set at prime minus 0.75% per annum. At year end, the balance of the line of credit was \$NIL (2010 - \$NIL).

10. Financial instruments

The company's financial instruments consist of cash, accounts receivable, unbilled revenue, taxes recoverable, investment in Utility Collaborative Services Inc., accounts payable, customer deposits, and long-term liabilities. It is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Fair value does not vary significantly from recorded value.

11. Tax status

The company is exempt from income tax under section 149 of the Income Tax Act. The company is required to make payments in lieu of taxes calculated on the same basis as the Income Tax Act.

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

12. Employee future benefits

The employees of COLLUS Power Corp. participate in OMERS. Although the plan has a defined retirement benefit for employees, the related obligation of the company cannot be identified. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant. Amounts paid to OMERS during the year totaled \$65,124 (2010 - \$50,626).

In addition, COLLUS Power Corp. pays certain benefits on behalf of its retired employees. The company recognizes these post-retirement costs in the period in which the employees rendered the services. The accrued plan liability at December 31, 2011 of \$336,820 and the net periodic benefit cost for 2011 was determined by actuarial valuation using discount rates of 5.0% which was adjusted by management based on new information available. Actuarial valuations will be prepared every second year or when there are significant changes to the workforce.

Information about the company's defined benefit plan is as follows:

	2011	2010
	\$	\$
Accrued plan liability, beginning of year	308,029	281,085
Current service cost	12,749	10,157
Interest cost	20,315	20,555
Past service cost	-	4,531
Actuarial loss	7,342	2,543
Benefits paid for the year	(11,615)	(10,842)
Accrued plan liability, end of year	336,820	308,029
Unamortized actuarial loss	83,990	49,692
Accrued benefit obligation, end of year	420,810	357,721
Components of net periodic benefit cost		
Current service cost for the period	12,749	10,157
Interest cost for the period	20,315	20,555
Amortization of actuarial loss	7,342	2,543
Amortization of prior service cost	-	4,531
Net periodic benefit cost	40,406	37,786

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

12. Employee future benefits (continued)

The main actuarial assumptions employed for the valuations are as follows:

(a) General inflation

Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.0% in 2011 and thereafter.

(b) Interest (discount) rate

The obligation as at December 31, 2011, of the present value of future liabilities was determined using a discount rate of 5.0%. (2010 - 6.0%)

(c) Salary levels

Future general salary and wage levels were assumed to increase at 3.3% per annum.

(d) Health care costs

Health care costs were assumed to be 9.0% in 2010 and graded down 0.67% a year until 2015 after which the rate is assumed to increase 5.0% annually.

(e) Dental costs

Dental costs were assumed to increase at 5.0% in 2010 and thereafter.

13. Capital disclosures

The company's main objectives when managing capital are to:

- (a) Ensure ongoing access to funding to maintain and improve the electricity distribution system and to ensure that capital needs are met.
- (b) Ensure compliance with covenants related to its credit facilities and the Town of Collingwood promissory note.
- (c) Ensure that the capital structure is such that the debt to equity structure deemed by the OEB is not exceeded.

As at December 31, 2011, the company's definition of capital includes shareholder's equity and long-term liabilities. The company's debt to equity ratio as deemed by the OEB, as at December 31, 2011 is 60% debt to 40% equity (2010 - 60% debt to 40% equity). There have been no changes in the company's approach to capital management during the year.

The company has met all covenants related to its credit facilities.

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

14. Subsequent events

On March 6, 2012, the Town of Collingwood ("the Town"), Collingwood Utility Services Corp. ("the Parent"), the company, COLLUS Solutions Corp. ("Solutions") and COLLUS Energy ("Energy") entered into an agreement with PowerStream Inc. for the sale of 50% of the outstanding common shares of the Parent by the Town.

As part of this agreement, the company will be required to declare recapitalization and closing dividends to the Parent prior to the finalization of the agreement, with payments occurring following the closing date. The company has the ability to repay the promissory note to the Town at its discretion, to the extent that the note is not repaid, the interest rate on the note will remain 7.25% in 2012 and will be reduced to 5.58% per annum in 2013. Following 2013, the interest rate on the note shall be determined based on OEB regulations.

The impact on the company's balance sheet will be a significant decrease in retained earnings and current assets, and a significant increase in long-term liabilities.

The sale transaction is pending the approval of the OEB and it is expected that the sale will close during fiscal 2012. The dividends to be declared and paid will be based on the financial position of the company at the closing date which is seven days following OEB approval.

Included in accounts receivable at December 31, 2011 is \$115,231 due from the Town for expenditures paid on behalf of the Town related to the sale agreement. Subsequent to year end, additional payments of \$291,780 have been paid on behalf of and are receivable from the Town related to the sale agreement. Management is not able to readily estimate the remaining closing costs associated with this transaction.

COLLUS SOLUTIONS CORP.

FINANCIAL STATEMENTS
DECEMBER 31, 2011

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholder of **COLLUS Solutions Corp.**:

Report on the Financial Statements

We have audited the accompanying financial statements of **COLLUS Solutions Corp.**, which comprise the balance sheet as at December 31, 2011, and the income and retained income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **COLLUS Solutions Corp.** as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Gaviller & Company LLP

Licensed Public Accountants
Collingwood, Ontario
April 26, 2012

COLLUS SOLUTIONS CORP.

BALANCE SHEET AS AT DECEMBER 31

	2011	2010
	\$	\$
Assets		
Current		
Cash	419,713	208,958
Accounts receivable (Note 4)	272,963	415,168
Taxes receivable	-	6,927
	692,676	631,053
Future taxes	95,650	86,826
	788,326	717,879
Liabilities		
Current		
Accounts payable and accruals	66,726	79,918
Government remittances	115,540	88,875
Taxes payable	9,483	-
	191,749	168,793
Other		
Employee future benefits (Note 10)	382,591	347,303
Total liabilities	574,340	516,096
Shareholder's equity		
Capital stock		
Authorized		
Unlimited common shares		
Issued		
100 common shares	100	100
Retained income	213,886	201,683
Total shareholder's equity	213,986	201,783
	788,326	717,879

Approved on behalf of the Board:

_____ Director

_____ Director

See accompanying notes to the financial statements

COLLUS SOLUTIONS CORP.

INCOME AND RETAINED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31

	2011	2010
	\$	\$
Revenue (Note 4)		
Accounting and administrative services	2,074,386	2,056,480
Miscellaneous	118,575	72,920
	2,192,961	2,129,400
Operating expenses (Note 4)		
Administration	27,486	31,580
Wages and benefits	2,146,858	2,115,665
	2,174,344	2,147,245
Income (loss) before taxes	18,617	(17,845)
Provision for (recovery of) taxes		
Current	15,238	3,058
Future	(8,824)	(9,800)
	6,414	(6,742)
Net income (loss) for the year	12,203	(11,103)
Retained income, beginning of year	201,683	212,786
Retained income, end of year	213,886	201,683

See accompanying notes to the financial statements

COLLUS SOLUTIONS CORP.

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31

	2011	2010
	\$	\$
Cash flows from (for):		
Operating activities		
Net income (loss)	12,203	(11,103)
Items not providing funds		
Future taxes	(8,824)	(9,800)
	3,379	(20,903)
Changes in		
Accounts receivable	142,205	(65,063)
Income taxes	16,410	(4,755)
Accounts payable and accruals	(13,192)	32,364
Government remittances	26,665	50,580
Employee future benefits	35,288	32,913
Increase in cash	210,755	25,136
Cash position, beginning of year	208,958	183,822
Cash position, end of year	419,713	208,958

See accompanying notes to the financial statements

COLLUS SOLUTIONS CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises (referred to as "ASPE") and are in accordance with Canadian generally accepted accounting principles ("GAAP").

The following is a summary of certain significant accounting policies followed in the preparation of the financial statements:

(a) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Significant estimates are included in employee future benefits.

(b) Revenue Recognition

Revenue from accounting and administrative services provided are recognized at the time in which the services were provided.

(c) Financial Instruments

The company considers any contract that creates a financial asset, a financial liability or equity instrument as a financial instrument, except in limited items such as leases and loan commitments.

Initial recognition and measurement

A financial asset or financial liability is recognized when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction, are initially measured at their fair value.

Subsequent measurement

Changes in fair value of investments in equity instruments are recognized in net income in the period incurred. All other financial assets and liabilities are measured at amortized cost.

Impairment

At the end of each reporting period, the company assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired.

See accompanying notes to the financial statements

COLLUS SOLUTIONS CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

2. First time adoption of Canadian Accounting Standards for Private Enterprises

Effective January 1, 2011, the company adopted the requirements of the CICA Handbook and has adopted Canadian accounting standards for private enterprises (ASPE). This framework is in accordance with Canadian GAAP. These are the first financial statements prepared in accordance with this new framework which has been applied retrospectively. The accounting policies set out in the significant policy note have been applied in preparing the financial statements for the period ended December 31, 2011, the comparative information presented in these financial statements for the year ended December 31, 2010 and in the preparation of an opening balance sheet at January 1, 2010 – which is the company's date of transition.

The company issued financial statements for the year ended December 31, 2010 using pre-changeover generally accepted accounting principles prescribed by the CICA Handbook. The adoption of ASPE had no impact on the previously reported assets, liabilities, and equity of the company, and accordingly, no adjustments have been recorded in the comparative balance sheet, income statement, statement of retained earnings and the cash flow statement, with the exception of separate disclosure of government remittances previously included as accounts payable as a line item on the balance sheet. Thus an opening balance sheet as at January 1, 2010 has not been presented. Certain of the company's presentation and disclosures included in these financial statements reflect the new presentation and disclosure requirements of ASPE.

3. Tax status

The company is exempt from income tax under section 149 of the Income Tax Act. The company is required to make payments in lieu of tax calculated on the same basis as the Income Tax Act.

4. Related party transactions

The company and COLLUS Power Corp. are wholly-owned subsidiaries of Collingwood Utility Services Corp. Collingwood Utility Services Corp. and Collingwood Public Utilities Service Board are controlled by the Council of the Town of Collingwood.

Related party transactions are recorded at their exchange value and include the following:

	2011	2010
	\$	\$
Amounts receivable from COLLUS Power Corp.	-	135,797
Amounts payable to COLLUS Power Corp.	8,986	-
Amounts receivable from Collingwood Public Utilities Service Board	106,874	171,234
Amounts receivable from the Town of Collingwood	136,017	91,413
Amounts payable to the Town of Collingwood	3,667	-
Revenues include amounts charged to the following parties:		
Town of Collingwood	111,273	68,461
COLLUS Power Corp.	1,137,366	1,174,677
Collingwood Public Utilities Service Board	937,020	881,803
Expenses include information technology assistance to the		
Town of Collingwood	28,202	21,631

See accompanying notes to the financial statements

COLLUS SOLUTIONS CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

5. Line of credit

The company has a revolving line of credit with CIBC with a credit limit of \$250,000. The interest rate is set at prime minus 0.75% per annum. During 2011 the company did not draw on their line of credit.

6. Economic dependence

As the company's major source of revenue is derived from providing processing services to related parties its ability to continue viable operations is dependent upon COLLUS Power Corp. and Collingwood Public Utilities Service Board.

7. Future Accounting Pronouncements

The company will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP for annual reporting purposes for fiscal years beginning on or after January 1, 2013. The transition period is expected to begin for fiscal years beginning on or after January 1, 2012. It is subject to IFRS in 2013 as it is consolidated under Collingwood Utilities Services Corp. financial statements with COLLUS Power Corp. a sister company who is required to adopt IFRS starting in 2013. The impact of these changes cannot be estimated at this time.

Phase 1 of the company's IFRS implementation was complete as of October 2009. Phase 1 identified the company's needs with regard to the new standards and set out recommendations to meet those needs.

COLLUS SOLUTIONS CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

8. Financial instruments

The company's financial instruments consist of cash, accounts receivable, taxes receivable, taxes payable, government remittances and accounts payable. The company is not exposed to market risk, currency risk nor other price risk.

(i) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company. It is management's opinion that the company is not exposed to significant credit risk arising from these financial instruments.

Credit risk is managed through maintaining credit policies. Credit is not extended to customers with aged accounts and credit is not issued beyond the customer's credit limit.

(ii) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognized at the balance sheet date whereby a future change in interest rates will affect future cash flows or the fair value of fixed financial instruments. It is management's opinion that the company is not exposed to significant interest rate risk arising from these financial instruments.

(iii) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the company's cash requirements.

9. Supplemental cash flow information

Cash receipts (payments) were made as follows:

	2011	2010
	\$	\$
Interest received	2,584	1,256
Interest paid	-	(153)
Taxes refunded	6,092	2,172
Taxes paid	(4,920)	(9,900)

See accompanying notes to the financial statements

COLLUS SOLUTIONS CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

10. Employee future benefits

The employees of COLLUS Solutions Corp. participate in the Ontario Municipal Employees Retirement System ("OMERS"). Although the plan has a defined retirement benefit for employees, the related obligation of the company cannot be identified. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant. Amounts paid to OMERS during the year totaled \$160,592 (2010 - \$165,576).

In addition, COLLUS Solutions Corp. pays certain benefits on behalf of its retired employees. The company recognizes these post-retirement costs in the period in which the employees rendered the services. The accrued benefit obligation at December 31, 2011 of \$405,112 and the net periodic benefit cost for 2011 was determined by actuarial valuations using discount rates of 5.0% and was adjusted by management based on new information available. Actuarial valuations will be prepared every second year or when there are significant changes to the workforce.

Information about the company's defined benefit plan is as follows:

	2011	2010
	\$	\$
Accrued plan liability, beginning of year	347,303	314,390
Current service cost	16,110	12,861
Interest cost	19,294	18,260
Prior period cost	-	1,903
Benefits paid for the period	(116)	(111)
Accrued plan liability, end of year	382,591	347,303
Unamortized actuarial loss (gain)	22,521	(24,764)
Accrued benefit obligation, end of year	405,112	322,539
Components of net periodic benefit cost		
Current service cost for the period	16,110	12,861
Interest cost for the period	19,294	18,260
Amortization of prior service cost	-	1,903
Net periodic benefit cost	35,404	33,024

See accompanying notes to the financial statements

COLLUS SOLUTIONS CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

10. Employee future benefits (continued)

The main actuarial assumptions employed for the valuations are as follows:

(a) General inflation

Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.0% in 2010 and thereafter.

(b) Interest (discount) rate

The obligation as at December 31, 2011, of the present value of future liabilities was determined using a discount rate of 5.0%. This was revised from the 2010 discount rate of 6.0% by the actuary.

(d) Salary levels

Future general salary and wage levels were assumed to increase at 3.3% per annum.

(e) Medical costs

Medical costs were assumed to increase at 9.0% in 2010 graded down 0.67% a year until 2015 after which the rate is assumed to increase 5.0% annually.

(f) Dental costs

Dental costs were assumed to increase at 5.0% in 2010 and thereafter.

11 Subsequent Events

On March 6, 2012, the Town of Collingwood ("the Town"), Collingwood Utility Services Corp. ("the Parent"), COLLUS Power Corp. ("Power"), the company and COLLUS Energy Corp. ("Energy") entered into an agreement with PowerStream Inc. for the sale of 50% of the outstanding common shares of the Parent by the Town.

As part of this agreement, the company will be required to declare closing dividends to the Parent prior to the finalization of the agreement, with payments occurring following the closing date.

The impact on the company's balance sheet will be a significant decrease in retained earnings and current assets.

The sale transaction is pending the approval of the OEB and it is expected that the sale will close during fiscal 2012. The dividends to be declared and paid will be based on the financial position of the company at the closing date which is seven days following OEB approval.

Subsequent to year end, disbursements have been made on behalf of the Town for expenses related to the sales transaction. These amounts are receivable from the Town and are included in the receivables from the Town and Power. Management is not able to readily estimate the remaining closing costs associated with this transaction.

See accompanying notes to the financial statements

COLLUS ENERGY CORP.**FINANCIAL STATEMENTS****DECEMBER 31, 2011****CONTENTS**

	Page
Notice to Reader	1
Balance Sheet	2

GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of **COLLUS Energy Corp.** as at December 31, 2011.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Gaviller & Company LLP

Licensed Public Accountants

Collingwood, Ontario

May 4, 2012

COLLUS ENERGY CORP.

BALANCE SHEET AS AT DECEMBER 31

	2011	2010
	\$	\$
Assets		
Due from Town of Collingwood	100	100
Total assets	100	100
Shareholder's equity		
Capital stock		
Authorized		
Unlimited number of common shares		
Issued		
100 common shares	100	100
Total shareholder's equity	100	100

Approved on behalf of the Board:

_____ Director

_____ Director

Prepared without audit - see Notice to Reader

COLLUS POWER CORP.
(the "Corporation")

The following resolution, signed by all the directors of the above Corporation, is hereby passed pursuant to the *Business Corporations Act* (Ontario):

DECLARATION OF DIVIDEND

WHEREAS the Corporation is a party to a share purchase agreement between Collingwood Utility Services Corp., Collus Solutions Corp., Collus Energy Corp., the Corporation of the Town of Collingwood and Powerstream Inc., dated the 6th day of March, 2012 (the "**Share Purchase Agreement**");

AND WHEREAS, pursuant to the Share Purchase Agreement, the directors of the Corporation wish to declare the Recapitalization Dividend, in the amount of \$4,089,937.00 which Recapitalization Dividend will be adjusted by the Working Capital Adjustment to the Final Recapitalization Dividend Amount (as such terms are defined in the Share Purchase Agreement);

AND WHEREAS the directors of the Corporation have no reasonable grounds for believing that the Corporation is, or after the payment of the contemplated by this resolution would be, unable to pay its liabilities as they become due;

AND WHEREAS the directors of the Corporation have no reasonable grounds for believing that the realizable value of the Corporation's assets would, by the declaration or payment of the dividend contemplated by this resolution, be less than the aggregate of (i) the Corporation's liabilities and (ii) the Corporation's stated capital of all classes of shares of the Corporation;

NOW THEREFORE BE IT RESOLVED THAT:

1. a dividend in the amount of the Recapitalization Dividend Amount, as adjusted by the Working Capital Amount to the Final Recapitalization Dividend Amount be, and the same hereby is, declared on the issued common shares of the Corporation, such dividend to be payable on the date determined by the directors of the Corporation to the holders of record of the common shares of the Corporation as at the date hereof;
2. any officer or director of the Corporation is hereby authorized and directed to do and perform all acts and things, including the execution of documents, necessary or desirable to give effect to the foregoing resolution; and

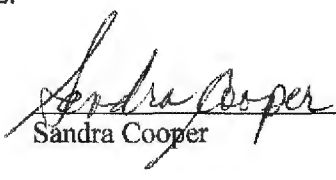
- 2 -

3. these resolutions may be signed in one or more counterparts, and via facsimile or PDF, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

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DATED this 30th day of July, 2012.

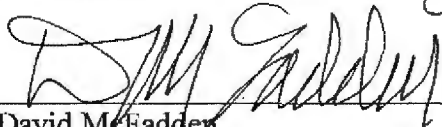
David McFadden



Sandra Cooper

11884659.6

DATED this 30th day of July, 2012.



David McFadden

Sandra Cooper

COLLINGWOOD UTILITY SERVICES CORP.
(the "Corporation")

The following resolution, signed by all the directors of the above Corporation, is hereby passed pursuant to the *Business Corporations Act* (Ontario):

DECLARATION OF DIVIDEND

WHEREAS the Corporation is a party to a share purchase agreement between Collus Power Corp. ("Collus"), Collus Solutions Corp., Collus Energy Corp., the Corporation of the Town of Collingwood and Powerstream Inc., dated the 6th day of March, 2012 (the "**Share Purchase Agreement**");

AND WHEREAS pursuant to the Share Purchase Agreement, Collus declared a dividend on the common shares in the amount of the Final Recapitalization Dividend Amount (as such term is defined in the Share Purchase Agreement);

AND WHEREAS the Corporation, as the sole shareholder of Collus, has received or will receive a dividend in the amount of the Final Recapitalization Dividend Amount;

AND WHEREAS pursuant to the Share Purchase Agreement, the directors of the Corporation wish to declare the Recapitalization Dividend, in the amount of \$4,089,937.00 which Recapitalization Dividend will be adjusted by the Working Capital Adjustment to the Final Recapitalization Dividend Amount (as such terms are defined in the Share Purchase Agreement);

AND WHEREAS the directors of the Corporation have no reasonable grounds for believing that the Corporation is, or after the payment of the dividend contemplated by this resolution would be, unable to pay its liabilities as they become due;

AND WHEREAS the directors of the Corporation have no reasonable grounds for believing that the realizable value of the Corporation's assets would, by the declaration or payment of the dividend contemplated by this resolution, be less than the aggregate of (i) the Corporation's liabilities and (ii) the Corporation's stated capital of all classes of shares of the Corporation;

NOW THEREFORE BE IT RESOLVED THAT:

1. a dividend in the amount of the Recapitalization Dividend Amount, as adjusted by the Working Capital Adjustment to the Final Recapitalization Dividend Amount, be, and the same hereby is, declared on the issued common shares of the Corporation, such dividend to be payable on the date determined by the directors of the Corporation to the holders of record of the common shares of the Corporation as at the date hereof;

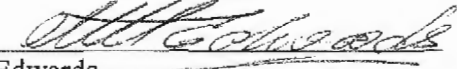
- 2 -

2. any officer or director of the Corporation is hereby authorized and directed to do and perform all acts and things, including the execution of documents, necessary or desirable to give effect to the foregoing resolution; and


3. these resolutions may be signed in one or more counterparts, and via facsimile or PDF, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

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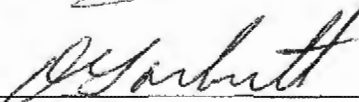
DATED this 30th day of July, 2012.



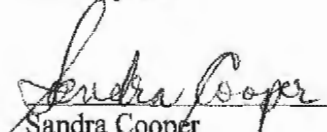
Mike Edwards



Joan Pajunen



Douglas Garbutt



Sandra Cooper

COLLUS SOLUTIONS CORP.
(the "Corporation")

The following resolution, signed by all the directors of the above Corporation, is hereby passed pursuant to the *Business Corporations Act* (Ontario):

DECLARATION OF DIVIDEND

WHEREAS the Corporation is a party to a share purchase agreement between Collingwood Utility Services Corp., Collus Power Corp., Collus Energy Corp., the Corporation of the Town of Collingwood and Powerstream Inc., dated the 6th day of March, 2012 (the "**Share Purchase Agreement**");

AND WHEREAS, pursuant to the Share Purchase Agreement, the directors of the Corporation wish to declare the Additional Closing Dividend, in the amount of \$213,986.00 which Additional Closing Dividend will be adjusted by the Working Capital Adjustment to the Final Additional Closing Dividend Amount (as such terms are defined in the Share Purchase Agreement);

AND WHEREAS the directors of the Corporation have no reasonable grounds for believing that the Corporation is, or after the payment of the dividend contemplated by this resolution would be, unable to pay its liabilities as they become due;

AND WHEREAS the directors of the Corporation have no reasonable grounds for believing that the realizable value of the Corporation's assets would, by the declaration or payment of the dividend contemplated by this resolution, be less than the aggregate of (i) the Corporation's liabilities and (ii) the Corporation's stated capital of all classes of shares of the Corporation;

NOW THEREFORE BE IT RESOLVED THAT:

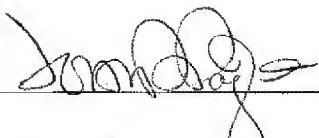
1. a dividend in the amount of the Additional Closing Dividend Amount, as adjusted by the Working Capital Adjustment to the Final Additional Closing Dividend Amount, be, and the same hereby is, declared on the issued common shares of the Corporation, such dividend to be payable on the date determined by the directors of the Corporation to the holders of record of the common shares of the Corporation as at the date hereof;
2. any officer or director of the Corporation is hereby authorized and directed to do and perform all acts and things, including the execution of documents, necessary or desirable to give effect to the foregoing resolution; and

- 2 -

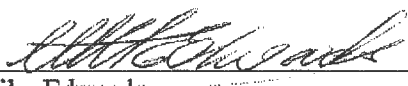
3. these resolutions may be signed in one or more counterparts, and via facsimile of PDF, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

[Remainder of page left intentionally blank]

DATED this 30th day of July, 2012.



Joan Pajunen



Mike Edwards



Douglas Garbutt

COLLINGWOOD UTILITY SERVICES CORP.
(the "Corporation")

The following resolution, signed by all the directors of the above Corporation, is hereby passed pursuant to the *Business Corporations Act* (Ontario):

DECLARATION OF DIVIDEND

WHEREAS the Corporation is a party to a share purchase agreement between Collus Power Corp., Collus Solutions Corp. ("Solutions"), Collus Energy Corp., the Corporation of the Town of Collingwood and Powerstream Inc., dated the 6th day of March, 2012 (the "**Share Purchase Agreement**");

AND WHEREAS pursuant to the Share Purchase Agreement, Solutions declared a dividend on the common shares in the amount of the Final Additional Closing Dividend Amount (as such term is defined in the Share Purchase Agreement);

AND WHEREAS the Corporation, as the sole shareholder of Solutions, has received, or will receive, a dividend in the amount of the Final Additional Closing Dividend Amount;

AND WHEREAS, pursuant to the Share Purchase Agreement, the directors of the Corporation wish to declare the Additional Closing Dividend, in the amount of \$213,986.00 which Additional Closing Dividend will be adjusted by the Working Capital Adjustment to the Final Additional Closing Dividend Amount (as such terms are defined in the Share Purchase Agreement);

AND WHEREAS the directors of the Corporation have no reasonable grounds for believing that the Corporation is, or after the payment of the dividend contemplated by this resolution would be, unable to pay its liabilities as they become due;

AND WHEREAS the directors of the Corporation have no reasonable grounds for believing that the realizable value of the Corporation's assets would, by the declaration or payment of the dividend contemplated by this resolution, be less than the aggregate of (i) the Corporation's liabilities and (ii) the Corporation's stated capital of all classes of shares of the Corporation;

NOW THEREFORE BE IT RESOLVED THAT:

1. a dividend in the amount of the Additional Closing Dividend Amount, as adjusted by the Working Capital Adjustment to the Final Additional Closing Dividend Amount, be, and the same hereby is, declared on the issued common shares of the Corporation, such dividend to be payable on the date determined by the directors of the Corporation to the holders of record of the common shares of the Corporation as at the date hereof;


- 2 -

2. any officer or director of the Corporation is hereby authorized and directed to do and perform all acts and things, including the execution of documents, necessary or desirable to give effect to the foregoing resolution; and

3. these resolutions may be signed in one or more counterparts, and via facsimile or PDF, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

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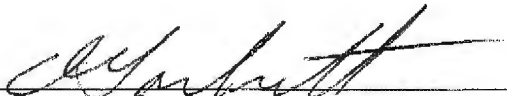
DATED this 30th day of July, 2012.



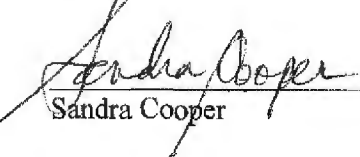
Mike Edwards



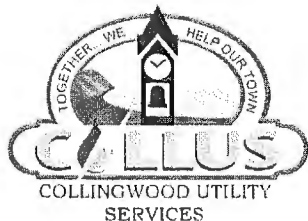
Joan Pajunen



Douglas Garbutt



Sandra Cooper



COLLUS Power Corp
 P.O. Box 189, 43 Stewart Road
 Collingwood ON L9Y 3Z5
 Phone: 705-445-1800
 Operations Department Fax: 705-445-2549
 Hydro & Water Department Fax: 705-445-0791
 Finance Department Fax: 705-445-8267
 www.collus.com

Tuesday, June 5, 2012

VIA COURIER

Infrastructure Ontario
 777 Bay Street, 9th Floor
 Toronto, Ontario
 M5G 2C8

Attention: Steve Rohacek – Vice President, Business Development & Customer Relations

Dear Mr. Rohacek:

Re: Financing Agreement between Ontario Infrastructure Projects Corporation (“Infrastructure Ontario”) and Collus Power Corp. (“Collus Power”), dated March 10, 2010 (the “Agreement”) – Request for consent

The Town of Collingwood has entered into a share purchase agreement (the “**Share Purchase Agreement**”) with PowerStream Inc. (“**PowerStream**”), dated the 6th day of March, 2012. Pursuant to the Share Purchase Agreement, PowerStream will acquire a 50% interest in Collingwood Utility Services Corp. (“**CUS**”), of which Collus Power is a wholly owned subsidiary, upon the closing of the transaction contemplated by the Share Purchase Agreement, the closing date for which has not yet been determined (the “**Transaction**”).

Pursuant to section 14 of the Agreement, Collus Power is required to obtain the consent of Infrastructure Ontario prior to amalgamating, merging, consolidating, or otherwise combining with any other Person, as defined in the Agreement. Accordingly, we hereby notify you of the Transaction, and the resulting change of control of Collus Power resulting from the Transaction, and request your consent to the same.

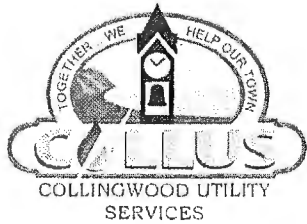
Thank you in advance for your prompt attention to this matter and please contact me with any questions or concerns you may have about the information above.

Sincerely,

COLLUS POWER CORP.

Edwin Houghton, President and CEO

Acknowledged and consented to on the 11 day of July, 2012.



COLLUS Power Corp
 P.O. Box 189, 43 Stewart Road
 Collingwood ON L9Y 3Z5
 Phone: 705-445-1800
 Operations Department Fax: 705-445-2549
 Hydro & Water Department Fax: 705-445-0791
 Finance Department Fax: 705-445-8267
 www.collus.com

Tuesday, June 5, 2012

VIA COURIER

CIBC
 13 Durham Street
 Flesherton, Ontario
 N0C 1E0

Attention: Ken McLeod, Manager, Agriculture & Commercial Banking

Dear Mr. McLeod:

Re: CIBC Credit Facility Agreement with Collus Power Corp. ("Collus Power"), dated July 29, 2011, comprised of a revolving line of credit (\$500,000), standby letters of credit/letter of guarantee (\$2,417,179), and corporate Classic VISA (\$25,000) (the "Agreement") – Request for consent

The Town of Collingwood has entered into a share purchase agreement (the "**Share Purchase Agreement**") with PowerStream Inc. ("**PowerStream**"), dated the 6th day of March, 2012. Pursuant to the Share Purchase Agreement, PowerStream will acquire a 50% interest in Collingwood Utility Services Corp. ("**CUS**"), of which Collus Power is a wholly owned subsidiary, upon the closing of the transaction contemplated by the Share Purchase Agreement, the closing date for which has not yet been determined (the "**Transaction**").

As part of the Transaction, Collus Power will be declaring and paying a dividend, in a yet to be determined amount, to CUS (the "**Dividend**").

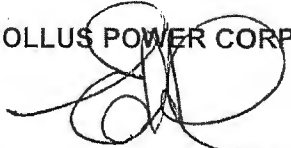
Pursuant to section 4.6, Collus Power is required to obtain the consent of CIBC where Collus Power disposes of any material part of its property. Further, pursuant to section 4.10, Collus Power is required to notify CIBC prior to changing, amalgamating, or engaging in a corporate restructuring. Accordingly, we hereby provide notice of the change of control of Collus Power and request your consent to the Transaction and the declaration and payment of the Dividend.

Please acknowledge this notice and confirm your consent to the above by returning a signed copy of this letter to my attention.

Thank you in advance for your prompt attention to this matter and please contact me with any questions or concerns you may have about the information above.

Sincerely,

COLLUS POWER CORP.




Edwin Houghton, President and CEO

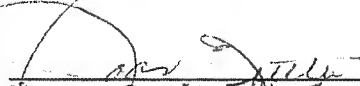
Acknowledged and consented to on the 14 day of June, 2012.

CIBC

By:


Name: Ken McLeod
Title: Manager Agriculture & Commercial Banking

By:


Name: Joan Zetter
Title: Financial Service Assoc, Commercial Banking

12207647.2



COLLUS Solutions Corp
 P.O. Box 189, 43 Stewart Road
 Collingwood ON L9Y 3Z5
 Phone: 705-445-1800
 Operations Department Fax: 705-445-2549
 Hydro & Water Department Fax: 705-445-0791
 Finance Department Fax: 705-445-8267
www.collus.com

Tuesday, June 5, 2012

VIA COURIER

CIBC
 13 Durham Street
 Flesherton, Ontario
 N0C 1E0

Attention: Ken McLeod, Manager, Agriculture & Commercial Banking

Dear Mr. McLeod:

Re: CIBC Credit Facility Agreement with Collus Solutions Corp. ("Collus Solutions"), dated July 29, 2011, comprised of a revolving line of credit (\$250,000) (the "Agreement") - Request for consent

The Town of Collingwood has entered into a share purchase agreement (the "**Share Purchase Agreement**") with PowerStream Inc. ("**PowerStream**"), dated the 6th day of March, 2012. Pursuant to the Share Purchase Agreement, PowerStream will acquire a 50% interest in Collingwood Utility Services Corp. ("**CUS**"), of which Collus Solutions is a wholly owned subsidiary, upon the closing of the transaction contemplated by the Share Purchase Agreement, the closing date for which has not yet been determined (the "**Transaction**").

As part of the Transaction, Collus Solutions will be declaring and paying a dividend, in a yet to be determined amount, to CUS (the "**Dividend**").

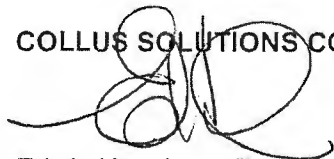
Pursuant to section 4.6, Collus Solutions is required to obtain the consent of CIBC where Collus Solutions disposes of any material part of its property. Further, pursuant to section 4.10, Collus Solutions is required to notify CIBC prior to changing, amalgamating, or engaging in a corporate restructuring. Accordingly, we hereby provide notice of the change of control of Collus Solutions and request your consent to the Transaction and the declaration and payment of the Dividend.

Please acknowledge this notice and confirm your consent to the above by returning a signed copy of this letter to my attention.

Thank you in advance for your prompt attention to this matter and please contact me with any questions or concerns you may have about the information above.

Sincerely,

COLLUS SOLUTIONS CORP.



Edwin Houghton, President and CEO

Acknowledged and consented to on the 14 ^{***} day of June, 2012.

CIBC

By: 

Name: Ken McLeod

Title:

By: 

Name: Joan Zettler

Title: Financial Service Assoc,

Commercial Banking

12207655.2



5575 North Service Road
Suite 300
Burlington, Ontario, L7L 6M1
Tel: (905) 639-3995
Fax: (800) 436-0884

1 800 263-5137
www.rcapleasing.com

April 19, 2012

TO: AIRD & BERLIS LLP

AND TO: THE CORPORATION OF THE TOWN OF COLLINGWOOD

Dear Sir/Madam,

Lease Reference No.: 97685 - 206035
Customer: THE CORPORATION OF THE TOWN OF COLLINGWOOD
File No.: 670065453
Registration No.: 20110520164480772199

Further to your request, our financing statement as described above, perfects a security interest in the following equipment as described under "Description of Equipment on Lease" and is restricted thereto:

Description of Equipment on Lease

(1) CC4483 COLOUR MULTIFUNCTION SYSTEM, (1) CONTEX SD4420 STAND, (1) CONTEX MFP STAND 44" SD SCANNERS, (1) ACER E5800, (1) CONTEX TOUCH SCREEN 17", (1) CANON IMAGEPROGRAT IPF8300S and all proceeds thereof.

As against you, the PPSA registration mentioned above will not be available to perfect any other present or future security interest granted by the above-noted Customer.

This letter may be relied upon by you and your successors and assigns but not by any other party. This letter shall be binding upon any successor or assign of our interests in the above-noted registration and the underlying security.

Respectfully,

A handwritten signature in black ink, appearing to be the initials "M." followed by a flourish.

Customer Service Center



COLLUS Power Corp
 P.O. Box 189, 43 Stewart Road
 Collingwood ON L9Y 3Z5
 Phone: 705-445-1800
 Operations Department Fax: 705-445-2549
 Hydro & Water Department Fax: 705-445-0791
 Finance Department Fax: 705-445-8267
 www.collus.com

Tuesday, July 17, 2012

VIA EMAIL

Sensus Metering Systems Inc.
 8601 Six Forks Road, Suite 300
 Raleigh, North Carolina
 U.S.A. 27615

Attention: Colin Flannery

Dear Mr. Flannery:

Re: Advanced Metering Infrastructure Sale and Services Agreement between Collus Power Corp. ("Collus Power") and Sensus Metering Systems Inc. ("Sensus"), dated 2009 (the "Agreement") – Notice

The Town of Collingwood has entered into a share purchase agreement (the "**Share Purchase Agreement**") with PowerStream Inc. ("**PowerStream**"), dated the 6th day of March, 2012. Pursuant to the Share Purchase Agreement, PowerStream will acquire a 50% interest in Collingwood Utility Services Corp. ("**CUS**"), of which Collus Power is a wholly owned subsidiary, upon the closing of the transaction contemplated by the Share Purchase Agreement, the closing date for which has not yet been determined (the "**Transaction**").

Pursuant to section 24.8(b)(ii) of the Agreement, Collus Power is required to notify Sensus in advance of assigning its rights under the Agreement as part of a merger, amalgamation, arrangement, consolidation, reorganization or share sale of Collus Power. Notwithstanding that Collus Power is not assigning the Agreement, as part of the Transaction, given the reference in Section 24.8(b)(ii) to a "share sale", Collus Power is providing you with advance notice of the Transaction.

In addition, Collus Power confirms that the Transaction does not currently constitute a Scope Change, as defined in Section 11.1(a) of the Agreement, as it does not result in an increase or decrease to the Customer base, nor a change in the LDC's needs or the LDC's service territory, as such terms are defined in the Agreement.

Please confirm your receipt of the above notice of the Transaction by returning a signed copy of this letter to my attention.

Thank you in advance for your prompt attention to this matter and please contact me with any questions or concerns you may have about the information above.

Sincerely,

COLLUS POWER CORP.



Edwin Houghton, President and CEO

Acknowledged and consented to on the 17th ^{***} day of July, 2012.

SENSUS METERING SYSTEMS INC.

By: 
Name: Edwin Houghton
Title:

By: _____
Name:
Title:



COLLUS Power Corp
 P.O. Box 189, 43 Stewart Road
 Collingwood ON L9Y 3Z5
 Phone: 705-445-1800
 Operations Department Fax: 705-445-2549
 Hydro & Water Department Fax: 705-445-0791
 Finance Department Fax: 705-445-8267
 www.collus.com

Tuesday, June 5, 2012

VIA COURIER

Environmental Systems Research Institute Inc.
 380 New York St.
 Redlands, CA
 92373-8100
Attention: Jacquelyn Ricks, Contracts & Legal Services

ESRI Canada Limited
 12 Concord Place, Suite 900
 Toronto, Ontario
 M3C 3R8
Attention: Catherine Kenyon, License Coordinator

Dear Madames:

Re: Small Utility Enterprise License Agreement (Agreement No. 2009 ELA 7885), dated November 25, 2009, between Environmental Systems Research Institute, Inc. ("ESRI"), Collus Power Corp. ("Collus Power"), and ESRI Canada Limited (the "Distributor") (the "Agreement") – Notice

The Town of Collingwood has entered into a share purchase agreement (the "**Share Purchase Agreement**") with PowerStream Inc. ("**PowerStream**"), dated the 6th day of March, 2012. Pursuant to the Share Purchase Agreement, PowerStream will acquire a 50% interest in Collingwood Utility Services Corp. ("**CUS**"), of which Collus Power is a wholly owned subsidiary, upon the closing of the transaction contemplated by the Share Purchase Agreement, the closing date for which has not yet been determined (the "**Transaction**").

Pursuant to section 13.4 of the Agreement, Collus Power is required to notify ESRI and the Distributor of any Ownership Change, as defined in the Agreement. We hereby provide notice in accordance with 13.4 of the Agreement that the Transaction will, indirectly, constitute an Ownership Change under the Agreement.

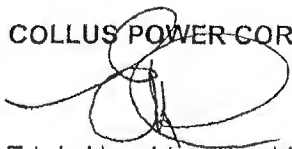
Collus Power hereby confirms, however, that the Transaction does not result in any of the consequences listed in Sections 13.4(a) (does not increase the cumulative meter or customer count), (b) (does not result in a transfer or sale of Collus Power), and (c) (does not require assignment of the Agreement to a successor entity).

Please confirm receipt and acceptance of this notice by returning a signed copy of this letter to my attention.

Thank you in advance for your prompt attention to this matter and please contact me with any questions or concerns you may have about the information above.

Sincerely,

COLLUS POWER CORP.



Edwin Houghton, President and CEO

Acknowledged on the 15th day of June, 2012.

**ENVIRONMENTAL SYSTEMS RESEARCH
INSTITUTE INC.**

By: _____

Name:

Title:

By:  _____

Name:

Chris Johnson

Title:

Manager, Domestic Contracts

ESRI CANADA LIMITED

By:  _____

Name:

Title:

Dan Bulger

Director, Client Support

By: _____

Name:

Title:

12207926.2



Vaughan Commercial Banking Centre
2300 Steeles Avenue West
2nd Floor Suite 200
Vaughan, ON
L4K 5X6

Telephone No.: (905) 660-5915
Fax No.: (905) 660-5942

GAVE COPY
TO DANIEL

Gha

27/02/2012

Powerstream Inc.
161 Cityview Blvd
Vaughan, ON
L4H 0A9

Attention: John Glicksman

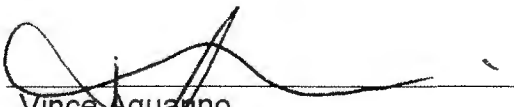
Re: Waiver of Negative Covenant to allow for the 50% purchase of Collus Power

Dear John Glicksman


With reference to the Credit Agreement dated December 17, 2008 and the negative covenant set out therein, please accept this letter as acknowledgement and written consent from the Bank to allow for purchase of a 50% interest in Collus Power by Powerstream Inc, which is expected to be completed by June 2012 for a purchase price of \$8,000,000.

The Bank also agrees that the purchase of Collus Power may be financed by utilizing existing credit facilities provided to Powerstream by the Bank, subject to compliance with ongoing financial covenants.

Please feel free to contact me if you have any questions.



Vince Aguarino
Vice President



Hanif Dharamsi
Manager, Business Development

Schedule A
Promissory Note

See attached.

PROMISSORY NOTE

DATE: October 31, 2000

INTEREST: 5%

AMOUNT: \$1,710,169

DUE: On demand

FOR VALUE RECEIVED

The undersigned Corporation does hereby promise to pay on demand to:

THE CORPORATION OF THE TOWN OF COLLINGWOOD

the sum of One Million, Seven Hundred and Ten Thousand, One Hundred and Sixty-Nine Dollars (\$1,710,169) together with interest at the rate of Five Percent (5 %) per annum accruing from the date of this Promissory Note until paid in full.

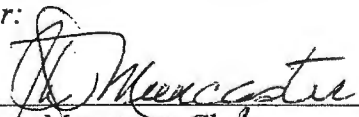
Interest shall be paid quarterly on the principal balance owing from time to time, on the last day of January, May, August and October in each and every year, commencing the last day of January, 2001.

Provided that the principal sum, together with interest thereon, may be prepaid in full or part at any time or times without notice or bonus.

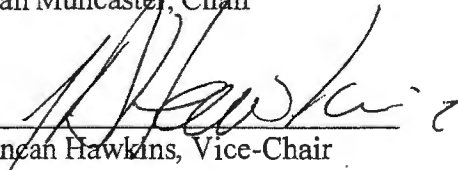
DATED at Collingwood, this 31st day of October, 2000

COLLUS POWER CORP.

per:



Dean Muncaster, Chair



Duncan Hawkins, Vice-Chair

Schedule B

Shareholders' Agreement

See attached.

UNANIMOUS SHAREHOLDERS AGREEMENT

Dated as of the ____ day of _____, 2012

THE CORPORATION OF THE TOWN OF COLLINGWOOD

- and -

POWERSTREAM INC.

- and -

COLLINGWOOD UTILITY SERVICES CORP.

AIRD & BERLIS LLP
Barristers and Solicitors

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UNANIMOUS SHAREHOLDERS AGREEMENT

THIS AGREEMENT made as of the ____ day of _____, 20____,

BETWEEN:

THE CORPORATION OF THE TOWN OF COLLINGWOOD, a corporation duly incorporated under the *Municipal Act* (Ontario) (hereinafter referred to as "**Collingwood**")

- and -

POWERSTREAM INC., a corporation duly incorporated under the *Business Corporations Act* (Ontario) (hereinafter referred to as "**PowerStream**")

- and -

COLLINGWOOD UTILITY SERVICES CORP., a corporation duly incorporated under the *Business Corporations Act* (Ontario) (hereinafter referred to as the "**Corporation**")

RECITALS:

- (a) The Corporation is the owner of all of the issued and outstanding shares in Collus PowerStream Power Corp. ("**Collus**"), Collus PowerStream Solutions Corp. ("**Solutions**") and Collus PowerStream Energy Corp. ("**Energy**");
- (b) On the 25th day of October, 2000, Collingwood issued a shareholder declaration with respect to the shares it held in the Corporation (the "**Shareholder Declaration**"), which Shareholder Declaration was terminated on the ____ day of _____, 20____;
- (c) On or about the date hereof, PowerStream purchased 2,550,820 common shares in the capital of the Corporation pursuant to a share purchase agreement, dated the ____ day of _____, 2012, between Collingwood, the Corporation and PowerStream (the "**Share Purchase Agreement**");
- (d) As of the date hereof, Collingwood and PowerStream are the only Shareholders of the Corporation;
- (e) The authorized capital of the Corporation consists of unlimited common shares, of which 5,101,640 common shares are issued and outstanding;

- (f) At the date hereof all of the issued and outstanding shares of the Corporation are registered and beneficially owned as follows:

<u>Shareholder</u>	<u>Shares</u>
Collingwood	2,550,820 common shares
PowerStream	2,550,820 common shares

- (g) The issued and outstanding shares of Collus, Solutions and Energy are registered and beneficially owned as follows:

<u>Entity</u>	<u>Shareholder</u>	<u>Shares</u>
Collus	the Corporation	5,101,340 common shares
Solutions	the Corporation	100 common shares
Energy	the Corporation	100 common shares

- (h) The operation and management of the Corporation and its Subsidiaries shall be based upon the general objectives and business principles set out in Section 2.1 of this Agreement; and
- (i) It is the intent and understanding of each of the Corporation, Collingwood and PowerStream to transition the corporate governance structure of the Corporation and its Subsidiaries as set out herein.

NOW THEREFORE IN CONSIDERATION OF THE FOREGOING AND OF THE MUTUAL COVENANTS HEREIN CONTAINED, THE PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE 1 INTERPRETATION

- 1.1 Definitions.** Whenever used in this Agreement unless there is something in the subject matter or context inconsistent therewith, the following terms shall have these respective meanings:

“**Adjourned Meeting**” has the meaning set forth in Section 4.9.

“**Affiliate**” means any Person that: (i) Controls a Party; (ii) is Controlled by a Party; or (iii) is Controlled by the same Person that Controls a Party.

“**Agreement**” means this Shareholders Agreement, and includes any agreement which is supplementary to or an amendment or confirmation of this agreement (and which is entered into in accordance with this Agreement) and any schedules hereto or thereto.

“**Applicable Law**” means, collectively, all applicable federal, provincial and municipal laws, statutes, ordinances, decrees, rules, regulations, by-laws, legally enforceable policies, codes, or guidelines, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, directives,

rulings or awards, and conditions of any grant of approval, permission, certification, consent, registration, authority or licence by any statutory body, self-regulatory authority or other Governmental Authority.

“**Arm’s Length**” means the same as the term “arm’s length” as used in the *Income Tax Act* (Canada), as amended from time to time.

“**Articles**” means the articles of incorporation of the Corporation in effect on the date hereof.

“**Board**” means the board of directors of the Corporation, or of a Subsidiary.

“**Business Day**” means any day except Saturday, Sunday or any day which is a statutory holiday in the Province of Ontario.

“**Business Plan**” has the meaning forth in Section 5.2(a).

“**Buy/Sell Notice**” has the meaning set forth in Section 9.1.

“**Chair**” means the director who is appointed chair of the Board from time to time as provided in this Agreement.

“**Collingwood**” has the meaning set forth in the recitals hereto.

“**Collus**” has the meaning set forth in the recitals hereto.

“**Control**” means, with respect to any Person at any time, (i) holding, as owner or other beneficiary, other than solely as the beneficiary of an unrealized security interest, directly or indirectly, securities or ownership interests of that Person carrying votes or ownership interests sufficient to elect or appoint the majority of individuals who are responsible for the supervision or management of that Person, or (ii) the exercise of de facto control of that Person whether direct or indirect and whether through the ownership of securities or ownership interests, by contract or trust or otherwise and “**Controlled by**”, “**Controlling**” and similar words have corresponding meanings.

“**Controlling Shareholder**” means a Person who Controls a Shareholder if that Shareholder is a company or corporation. If a Controlling Shareholder of a Shareholder is itself a company or corporation, “**Controlling Shareholder**” shall mean the Person(s) who ultimately Control such Shareholder.

“**Corporation**” has the meaning set forth in the recitals hereto.

“**Date of Closing**” has the meaning set forth in Section 9.3.

“**Dividend Policy**” has the meaning set forth in Section 5.2(c).

“**Electricity Act**” means the *Electricity Act, 1998* (Ontario), as amended from time to time and any replacement or successor legislation.

“**Energy**” has the meaning set forth in the recitals hereto.

“**Enforcing Shareholder**” has the meaning set forth in Section 9.3.

“**Fair Market Value**” has the meaning set forth in Section 8.4.

“**Former Director**” has the meaning set forth in Section 4.10.

“**Governmental Authority**” means any government or political subdivision (including without limitation, any municipality or federal or provincial ministry) or quasi-governmental or regulatory agency, authority, board, commission, department or instrumentality of any government or political subdivision, or any court or tribunal including the IESO, OEB and OPA.

“**HoldCo**” has the meaning set forth in Section 14.10(a).

“**IESO**” means the Ontario Independent Electricity System Operator and any successor.

“**includes**” means “includes, without limitation” and “**including**” means “including, without limitation”.

“**Information**” has the meaning set forth in Section 11.1.

“**New Date of Closing**” has the meaning set forth in Section 9.3.

“**New Purchase Price**” has the meaning set forth in Section 9.3.

“**Non-Selling Shareholder**” has the meaning set forth in Section 10.5(b).

“**OBCA**” means the *Business Corporations Act* (Ontario), as amended from time to time.

“**OEB**” means the Ontario Energy Board and any successor.

“**OEB Act**” means the *Ontario Energy Board Act, 1998*, as amended from time to time and any replacement or successor or legislation.

“**Offered Shares**” has the meaning set forth in Section 7.1 and 9.3, as applicable.

“**Offeree**” has the meaning set forth in Section 9.1.

“**Offeror**” has the meaning set forth in Section 9.1.

“**OPA**” means the Ontario Power Authority and any successor.

“Ordinary Course of Business” means, for the Corporation or any Subsidiary, the conduct of the business of the Corporation or the applicable Subsidiary in the ordinary and usual course and in a manner consistent with the manner in which the business is carried on as of the date hereof, if applicable, or as may be permitted pursuant to Section 2.3 hereof as to the nature and scope of the business.

“Parties” means the Shareholders and the Corporation and **“Party”** means any one of them.

“Permitted Transferee” has the meaning set forth in Section 6.3(a).

“Person” means any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, Governmental Authority and any other form of entity or organization.

“PowerStream” has the meaning set forth in the recitals hereto.

“Pro Rata” means in the same proportion that the number of Shares owned by a Shareholder is to all of the then issued and outstanding Shares of all classes of the Corporation.

“Prospective Purchaser” has the meaning set forth in Section 7.3.

“Purchase Notice” has the meaning set forth in Section 7.2.

“Purchase Price” has the meaning set forth in Section 7.1(a).

“Purchaser” has the meaning set forth in Schedule A hereto.

“Refusing Shareholder” has the meaning set forth in Section 9.3.

“Right of First Refusal Period” has the meaning set forth in Section 7.2.

“Remaining Shareholders” has the meaning set forth term in Section 7.1(b).

“Sale Notice” has the meaning set forth in Section 7.1(a).

“Second Adjourned Meeting” has the meaning set forth in Section 4.9.

“Selling Shareholder” has the meaning set forth in Section 7.1(a).

“Shareholder” means individually any, and **“Shareholders”** means collectively all, of Collingwood and PowerStream and any Person to whom any Shares are transferred, or issued, in accordance with the terms of this Agreement, at any time subsequent to the date of this Agreement.

“Shareholder Declaration” has the meaning set forth in the recitals hereto.

“**Share Purchase Agreement**” has the meaning set forth in the recitals hereto.

“**Shares**” means any authorized class of shares, voting or non-voting, of the Corporation.

“**Share Purchase Price**” has the meaning set forth in Section 8.3(a).

“**Solutions**” has the meaning set forth in the recitals hereto.

“**Standstill Period**” means the period that is thirty (30) months from the date hereof.

“**Strategic Plan**” has the meaning set forth in Section 2.2(d).

“**Subsidiaries**” means the subsidiary corporations (as defined in the OBCA) of the Corporation and “**Subsidiary**” means any one of such Subsidiaries and includes Collus, Solutions and Energy as at the date hereof.

“**Subsidiary Board**” means the board of directors of each Subsidiary of the Corporation, as elected by the Corporation as sole shareholder, comprised of nominees determined from time to time in accordance with the provisions of this Agreement.

“**Third Adjourned Meeting**” has the meaning set forth in Section 4.9.

“**Time of Closing**” means 10:00 am Toronto time.

“**Transfer Tax**” means the tax payable pursuant to Section 94 of the *Electricity Act, 1998* (Ontario) or any similar tax or replacement or substitution thereof.

“**Valuator**” has the meaning set forth in Schedule A hereto.

“**Vendor**” has the meaning set forth in Schedule A hereto.

“**Vice-Chair**” means the director who is appointed vice-chair of the Board from time to time as provided in this Agreement.

“**Withdrawal Date**” has the meaning set forth in Section 8.4.

“**Withdrawing Shareholder**” has the meaning set forth in Section 8.2.

1.2 Interpretation Not Affected by Headings. The division of this Agreement into articles, sections, subsections, paragraphs, subparagraphs and clauses and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein”, “hereunder” and similar expressions refer to this Agreement and not to any particular article, section, subsection, paragraph, subparagraph or clause or other portion hereof and include any agreement or instrument supplemental or ancillary hereto. Unless something

in the subject matter or context is inconsistent therewith, references herein to articles and sections are to articles and sections of this Agreement.

- 1.3 Number and Gender.** Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa.
- 1.4 Accounting Principles.** Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles. For greater clarity, the International Financial Reporting Standards shall apply for the periods on and after December 31, 2012.
- 1.5 Effect of this Agreement.** To the extent that this Agreement specifies that any matters relating to the Corporation or its Subsidiaries may only be or shall be dealt with or approved by, or shall require action by the Shareholders, the discretion and powers of the directors of the Corporation or a Subsidiary to manage and to supervise the management of the business and affairs of the Corporation or a Subsidiary with respect to such matters are correspondingly restricted. For greater certainty, the Parties agree that Sections 5.1 of this Agreement are intended to operate as a unanimous shareholders agreement with respect to the Corporation and its Subsidiaries, within the provisions of Section 108(2) of the OBCA.
- 1.6 Statutes and Amendments.** Any reference in this Agreement to an agreement, or to a statute, regulation or rule promulgated under a statute or to any provision of an agreement, a statute, regulation or rule shall be a reference to the agreement, statute, regulation, rule or provision, as amended, restated, re-enacted or replaced from time to time.
- 1.7 Schedules.** The following schedule is incorporated herein and forms part of this Agreement:

Schedule A	Valuation Method
Schedule B	Corporation and Subsidiaries Dividend Policy
Schedule C	Charter Documents of Corporation and each Subsidiary

ARTICLE 2
OBJECTIVES, GUIDING PRINCIPLES AND
PERMITTED BUSINESS ACTIVITIES

- 2.1 Guiding Principles and Objectives.** The Parties acknowledge and recognize the following guiding principles and objectives of the Corporation and its Subsidiaries and the intention of the Shareholders that the Corporation and its Subsidiaries be managed on an ongoing basis in a manner consistent with these guiding principles and objectives:
- (a) enhance Shareholder and investor value;

- (b) strengthened voice with the public, regulator and governments;
- (c) enhanced community leadership in energy conservation and environment protection;
- (d) continued high level of safety;
- (e) the Corporation and the Subsidiaries shall each be governed by a board of directors with proportional representation of the Shareholders;
- (f) policies shall be established to maintain and sustain infrastructure through adequate investments consistent with good utility practice;
- (g) service reliability levels in all service areas are to be maintained at or better than the levels which were maintained prior to the date hereof, subject in all cases to good utility practice and the requirements and/or approval of the OEB;
- (h) cost savings shall be obtained through suitable economies of scale;
- (i) customer service levels are to be maintained or improved as allowed by electricity distribution rates consistent with good utility practice and sound commercial principles;
- (j) utilize suitable human resource programs to avoid, if possible, lay offs including deployment, re-training, early retirement, separation incentives and attrition;
- (k) treat all employees in a fair and equitable manner, and develop with its employees a shared commitment towards high customer service, improved productivity and workplace safety, as well as ensuring that all staff understand the Business Plan and direction, and they have the skill required to fulfill their part in achieving those goals;
- (l) mutually seek to grow the Corporation's business both organically and through acquisition or merger;
- (m) provide a continued and substantial presence in the communities that the Corporation services;
- (n) provide continued and enhanced support for the interests of the communities that the Corporation serves;
- (o) with due consideration to the optimization of the rate of return and Shareholder value, be an integral participant and play a significant role in the local communities in which they operate. The Corporation and Subsidiaries will strive to be good corporate citizens and the facilitator of economic development throughout the service area, and not facilitate economic development in any way that would favour one community over another, nor discriminate against any community within the applicable service area; and

- (p) whenever possible and practicable, best utility practices of the industry are to be adopted.

2.2 Financial Policies, Risk Management and Strategic Plan. The Board and any Subsidiary Board shall establish policies to:

- (a) Capital Structure – develop and maintain a prudent financial and capitalization structure consistent with industry norms, OEB requirements applicable to licensed electricity distributors and sound financial principles;
- (b) Returns – have the objective of optimizing its rate of return and Shareholder value. Subject to OEB approval, the maximum rate of return sought by Collus from time to time will be achieved as soon as practical;
- (c) Risk Management – manage all risks related to the business conducted by Collus through the adoption of appropriate risk management strategies and internal controls consistent with industry norms; and
- (d) Strategic Plan – within six (6) months and not less than every three (3) years thereafter, update and revise the current strategic plan of the Corporation (the “**Strategic Plan**”) to reflect business opportunities available, consistent with the *Ontario Energy Board Act* and all other regulatory requirements which builds upon its excellence in electricity distribution.

2.3 Permitted Business Activities. The Corporation and its Subsidiaries may engage in any business activities which are permitted by Applicable Law, including the Electricity Act and OEB Act, applicable to the Corporation and its Subsidiaries from time to time. In so doing, the Corporation and its Subsidiaries shall conform to all requirements of all applicable Governmental Authorities, including the OEB, the IESO and the OPA.

ARTICLE 3
IMPLEMENTATION OF THIS AGREEMENT

3.1 Carrying out of the Agreement.

- (a) The Shareholders shall at all times act and vote their Shares to carry out and cause the Corporation to carry out the provisions of this Agreement.
- (b) The Corporation confirms its knowledge of this Agreement and will carry out and be bound by the provisions of this Agreement to the full extent that it has the capacity and power at law to do so.

3.2 Endorsement on Share Certificates. Share certificates of the Corporation and its Subsidiaries shall bear the following language either as an endorsement or on the face thereof:

“The shares represented by this certificate are subject to all the terms and conditions of an agreement made as of the ___ day of _____, 20___, a copy of which is on file at the registered office of the Corporation.”

ARTICLE 4
DIRECTORS OF THE CORPORATION AND SUBSIDIARIES

4.1 Number and Identity of Directors.

- (a) Each Shareholder shall be entitled to nominate and elect that number of directors to the Board and any Subsidiary Board (rounding up or down to the nearest whole number) which is in the same proportion to the total number of directors of the Corporation as the number of Shares owned by that Shareholder is to the total number of Shares issued and outstanding from time to time.
- (b) The Articles of the Corporation and each Subsidiary shall provide for the Board and each Subsidiary Board to consist of a minimum of 1 director and a maximum of 10 directors.
- (c) The Board and each Subsidiary Board as at the date of this Agreement shall consist of 6 directors. In accordance with Section 4.1(a), Collingwood shall be entitled to nominate 3 directors and PowerStream shall be entitled to nominate 3 directors. The majority of the Directors nominated by each Shareholder shall be independent from such Shareholder. Directors shall hold office until such time as their successors are elected by the Shareholders.

4.2 Election of Directors. The Shareholders shall elect the members of the Corporation and any Subsidiary Board. The Shareholders shall at all times act and vote their Shares to elect as directors of the Corporation or a Subsidiary the individuals nominated as directors, and, if required by a Shareholder, as contemplated in Section 4.6, to remove such director(s).

4.3 Qualification of Directors. The Board and any Subsidiary Board should reflect a cross-section of skills and experience. In addition to sound judgment and personal integrity, the qualifications of candidates for the Board and any Subsidiary Board may include:

- (a) industry knowledge concerning electricity distribution specifically and regulated industries generally;
- (b) business experience with businesses comparable to the Corporation or the Subsidiary, as applicable;
- (c) financial, legal, accounting and/or marketing experience;
- (d) experience on boards of public companies or major corporations;
- (e) awareness of public policy issues related to the Corporation or the Subsidiary, as applicable, and the electricity distribution business generally; and

- (f) knowledge and experience with corporate governance principles and/or risk management strategies.

4.4 **Chair.**

- (a) For two years from the date hereof, the Board shall have two co-Chairs, one nominated by each of the current Shareholders from among the directors. The co-Chairs shall preside at each meeting of the Board. In the absence of the co-Chairs, the chair of the meeting shall be selected by the directors in attendance at such meeting.
- (b) After the period contemplated by paragraph (a), and each year thereafter, the Board will have a Chair and a Vice-Chair, each representing one of the Shareholders and appointed by such Shareholder from the directors, with the right to appoint the Chair and Vice-Chair alternating between the Shareholders every second year.

4.5 **Term of Directors.**

- (a) Directors of a Board shall each be appointed for a term of three (3) years as provided in the by-laws of Corporation or the applicable Subsidiary.
- (b) A director may be appointed for successive terms at the discretion of the Shareholder appointing such director.

4.6 **Removal of Directors.** Subject to the provisions of the OBCA, each Shareholder shall be entitled in its discretion to cause any of the directors nominated by it to any Board to be removed and to nominate and have an individual elected a successor or successors, as required, by providing a direction in writing to the Corporation or the applicable Subsidiary and to the other Shareholders who shall elect such replacement director or directors. Upon the resignation or removal of a director from a Board, the Shareholder that nominated such director shall use reasonable efforts to obtain and deliver to the Corporation or the applicable Subsidiary a resignation and a release from such director in a form satisfactory to the Corporation or the applicable Subsidiary.

4.7 **Voting.** All matters to be determined by a Board shall be determined by a majority vote of directors at a duly convened meeting of that Board and, in case of an equality of votes, the chairperson of the meeting shall not be entitled to a second or casting vote.

4.8 **Meeting of Directors.**

- (a) The Board shall meet at least once each financial quarter at a time and place to be determined by the Chair. Additional meetings of the Board may be called by the Chair or any other director by notice in writing to every other director of the time, place and purpose of the meeting of the Board and the matters to be considered.
- (b) All meetings of the Board shall, unless held by telephone or video conference, be held within the Province of Ontario.

- (c) Any one or more of the directors may participate in a meeting of the Board by any telephonic or video device which permits all participants in the meeting to communicate with each other simultaneously and instantaneously, and such participation shall be deemed to constitute attendance at the meeting of the Board for the purpose of this Section 4.8. The Chair may determine that any meeting of the Board may be held by telephone or video conference.
- (d) At least seven (7) Business Days prior to each meeting, each director shall be notified in writing of the time, place and purpose of the meeting of the Board and the matters to be considered.
- (e) A director may waive notice of any meeting of the Board by an instrument in writing delivered to the Secretary of the Corporation or the applicable Subsidiary.
- (f) Notwithstanding Section 4.7, in lieu of a meeting of the directors, the consent of the directors with respect to any matter may be evidenced by a resolution in writing (which may be in counterparts) signed by all of the directors.

4.9 Quorum – Meetings of Directors of the Corporation and Subsidiaries.

- (a) A quorum for a meeting of the Board of the Corporation or applicable Subsidiary, as the case may be, shall consist of a majority of the total number of elected directors (rounded up to the next whole number) provided that, so long as Collingwood and PowerStream are the only Shareholders of the Corporation, at least one (1) director who is a nominee of Collingwood, and at least one (1) director who is a nominee of PowerStream must be present at all meetings of the Board of the Corporation or any Subsidiary, as the case may be.
- (b) If a quorum of directors is not present within thirty (30) minutes after the time appointed for a meeting of a Board of the Corporation or applicable Subsidiary, such meeting shall be adjourned to a date not less than five (5) and not more than fifteen (15) Business Days subsequent to the date originally set for the meeting, as the directors present at the meeting may determine.
- (c) At least two (2) Business Days prior written notice shall be provided to all of the directors of the date for the meeting of a Board of the Corporation or applicable Subsidiary, as the case may be, adjourned pursuant to Section 4.9(b) (the “**Adjourned Meeting**”).
- (d) If a quorum is not present at such adjourned meeting, the Secretary of the Corporation or of the applicable Subsidiary, as the case may be, shall forthwith call a further adjourned meeting (the “**Second Adjourned Meeting**”) of the Board, to be held not later than five (5) Business Days after the previously Adjourned Meeting was to be held and shall provide at least two (2) Business Days prior written notice thereof to the Shareholders. The Shareholders may:
 - (i) cause their respective nominee directors to attend, (or may remove their nominee directors and nominate directors to be elected as replacement

directors in accordance with Section 4.6 and may cause such replacement directors to attend) the Second Adjourned Meeting; or

- (ii) waive their right to have their nominee director or replacement director attend the Second Adjourned Meeting, however for greater certainty, the Second Adjourned Meeting may not proceed if the quorum requirements set forth in Section 4.9(a) are not met.
- (e) If a quorum is not present at the Second Adjourned Meeting, the Secretary of the Corporation or of the applicable Subsidiary, as the case may be, shall forthwith call a further adjourned meeting (the “**Third Adjourned Meeting**”) of the Board, to be held not later than five (5) Business Days after the Second Adjourned Meeting was to be held and shall provide at least two (2) Business Days prior written notice thereof to the Shareholders. The Shareholders may:
- (i) cause their respective nominee directors to attend, (or may remove their nominee directors and nominate directors to be elected as replacement directors in accordance with Section 4.6 and may cause such replacement directors to attend), the Third Adjourned Meeting; or
 - (ii) failing such attendance pursuant to Section 4.9(e)(i), the Third Adjourned Meeting shall be validly constituted if nominee directors or replacement directors of at least two Shareholders are present at the Third Adjourned Meeting, notwithstanding the quorum requirements set forth in Section 4.9(a).

4.10 Vacancies. In the event of any vacancy occurring on a Board by reason of the death, disqualification, inability to act or resignation of any director (the “**Former Director**”), the Shareholder entitled to nominate the Former Director shall nominate another individual to replace the Former Director in order to fill such vacancy as soon as reasonably possible, and the Shareholders shall vote their Shares to elect such nominee accordingly.

4.11 Insurance. The Corporation or applicable Subsidiary shall acquire and maintain insurance coverage for the directors and officers of the Corporation as the Board may determine from time to time. In the event that such insurance coverage ceases to be available to the directors for any reason, each Shareholder shall be responsible for insuring its own nominees.

4.12 Auditor. _____ shall be appointed as the initial auditor of the Corporation and shall hold office until such time as the Shareholders select a replacement.

4.13 Corporate Governance Matters. The Board shall supervise the management of the business and affairs of the Corporation or applicable Subsidiary and, in so doing, shall act honestly and in good faith with a view to the best interests of the Corporation or Subsidiary and each director shall exercise the same degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

4.14 Board Committees. The Board and each Subsidiary Board may establish committees at its discretion. The Shareholders anticipate that the Board will establish at least the following committees:

- (a) Audit and Finance Committee to review financial results and establish risk management policies; and
- (b) Human Resources and Governance Committee to determine and review human resources policies and corporate governance matters including senior management compensation.

ARTICLE 5
APPROVAL OF CERTAIN CORPORATE ACTIONS

5.1 Shareholder Approval.

No action shall be taken by the Corporation or any Subsidiary with respect to any of the matters set out below unless first approved by all the Shareholders:

- (a) to acquire by way of purchase of, or merger or amalgamation with, any one or more electricity distribution businesses;
- (b) in any financial year, enter into one or more transactions which individually or in the aggregate result in the disposition, lease or sale of any part of the business of the Corporation or a Subsidiary outside of the Ordinary Course of Business;
- (c) entering into any partnership, joint venture or other business venture that would involve the expenditure or investments of funds by the Corporation or any Subsidiary outside of the Ordinary Course of Business or that would change the status of the Corporation or any subsidiary for taxation purposes, under the Electricity Act or the *Income Tax Act* (Canada), *Corporations Tax Act* (Ontario) or other Applicable Law;
- (d) any change in the nature of the business of the Corporation or any Subsidiary, that would involve directly or indirectly any business activity that is not specifically authorized by the OEB Act or other Applicable Law;
- (e) the borrowing of funds outside of the Ordinary Course of Business;
- (f) any one or more expenditures by the Corporation or the Subsidiary outside of the Ordinary Course of Business exceeding the amount of \$500,000.00 in aggregate in any financial year of the Corporation or applicable Subsidiary;
- (g) any sale, transfer or other disposition by the Corporation of any of the shares of any Subsidiary, other than for the purposes of an internal reorganization of the Corporation or Subsidiary in which the proportionate interests of the Shareholders are maintained;

- (h) make, amend or repeal any by-law of the Corporation or any Subsidiary;
- (i) changing or removing any restriction on the business of the Corporation or any Subsidiary;
- (j) creating new classes of shares of the Corporation or any Subsidiary other than for the purposes of an internal reorganization of the Corporation or Subsidiary in which the proportionate interests of the Shareholders are maintained, or in any other manner to amend the Articles to reduce the number of directors;
- (k) the institution of proceedings for any winding up, arrangement or dissolution of the Corporation or any Subsidiary;
- (l) an application to continue the Corporation or any Subsidiary as a corporation under the laws of another jurisdiction;
- (m) issue, or enter into any agreement to issue, any shares of any class, or any securities convertible into any shares of any class of the Corporation or any Subsidiary, including in connection with any transaction pursuant to subsections 5.1(a) and 5.1(c), other than for the purposes of an internal reorganization of the Corporation or Subsidiary in which the proportionate interests of the Shareholders are maintained;
- (n) redeem or purchase any outstanding Shares of the Corporation or any Subsidiary;
- (o) any change in the Dividend Policy of the Corporation approved by the Shareholders pursuant to Section 5.2(c) of this Agreement; and
- (p) any sale, transfer or other disposition by the Corporation of any of the shares of any Subsidiary, other than for the purposes of an internal reorganization of the Corporation in which the proportionate interests of the Shareholders are maintained.

5.2 Business Plan and Dividend Policy.

- (a) Within 90 days from the date of this Agreement, the Shareholders shall use their in best good faith efforts to have approved the business plan for the Corporation (the “**Business Plan**”) which is a one year business plan and includes capitalization and financing policies for the Corporation.
- (b) The Corporation shall, in each financial year, present an updated business plan for the Corporation, approved by the Board, to the Shareholders for informational purposes.
- (c) As at the date of this Agreement, the Shareholders have approved a policy (a copy of which is attached as Schedule B to this Agreement) (the “**Dividend Policy**”) concerning the declaration and payment of dividends by the Corporation on its issued and outstanding Shares from time to time.

ARTICLE 6
RESTRICTIONS ON SHARE TRANSFERS

- 6.1 **Standstill Period - Restricted Sales of Shares.** No Shareholder may sell all or any portion of its Shares without the prior written consent of all of the other Shareholders during the Standstill Period. After the Standstill Period has expired, a Shareholder may only sell, transfer, assign or otherwise dispose of the whole or any part of its Shares in accordance with this Agreement.
- 6.2 **Agreement Binding on Transferees.** No Shares of the Corporation or any Subsidiary shall be effectively issued, sold, assigned, transferred, disposed of, or conveyed by a Shareholder to any Person except in accordance with this Agreement and until the proposed transferee or purchaser executes and delivers to the Parties hereto an agreement to the same effect as this Agreement and any further agreement with respect to the Corporation or Subsidiary to which the Shareholders are then, or are then required to be, a party. Upon the proposed transferee or purchaser so doing, such agreements shall enure to the benefit of and be binding upon all of the Parties to them as if all had executed and delivered the same agreements at the same time.
- 6.3 **Permitted Transferees.**
- (a) Subject to the restrictions on transfer or sale in Section 10.5 hereof, a Shareholder may, without the consent of the other Shareholders, transfer any or all of the Shares owned by it to any Person (hereinafter in this Section 6.3 referred to as a “**Permitted Transferee**”) provided that the Permitted Transferee is wholly-owned by such Shareholder or, if such Shareholder is a corporation, the Permitted Transferee is wholly-owned by the Controlling Shareholder of such Shareholder and provided that prior to any such transfer:
- (i) the Permitted Transferee shall undertake in writing, by signing a counterpart of this Agreement, to be bound by the terms and conditions of this Agreement; and
- (ii) the Controlling Shareholder of such Permitted Transferee represents, warrants, and undertakes in writing that it shall wholly own such Permitted Transferee for as long as such Permitted Transferee holds Shares of the Corporation.
- (b) In the event that the transferee of the Shares ceases to be a Permitted Transferee for the purposes of this Section 6.3 then the Shares shall be promptly transferred back to the Shareholder.

ARTICLE 7
RIGHT OF FIRST REFUSAL

- 7.1 **First Right of Refusal.**

- (a) Any Shareholder (hereinafter in this Article 7 referred to as the “**Selling Shareholder**”) who desires to transfer or sell all or any portion of its Shares (hereinafter in this Article 7 referred to as the “**Offered Shares**”) after the Standstill Period other than to a Permitted Transferee, shall give notice of such proposed sale (hereinafter in this Article 7 referred to as the “**Sale Notice**”) to the Corporation and to the other Shareholders and shall set out in the Sale Notice the terms upon which and the price at which it desires to sell the Offered Shares (such price being hereinafter in this Article 7 referred to as the “**Purchase Price**”). A Shareholder selling Shares under this Section 7.1 must sell all, and not less than all, of its Offered Shares, unless the other Shareholders otherwise agree.
- (b) Upon the Notice being given, the other Shareholders (hereinafter in this Article 7 referred to as the “**Remaining Shareholders**”) shall have the right to purchase all, but not less than all, of the Offered Shares for the Purchase Price on a Pro Rata basis.

7.2 Exercise of Right of First Refusal. The Remaining Shareholders shall have the option, exercisable by giving written notice of the exercise of such option (hereinafter in this Article 7 referred to as the “**Purchase Notice**”) to the Selling Shareholder and the Corporation within thirty (30) days (hereinafter in this Article 7 referred to as the “**Right of First Refusal Period**”) subsequent to the date of deemed receipt, pursuant to Section 12.1 hereof, by the Remaining Shareholders of the Sale Notice, to purchase all but not less than all of the Offered Shares, on a Pro Rata basis, determined on the basis of the ratio of the number of Shares owned by each Remaining Shareholder to the number of Shares owned by all Remaining Shareholders at the Purchase Price and the terms set forth in the Sale Notice. If all the Offered Shares have not been purchased by the Remaining Shareholders then the remaining Offered Shares shall be offered to those Remaining Shareholders which have purchased Offered Shares on a Pro Rata basis until all of the Offered Shares have been purchased. The closing of the sale of the Offered Shares shall occur on the first Business Day following the expiry of the sixty (60) day period following the date of deemed receipt, pursuant to Section 12.1 hereof, by the Remaining Shareholders and the Corporation of the Purchase Notice or, if the completion of such sale requires the prior approval of or notice to a third Person or Governmental Authority under Applicable Law or any instrument or agreement, within thirty (30) days after receipt of such approval or required period of notice or on such later date as may be agreed by the Parties.

7.3 Sale of Shares. In the event that the Remaining Shareholders do not exercise their right of first refusal pursuant to Section 7.2, the rights of the Remaining Shareholders, subject as hereinafter provided, to purchase the Offered Shares shall forthwith terminate and the Selling Shareholder, subject to the restrictions on transfer or sale specified in Section 10.5 hereof, may sell the Offered Shares to any Person (the “**Prospective Purchaser**”) within ninety (90) days after the termination of the Right of First Refusal Period, for a price not less than the Purchase Price and on other terms no more favourable to the Prospective Purchaser than those set forth in the Sale Notice, provided that the Prospective Purchaser agrees prior to such transaction to be bound by this Agreement and to become a party hereto in place of the Selling Shareholder with respect to the Offered

Shares. If the Offered Shares are not sold within such ninety (90) day period, or, if the completion of such sale requires the prior approval of or notice to a third Person or Governmental Authority under Applicable Law or any instrument or agreement, within thirty (30) days after receipt of such approval or any required period of notice, on such terms, the rights of the Remaining Shareholders pursuant to Sections 7.1 and 7.2 shall again take effect and so on from time to time.

- 7.4 **Moratorium on Sales While Purchase Offer Outstanding.** Once a Shareholder gives a Sale Notice pursuant to Section 7.1 hereof, no other Shareholder shall be entitled to give a Sale Notice with respect to Shares until such time as the Offered Shares are either sold to the Remaining Shareholders, or a Prospective Purchaser, as the case may be, in accordance with the terms of this Article 7 or the sale of such Shares to the Prospective Purchaser does not occur within the time limits prescribed in Section 7.3. No Shareholder may proceed with any sale of any of the Shares owned by it without complying with the relevant provisions of this Agreement.

ARTICLE 8

PURCHASE OF SHARES ON DEEMED WITHDRAWAL

8.1 Deemed Withdrawal from the Corporation.

- (a) Subject to Section 8.1(b), for the purposes of this Article 8, a Shareholder shall be deemed to withdraw from the Corporation on that date when such Shareholder,
- (i) or its Controlling Shareholder: (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar Applicable Law for the protection of creditors, including, the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors Arrangement Act* (Canada), the *Municipal Affairs Act* (Ontario) or other statute applicable to insolvent municipalities or has such petition filed against it and such petition is not withdrawn or dismissed for sixty (60) days after such filing; (ii) otherwise becomes bankrupt or insolvent (however evidenced); or (iii) is unable to pay its debts as they fall due;
 - (ii) fails, refuses or neglects to conform to any of the material terms and conditions of this Agreement, and fails to remedy any such material default within thirty (30) days of the deemed receipt, pursuant to Section 12.1 hereof, of a written notice from any other Shareholder giving details of such material default; or
 - (iii) has all or any portion of its Shares of the Corporation realized upon by an encumbrancer.
- (b) The Shareholders may unanimously agree to waive the provisions of this Article 8 with respect to any Shareholder that would otherwise have been deemed to withdraw from the Corporation pursuant to Section 8.1(a).

8.2 Purchase of Shares on a Shareholder's Withdrawal from the Corporation. In the event that a Shareholder is deemed to have withdrawn from the Corporation pursuant to the provisions of Section 8.1(a) hereof and the Shareholders have not agreed to waive the application of this Article 8 in accordance with Section 8.1(b), the Corporation irrevocably agrees to purchase, on the expiry of the one hundred and fifty (150) day period following the occurrence of such event, all and not less than all of the Shares of the Shareholder which is deemed to have withdrawn from the Corporation (hereinafter in this Section 8.2 referred to as the "**Withdrawing Shareholder**") at the Share Purchase Price. The closing of the sale of the Shares of the Withdrawing Shareholder to the Corporation shall take place at the offices of the Corporation at the address designated in Section 12.1 hereof at 10:00 in the morning (Toronto time) on the first Business Day following the expiry of the aforesaid one hundred and fifty (150) day period. The Share Purchase Price, determined pursuant to Section 8.4 hereof, shall be paid at such closing in Canadian dollars. In the event that the Corporation is not, at the time of such purchase of Shares, capable of fulfilling its obligations to pay for such Shares, either because it cannot do so in compliance with the OBCA, or other Applicable Law to the same effect, the sale of such Shares to the Corporation shall be completed with the balance of the Share Purchase Price for such Shares to be paid by the Corporation as soon as it is lawfully able to do so.

8.3 Sale of Shares on Deemed Withdrawal from the Corporation.

- (a) Upon a Shareholder being deemed to have withdrawn from the Corporation pursuant to the provisions of Section 8.1(a) hereof, such Shareholder hereby irrevocably offers to sell all of its Shares to the Corporation at a price per Share (hereinafter in this Article 8 the "**Share Purchase Price**") determined in the manner provided in Section 8.4 hereof and Schedule A hereto.
- (b) In all of the circumstances provided in Section 8.1(a), the remaining Shareholders shall have the right to require that the Corporation assign to them the right or obligation of the Corporation to purchase any or all of the Shares of a Shareholder deemed to have withdrawn from the Corporation as aforesaid and, pursuant to such assignment, the remaining Shareholders shall have the right to purchase such Shares, provided that in the opinion of tax counsel to the Corporation, the Withdrawing Shareholder will suffer no significant prejudice from an income tax perspective as a result of such Shares being purchased by the remaining Shareholders rather than by the Corporation.
- (c) In the event that the remaining Shareholders purchase such Shares, they shall be entitled to purchase them on a Pro Rata basis in proportion to their respective holdings of Shares or in any other proportion as they may choose, and the provisions of Section 8.2 of this Agreement shall apply *mutatis mutandis* provided however, that no Shareholder shall be obliged to purchase any such Shares.

8.4 Share Purchase Price Determination. The Share Purchase Price for the purposes of this Article 8 shall mean the fair market value (the "**Fair Market Value**") of each Share as at the financial year end of the Corporation immediately preceding the date

(hereinafter in this Article 8 (the “**Withdrawal Date**”) on which a Shareholder is deemed to withdraw from the Corporation as provided in Section 8.1(a). Such Share Purchase Price shall be determined in the manner provided in Schedule A hereto within the one hundred and twenty (120) days immediately following the Withdrawal Date. Fair Market Value per share shall be calculated on a pro-rata basis using “en bloc” Fair Market Value, without any premium or discount.

- 8.5 Cancellation of Shares.** Upon the acquisition of any Shares by the Corporation pursuant to this Article 8 of this Agreement, such Shares shall be cancelled and shall not be reissued.

ARTICLE 9 **BUY-SELL PROVISIONS**

9.1 Buy/Sell Notice.

- (a) Subject to paragraph (b), either of the Shareholders (the “**Offeror**”) shall be entitled to give notice (the “**Buy/Sell Notice**”) to the other Shareholder (the “**Offeree**”), which Buy/Sell Notice shall be signed by the Offeror and shall contain the following:
- (i) the price at which the Offeror will purchase or sell each Share;
 - (ii) an unconditional offer, irrevocable without the written consent of the Offeree, to purchase all of common shares beneficially owned by the Offeree at the said prices and upon and subject to the terms set forth in the Buy/Sell Notice; and
 - (iii) an unconditional offer, irrevocable without the written consent of the Offeree, to sell all of the Shares beneficially owned by the Offeror at the said prices and upon and subject to the terms set forth in the Buy/Sell Notice.
- (b) No Shareholder is entitled to exercise the rights provided for in paragraph (a) until the expiry of the Standstill Period.

- 9.2 Acceptance.** The Offeree shall be entitled to accept either of the offers contained in the Buy/Sell Notice by notice in writing delivered to the Offeror within 20 days of receipt by the Offeree of the Buy/Sell Notice.

- 9.3 Purchase and Sale.** If the Offeree accepts the offer referred to in Subsection 9.1(a)(ii), the Offeree shall sell to the Offeror and the Offeror shall purchase from the Offeree all of the Shares beneficially owned by the Offeror (the “**Offered Shares**”) at the prices and, subject to the provisions of this Agreement, upon the terms set forth in the Buy/Sell Notice. If the Offeree accepts the offer referred to in Subsection 9.1(a)(iii), the Offeree shall purchase from the Offeror and the Offeror shall sell to the Offeree all of the shares of the Corporation beneficially owned by the Offeror at the prices and, subject to the provisions of this agreement, upon the terms set forth in the Buy/Sell Notice. If the

Offeree does not accept either of the said offers within the said 20 day period, the Offeree shall be deemed to have accepted the offer referred to in Subsection 9.1(a)(ii), on the last day of the said 20 day period and the Offeree shall sell to the Offeror and the Offeror shall purchase from the Offeree all of the Offered Shares beneficially owned by the Offeree at the prices set forth in the Buy/Sell Notice. Notwithstanding anything in the Buy/Sell Notice to the contrary, the aggregate purchase price for the Offered Shares shall be paid in full at the Time of Closing. The closing of a transaction of purchase and sale contemplated in this Article shall take place at the on the date (the “**Date of Closing**”) which is 15 days following the acceptance by the Offeree of one of the offers contained in the Buy/Sell Notice. If, at the Time of Closing, a Shareholder (the “**Refusing Shareholder**”) neglects or refuses to complete the transaction of purchase and sale herein contemplated, the other Shareholder (the “**Enforcing Shareholder**”) shall have the right, without prejudice to any other rights which the Enforcing Shareholder may have, to give to the Refusing Shareholder, within five days of the Date of Closing, a notice that the Enforcing Shareholder intends to purchase from the Refusing Shareholder all of the Shares beneficially owned by the Refusing Shareholder at a purchase price for each share equal to 90% of the price for shares set forth in the Buy/Sell Notice (the “**New Purchase Price**”). The resulting transaction of purchase and sale shall take place on the date (the “**New Date of Closing**”) which is 15 days following the receipt or deemed receipt of the aforesaid notice. On the New Date of Closing, the Refusing Shareholder shall sell all of the Shares beneficially owned by it to the Enforcing Shareholder who shall purchase the same for the New Purchase Price, which shall be payable in accordance with the terms contained in this Article for the payment of the purchase price of the Offered Shares.

ARTICLE 10
PROVISIONS APPLICABLE TO SALES OF SHARES

- 10.1 Application to All Sales.** Except as, or in addition to what, may otherwise be provided in this Agreement, this Article 10 shall apply to any sale of Shares effected pursuant to the provisions of this Agreement.
- 10.2 Closing.** The closing of all sales of Shares effected pursuant to this Agreement shall take place at the offices of the Corporation at the address designated in Section 12.1 hereof, at the Time of Closing on the date stipulated, either pursuant to the provisions hereof or pursuant to any agreement executed in connection with any such sale, as the date on which such closing is to occur.
- 10.3 Cancellation of Share Certificates.** The President of the Corporation, or such other officer as may be designated by resolution of the directors of the Corporation shall attend all closings of any such sale of Shares and shall deliver to the Corporation for cancellation share certificates evidencing Shares which are to be sold and shall take custody of new share certificates, if any, issued in replacement of such cancelled share certificates so that at all times the Corporation shall have custody of share certificates representing all of the Shares.
- 10.4 Resignation of Seller’s Nominees.** At the closing of any sale of Shares, the Shareholder selling its Shares shall cause to be delivered to the Corporation signed resignations of its

nominees as directors of the Corporation and any Subsidiary, and shall assign and transfer to the purchaser of such Shares, all of its right, title and interest in such Shares.

10.5 Transfer Taxes and Other Tax Impacts of a Proposed Sale.

- (a) A Shareholder selling Shares to any Person agrees that, if permitted by the Electricity Act and any other Applicable Law to claim any credit against transfer tax payable by it pursuant to Subsection 94(1) of the Electricity Act, such Shareholder will claim only such proportion of the credits available in respect of any taxation year of the Corporation pursuant to Subsection 94(4) that is pro rata to: (i) the number of Shares it holds at such time in the Corporation to all outstanding Shares of the Corporation; and (ii) the number of days in such taxation year in which it holds such Shares.
- (b) In the event that any proposed sale or transfer of Shares would result or results in tax or an amount in respect of payments in lieu of tax being exigible from the Corporation or any Shareholder other than the Shareholder selling its Shares (the “**Non-Selling Shareholder(s)**”), whether transfer tax, income tax, capital tax or other tax (and including any taxes or related expenses resulting from the Corporation no longer being tax exempt pursuant to Section 149(1)(d.6) of the *Income Tax Act* (Canada)), all such tax and expenses shall be an expense to the selling Shareholder which shall indemnify the Corporation with respect thereto, and notwithstanding any other provision of this Agreement to the contrary, the proposed sale or transfer shall not be completed unless all such tax and expenses of the Corporation or any Non-Selling Shareholder are first paid in full by the Shareholder which wishes to sell its Shares.
- (c) A Shareholder selling Shares to any Person shall, as required by the Electricity Act or any other Applicable Law, pay all transfer taxes payable under the Electricity Act in respect of such sale such that the sale shall not be void.

10.6 Additional Provisions: Loans, Guarantees. In conjunction with any sale of all Shares:

- (a) if the Shareholder selling all of its Shares is indebted to the Corporation, the Corporation may, at its option, require such Shareholder to repay in full all indebtedness which it owes to the Corporation on or before the closing of such sale of Shares;
- (b) if the Corporation is indebted to the Shareholder selling all of its Shares, the Shareholder selling Shares may, at its option, require the Corporation to repay in full all indebtedness which it owes to such Shareholder on or before the closing of such sale of Shares; and
- (c) if the Shareholder selling all of its Shares has provided a guarantee, letter of credit, security or other financial assistance to the Corporation, the Corporation shall use its commercially reasonable efforts to replace or release such guarantee, letter of credit, security or other financial assistance within ninety (90) days after the closing of such sale of Shares.

- 10.7 **Priority of Liquidity Provisions.** In the event that any initiating notice has been delivered by any Party pursuant to Article 7, Article 8 or Article 9 of this Agreement, then no additional notice may be given by a Party under any such other Articles of this Agreement until such time as the process and procedures commenced by the first initiating notice have been completed in accordance with this Agreement.

ARTICLE 11
CONFIDENTIALITY

- 11.1 **Confidential Information.** The Shareholders hereby acknowledge that they have had and will have access to confidential information and trade secrets concerning the business of the Corporation and the Corporation's Affiliates, if any, and their customers and suppliers (hereinafter in this Article 11 referred to as the "**Information**") and they each undertake and agree that they shall not, and their Controlling Shareholder shall not, directly or indirectly, use, disclose or divulge to any Person or other entity any of the Information otherwise than in the ordinary course of business of the Corporation, and its Affiliates and as may be required by Applicable Law or order of any Governmental Authority.
- 11.2 **Survival of Obligations.** The obligations and covenants in this Article 11 shall survive the termination of this Agreement.

ARTICLE 12
NOTICES

- 12.1 **Notices.** Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be given by facsimile or other means of electronic communication or by hand-delivery as provided below. Any such notice or other communication, if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the Business Day following the sending, or if delivered by hand, shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this Section 12.1. Notices and other communications shall be addressed as follows:

- (a) in the case of Collingwood:

P.O. Box 189
43 Stewart Road
Collingwood, ON L9Y 3Z5

Attention: Clerk
Fax No.: (705) 445-2448

- (b) in the case of PowerStream:

161 Cityview Boulevard

Vaughan, ON L4H 0A9

Attention: Dennis Nolan, Executive Vice-President, Corporate Services
and Secretary

Fax No.: (905) 532-4616

(c) in the case of Corporation and the Subsidiaries:

c/o the Corporation
P.O. Box 189
43 Stewart Road
Collingwood, ON L9Y 3Z5

Attention: Ed Houghton
Fax No.: (705) 445-2549

With a copy to:

PowerStream
161 City View Boulevard
Vaughan, ON L4H 0A9

Attention: Dennis Nolan, Executive Vice-President, Corporate Services
and Secretary

Fax No.: (905) 532-4616

Notwithstanding the foregoing, any notice or other communication required or permitted to be given by any party pursuant to or in connection with any arbitration procedures contained in this Agreement or in any Schedule to this Agreement may only be delivered by hand.

ARTICLE 13 DISPUTE RESOLUTION

- 13.1 Disputes.** Each Shareholder shall appoint one or more representatives who shall be responsible for administering this Agreement on its behalf and for representing its respective interests in disputes relating to this Agreement. Any dispute between Shareholders relating to this Agreement that is not resolved between such representatives within ten (10) Business Days of a date that a Party notifies the other Party of such dispute shall be referred by the Parties' representatives in writing to the senior management of each Shareholder for resolution. Such senior management shall use good faith efforts to resolve the dispute for a period of up to ten (10) Business Days.
- 13.2 Arbitration.** If agreed to by all parties to a dispute that is not resolved by the procedure set forth in Section 13.1 above, such dispute may be referred to and resolved by arbitration by a single arbitrator in accordance with the provisions of the *Arbitration Act, 1991* (Ontario), subject to the following modifications and additions:

- (a) The arbitration shall take place in the Province of Ontario, and shall be conducted in English;
- (b) The arbitration shall be conducted by a single arbitrator having no financial, business or personal interest in the outcome of the arbitration. The arbitrator shall be appointed jointly by agreement of the parties to such dispute. In the event the parties to such dispute are unable to agree on the appointment of the arbitrator within ten (10) days after notice of a demand for arbitration is given by a party and agreed to by the other parties to such dispute, then the arbitrator shall be selected pursuant to the provisions of the *Arbitration Act, 1991* (Ontario).
- (c) The arbitrator shall have the authority to award any remedy or relief that a court could order or grant in accordance with this Agreement including, without limitation, specific performance of any obligation, the issuance of an interim, interlocutory or permanent injunction, or the imposition of sanctions for abuse or frustration of the arbitration process.
- (d) The arbitral award shall be in writing, stating the reasons for the award and be final and binding on the parties to such dispute with no rights of appeal.

ARTICLE 14
MISCELLANEOUS

- 14.1 Termination.** This Agreement shall terminate upon (a) the written agreement of all the Parties hereto to this effect, (b) the bankruptcy, receivership, or dissolution of the Corporation, or (c) the ownership of all the Shares of the Corporation, excluding any Subsidiary, by one Shareholder.
- 14.2 Successors and Assigns.** This Agreement shall be binding upon, and enure to the benefit of, the Parties hereto and their respective successors and permitted assigns.
- 14.3 Assignment.** Except as specifically provided in this Agreement, none of the Parties hereto may assign its rights or obligations under this Agreement without the prior written consent of all of the other Parties hereto.
- 14.4 Time is of the Essence.** Time shall be the essence of this Agreement in all respects.
- 14.5 Further Assurances.** Each Party hereto shall promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and matters in connection with this Agreement that the other Parties may reasonably require, for the purposes of giving effect to this Agreement.
- 14.6 Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or telecopied form and the Parties shall accept any signatures received by a receiving telecopy machine as original signatures of the Parties; provided, however, that

any Party providing its signature in such manner shall promptly forward to the other Parties an original of the signed copy of this Agreement which was so telecopied.

14.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable herein.

14.8 Amendments and Waivers.

- (a) No amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by all of the Parties hereto.
- (b) No waiver of any breach of any provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

14.9 Severability. If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.

14.10 Collingwood HoldCo. Notwithstanding any other provision of this Agreement, Collingwood shall have the right in its sole and absolute discretion without the consent of PowerStream, following written notice to PowerStream:

- (a) to assign this Agreement and all benefits and obligations hereunder to its wholly-owned subsidiary (the "**HoldCo**"), which shall assume the obligations and liabilities of Collingwood under this Agreement and be novated into this Agreement in the place and stead of Collingwood (except as expressly provided in this Section 14.10), and this Agreement shall thereafter apply to HoldCo *mutatis mutandis*; and

- (b) to transfer to HoldCo all of its shares in the capital of the Corporation;

provided that:

- (c) the assignment described in (a) above may not take place unless and until the transfer described in (b) above; and
- (d) HoldCo agrees in writing with Collingwood and PowerStream to assume and be bound by the terms and conditions of this Agreement.

The transfer described in (b) above shall be deemed not to be a transfer of or sale of Shares pursuant to Article 6 or Article 7 of this Agreement nor shall it give rise to any rights of PowerStream thereunder of consent, first refusal or otherwise. Notwithstanding the foregoing, Collingwood shall remain liable to PowerStream for any obligations and liabilities of HoldCo under this Agreement.

14.11 Certain Transactions. PowerStream shall be entitled to merge with, become affiliated with, acquire any equity in, enter into any outsourcing, consulting, service or management agreement or other business arrangements with, directly or indirectly, any Distributor (as defined in the *Electricity Act, 1988* (Ontario), except for the restrictions on such business arrangements as have been mutually agreed upon in writing by the Parties.

[NEXT PAGE IS THE EXECUTION PAGE]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the day first above written.

THE CORPORATION OF THE TOWN OF COLLINGWOOD

By: _____
Name: Sandra Cooper
Title: Mayor

By: _____
Name: Sara Almas
Title: Clerk

POWERSTREAM INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

COLLINGWOOD UTILITY SERVICES CORP.

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
VALUATION METHOD

In this Schedule, the vendor and the purchaser of the Shares being sold pursuant to Article 8 of this Agreement are called the “**Vendor**” and the “**Purchaser**”, respectively.

Negotiation. If the value of the Shares must be established pursuant to any provision of this Agreement, then the Vendor and the Purchaser shall negotiate honestly and in good faith to agree upon the fair market value of the Shares.

Failure to Agree. If the Vendor and the Purchaser do not agree upon the fair market value of the Shares on or before the 20th Business Day after the date on which the obligation to sell or purchase Shares arises under this Agreement, then the fair market value of the Shares shall be determined in accordance with the following provisions:

- (a) the Purchaser shall by notice to the Vendor nominate three independent business valuers each of whom deals at Arm’s Length with the Purchaser and has experience in valuing businesses similar to the business carried on by the Corporation; the notice must be accompanied by a *curriculum vitae* of each business valuator containing the following information concerning the nominee’s:
 - (i) educational background and professional qualifications;
 - (ii) prior business valuation experience, including details of the nature of the business valued and the methodology used; and
 - (iii) the business valuation principles that the valuator proposes to use to determine the fair value of the Shares.
- (b) The Vendor shall select one of the three business valuers nominated by the Purchaser by notice to be given to the Purchaser within two Business Days after the day on which the Vendor receives the nomination notice, failing which, the Purchaser may select one of the business valuers. The business valuator so selected shall be the “**Valuator**” for the purposes of this Agreement and shall proceed to determine the fair market value of all of the Shares being sold in accordance with the provisions of this Schedule A and Article 8.

Valuation by Valuator. The Valuator agreed upon or selected in accordance with this Schedule A to determine the fair market value of the Shares being sold shall act as a business valuator and not as an arbitrator or umpire. The Valuator shall apply such business valuation principles as the Valuator deems appropriate. The Vendor and the Purchaser shall provide guidance to the Valuator in respect of the valuation methodologies and approaches to be used, which would include a discounted cash flow approach. Subject to this guidance, the Valuator may consult such other expert valuers as it considers advisable. The fair market value of the Shares shall be determined without regard for any restrictions applying to the transfer of Shares. The fees and disbursements of the Valuator shall be borne equally by the Vendor and the Purchaser.

Valuation Conclusive. The determination of the fair market value of the Shares being sold pursuant to this Agreement in accordance with this Schedule A, whether based upon the agreement of the Vendor and the Purchaser or the determination by the Valuator, shall be conclusive and binding upon the Vendor and the Purchaser, and there shall be no appeal from the determination.

SCHEDULE B
CORPORATION AND SUBSIDIARIES DIVIDEND POLICY

The Dividend Policy for the Corporation and its Subsidiaries is based on the philosophy that the purpose of the dividend policy is to provide the Shareholders with a steady income stream from dividends while providing Collus with an appropriate capital structure and working capital level in order to operate as a viable business. The Dividend Policy philosophy would be consistent with the objectives and guiding principles of Collus.

Dividend amounts will be determined as follows:

Each entity shall normally pay a minimum of 50% of annual net income, as dividends, with consideration given to the following:

- (a) cash position at the beginning of the year;
- (b) working capital requirements for the current year;
- (c) net capital expenditures required for the current year; and
- (d) other cash requirements of the Corporation and the Subsidiaries, as applicable.

SCHEDULE C
CHARTER DOCUMENTS OF CORPORATION AND EACH SUBSIDIARY

11368862.16

Schedule C

Recapitalization Dividends and Working Capital Adjustment Calculations

See attached.

Schedule C – Recapitalization Dividend

Overview

The closing adjustments to Collus' capital structure will be made on the basis described below. These adjustments reflect the intent of this Agreement and the valuation that the Agreement, and the mechanisms set out in Section 2.1 of this Agreement in particular, were based on.

For the purposes of determining the Recapitalization Dividend Amount (and the Final Recapitalization Dividend Amount), rate base is calculated as the simple average of net fixed assets as presented in the Closing Date Financial Statements of Collus plus Deemed Working Capital. "Deemed Working Capital" is calculated according to the OEB definition and is equal to 15% of one year's Cost of Power, as defined by the OEB, plus 15% of one year's OM&A expenses.

Methodology for Calculation

All accounting terms shall be applied in the same manner as the way the 2010 Financial Statements for the Corporation and the Subsidiaries were developed. Rate base, deemed debt, deemed equity and Deemed Working Capital will be calculated using the Final 2011 Financial Statements of Collus. Actual working capital will be calculated using the Closing Date Financial Statements of Collus. All financial statements will be based on Canadian GAAP and consistent with past practice.

Calculations

The following is an illustrative example of the calculation of the Recapitalization Dividend Amount for Collus using Collus' 2010 audited financial statements.

Rate Base

Based on Collus' 2010 Financial Statements, Collus' rate base is calculated as follows:

Average Net Fixed Assets (as per page 2 of Collus' 2010 audited financial statements):

2010 Net Fixed Assets (PPE)	\$12,763,581
2009 Net Fixed Assets (PPE)	\$11,924,206
Average Net Fixed Assets (PPE)	\$12,343,894

Note that computer software – an intangible asset – is excluded from the calculation of Net Fixed Assets / PPE.

Deemed Working Capital

Deemed Working Capital was calculated according to the OEB definition. Deemed Working Capital is 15% of one year's Cost of Power plus 15% of one year's OM&A expenses (excluding amortization).

Cost of Power and OM&A expenses are as per page 4 of Collus' 2010 audited financial statements. Based on Collus' 2010 Financial Statements, Collus' Deemed Working Capital is:

2010 Cost of Power	\$25,971,849
2010 OM&A Expenses:	
Distribution and Transmission	\$ 1,883,667
Billing and Collecting	\$ 1,154,122
General Administration	\$ 1,244,511
Total OM&A Expenses	\$ 4,282,300
Total OM&A + Cost of Power	\$30,254,149
15% of Total OM&A + Cost of Power	\$ 4,538,122

Based on the above calculations, Collus' rate base for 2010 is \$12,343,894 + \$4,538,122 = **\$16,882,016**.

The OEB's deemed capital structure for electricity utilities is 60% debt and 40% equity. Based on Collus' 2010 rate base number as calculated above, Collus' deemed debt is:

Collus 2010 Rate Base	\$16,882,016
Deemed Capital Structure as per OEB	60%
Deemed Debt	\$10,129,210

Based on Collus' 2010 Financial Statements, Collus' actual debt at December 31, 2010 is:

Current Portion of Long-Term Debt	\$ 200,000
Long-Term Debt / Note	\$4,410,170
Total Actual Debt	\$4,610,170

The amount of new debt that Collus would require to be at the deemed capital structure is:

Deemed Debt	\$10,129,210
Less: Actual Debt	\$ 4,610,170
New Debt Required to be at 60% debt	\$ 5,519,040

Actual Working Capital

Actual Working Capital at December 31, 2010 was calculated as Current Assets minus the Current Liabilities plus the current portion of long-term debt as reported in the 2010 Collus Financial Statements.

Current Assets	\$11,451,746
Less: Current Liabilities	\$ 8,015,044
Add: Current Portion of Long Term Debt	\$ 200,000
Actual Working Capital	\$ 3,636,702

Note that the current portion of Regulatory Assets is not to be included in Current Assets, and the current portion of Regulatory Liabilities is not to be included in Current Liabilities.

Working Capital Surplus (Deficiency)

Working capital surplus (deficiency) is defined as the difference between Deemed Working Capital and Actual Working Capital. The following chart summarizes the Collus' working capital surplus (deficiency) based on Collus' 2010 Financial Statements.

	Collus
Deemed Working Capital	\$4,538,122
Actual Working Capital	\$3,636,702
Surplus (Deficiency)	(\$ 901,420)

Based on the 2010 Financial Statements, Collus has a working capital deficiency of \$901,420. The way that these amounts are adjusted for is dependent on the respective capital structure.

Total capitalization is considered to be the total debt and equity as listed on the balance sheet of the audited financial statements with an adjustment to allow for the appropriate level of working capital.

The following table provides an overview of the transition of Collus' financial position on December 31, 2010 to the targeted capital structure, and the required changes.

	COLLUS	COLLUS after Working Capital Adjustment	Required Change for WC Shortfall	Predicted Balance on Closing	Required Change
Shareholder Debt	\$1,710,170	\$1,710,170	0	\$1,710,170	Nil
Ontario Infrastructure Projects Corporation	\$2,900,000	\$2,900,000	0	\$2,900,000	Nil
New Debt		\$5,519,040	\$5,519,040	\$5,519,040	Nil
Total Debt	\$4,610,170	\$10,129,210		\$10,129,210	
Shareholders Equity	\$10,781,970	\$10,781,970	0	\$10,781,970	Nil
Working Capital			(\$901,420)*	\$4,538,122	
Recapitalization Dividend Amount			\$4,617,620	(\$4,617,620)	
Total Capital	\$15,392,140	\$20,911,180		\$16,293,560	Nil
Debt : Total Capital	29.95%	48.4%		62.2%	
Ratebase	\$16,882,016				
Debt : Ratebase	27.3%	60.0%	60.0%	60.0%	

**Amount required to satisfy the working capital adjustment.*

Recapitalization Dividend

As at December 31, 2010, there is a working capital deficiency of \$901K. In order to transition to a 60% debt-to-rate base level, Collus would require an additional \$5.519M in new debt. After the working capital is adjusted to the deemed level, there is approximately \$4.618M which can be paid out as the Recapitalization Dividend from Collus to the Corporation, and subsequently from the Corporation to the Vendor.

Recapitalization Dividend Amount and Final Recapitalization Dividend Amount

The Recapitalization Dividend Amount and Final Recapitalization Dividend Amount will be determined as follows:

- Rate base, deemed debt, deemed equity and deemed working capital will be calculated using the Final 2011 Financial Statements of Collus, calculated on the same basis as that calculated in the example presented above for 2010.

- Actual Working Capital and the Working Capital Surplus (Deficiency) will be calculated based on the Closing Date Financial Statements of Collus. The Final Recapitalization Dividend Amount, as adjusted by the Working Capital Adjustment as provided for in Section 2.1(7) of this Agreement, will be determined on the same basis as in the example presented above, subject to the following items.
- Any pre-closing debt principal repayments made by Collus between January 1, 2012 and the Closing Date will also be added to Actual Working Capital at the Closing Date (e.g. a \$100,000 payment to Infrastructure Ontario in April 2012 will be added to Actual Working Capital) for purposes of calculating the Final Recapitalization Dividend Amount and for the purposes of the Working Capital Adjustment Documents.
- If the combined net book value of the Regulatory Assets and Regulatory Liabilities of Collus is a net liability position of less than \$500,000 (i.e. either a net asset position or a net liability position between \$0 and \$500,000) as at the Closing Date, as presented in the Closing Date Financial Statements of Collus prepared under Canadian GAAP consistent with past practice, then the Actual Working Capital of Collus at the Closing Date (for purposes of calculating the Final Recapitalization Dividend Amount and Working Capital Adjustment) shall be increased to include the difference between the net book value of Net Regulatory Assets and Regulatory Liabilities at the Closing Date and a net Regulatory Assets and Liabilities hurdle position of (\$500,000). Several illustrative examples follow:

Net asset (liability) position in \$'s	Scenario A	Scenario B	Scenario C
	Closing Date 2012	Closing Date 2012	Closing Date 2012
Net regulatory assets / liabilities position at the Closing Date	(\$1,000,000)	(\$350,000)	\$250,000 asset
Hurdle rate – liability position	(\$500,000)	(\$500,000)	(\$500,000)
Adjusted Increase to Actual Working Capital Calculation at the Closing Date	\$0	+\$150,000	+\$750,000

The Actual Working Capital at the Closing Date (for purposes of calculating the Final Recapitalization Dividend and Working Capital Adjustment) shall be increased under Scenarios B and C to reflect the use of working capital to fund the reduction of the Net Regulatory Assets and Liabilities balance of Collus, which was in a net liability position of (\$1,411,987) as at December 31, 2010. No adjustment to Actual Working Capital would be necessary under Scenario A.

Schedule D

Escrow Agreement

See attached.

ESCROW AGREEMENT

THIS AGREEMENT made as of the _____ day of _____, 2012.

BETWEEN:

POWERSTREAM INC., a corporation incorporated under the laws of Ontario (the "**Purchaser**")

- and -

THE CORPORATION OF THE TOWN OF COLLINGWOOD, a corporation incorporated under the *Municipal Act* (Ontario) ("**Vendor**")

- and -

AIRD & BERLIS LLP, a partnership formed under the laws of the Province of Ontario (the "**Escrow Agent**")

WHEREAS the Purchaser, the Vendor, Collingwood Utility Services Corp. (the "**Corporation**"), Collus Power Corp., Collus Solutions Corp. and Collus Energy Corp. have entered into a share purchase agreement in respect of the sale by the Vendor to the Purchaser of 50% of its shares in the Corporation, dated as of the _____ day of _____, 2012 (the "**Share Purchase Agreement**");

AND WHEREAS the provisions of the Share Purchase Agreement provide for the deposit of \$1,000,000.00, referred to in the Share Purchase Agreement as the "Holdback Amount" (the "**Funds**") with the Vendor's counsel to be held in trust by such law firm;

AND WHEREAS all terms not defined herein shall have the meanings ascribed to them respectively in the Share Purchase Agreement;

NOW THEREFORE IN CONSIDERATION of the mutual covenants and promises contained in this agreement and the Share Purchase Agreement, the parties hereto agree as follows:

1. Designation of Escrow Agent

- 1.1 Pursuant to the provisions of Section 2.1 of the Share Purchase Agreement, the Vendor and the Purchaser hereby designate the Escrow Agent to act as the escrow agent referred to in the Share Purchase Agreement.

1.2 The Escrow Agent hereby agrees to act as the escrow agent referred to in the Share Purchase Agreement on the terms and conditions set out herein.

1.3 In discharging its duties under this agreement the Escrow Agent shall have regard only to the provisions hereof and no other agreement, document or instrument and specifically the Escrow Agent shall have no obligation to read or examine the Share Purchase Agreement except to the extent that terms defined therein are used herein.

2. **Delivery of Funds**

2.1 Collus shall deliver the Funds to the Escrow Agent upon the payment by Collus of the Recapitalization Dividend to the Corporation by means of a certified cheque or banker's draft.

2.2 If Collus fails to deliver the Funds in full the Escrow Agent shall have no obligations, liability or responsibility under this agreement whatsoever, and this agreement shall be of no force and effect.

3. **Instructions to Escrow Agent**

3.1 Upon receipt of the Funds, the Escrow Agent shall deposit the Funds in a separate trust account (the "**Escrow Account**") for the benefit of the Purchaser and the Vendor jointly, to be dealt with by the Escrow Agent on the trusts and subject to the terms and conditions hereof.

3.2 The Funds shall not be disbursed or released from escrow, transferred within escrow or dealt with in any other manner whatsoever except pursuant to the terms and conditions of this agreement.

3.3 The Escrow Agent shall not be required to invest the Escrow Funds.

3.4 The Funds shall be held by the Escrow Agent until the earliest occurrence of one of the following:

(a) the date on which the Escrow Agent receives an Escrow Release Direction (as hereinafter defined);

(b) the date on which the Escrow Agent receives a joint direction in writing, signed by both the Vendor and the Purchaser, specifying to whom the Funds should be released;

(c) at the option of the Escrow Agent,

(i) the date the Escrow Agent receives an order of an arbitrator pursuant to Section 8.2 of the Share Purchase Agreement, or the order of a court of competent jurisdiction, in both cases whether a right of appeal lies therefrom or not; or

- (ii) the date the Escrow Agent pays the Funds into court or interpleader of Funds pursuant to Section 3.9 hereof;

Any of the events listed in paragraphs (a), (b), (c) or (d) shall be either instruction, or payment, with respect to the full amount of the Funds.

- 3.5 Upon either the determination by the Vendor and the Purchaser of the Final Recapitalization Dividend Amount, and any Working Capital Deficiency or Working Capital Surplus as part of the same, and the Final Additional Closing Dividend Amount, the Purchaser and the Vendor shall execute and deliver to the Escrow Agent a joint direction in writing, in the form of the direction attached as Schedule "A" hereto (the "**Escrow Release Direction**"), signed by both the Purchaser and the Vendor, authorizing and directing the Escrow Agent to release the Funds to the applicable Party, as designated under Section 2.1(7) of the Share Purchase Agreement, and the Escrow Agent shall, within five (5) business days of the receipt by the Escrow Agent of such Escrow Release Direction, release such funds to such Party.
- 3.9 In the event that any action or other proceedings are commenced by any of the parties hereto to which one or both of the other parties hereto is a party relating to the Share Purchase Agreement or the Funds or if the Escrow Agent has not received an Escrow Release Direction within one year from the date hereof, the Escrow Agent shall be permitted to pay into court or to interplead the Funds pursuant to the applicable rules of procedure governing such action or proceedings and shall thereafter be released from any and all obligation to hold the Funds as Escrow Agent hereunder.

4. Escrow Agent's Fees and Expenses

- 4.1 The Vendor shall pay to the Escrow Agent (i) its fees for acting hereunder as Escrow Agent from time to time as and when incurred, and (ii) the Escrow Agent's out-of-pocket expenses, including without limitation reasonable legal fees and disbursements incurred as a result of consulting independent counsel, if necessary, as to its obligations hereunder, any fees and disbursements incurred in connection with the investing of the Funds and all applicable taxes thereon.

5. Limitations on Duties and Liabilities of Escrow Agent

- 5.1 The acceptance by the Escrow Agent of its duties and obligations under this agreement is subject to the following terms and conditions, which the parties to this agreement hereby agree shall govern with respect to the Escrow Agent's rights, duties, liabilities and immunities:
 - (a) the Escrow Agent shall not be liable or accountable for any loss or damage whatsoever, including, without limitation, loss of profit, to any person caused by the performance or failure to perform by it of its responsibilities under this agreement, save only to the extent that such loss or damage is attributable to the gross negligence or wilful misconduct of the Escrow Agent or to any action taken or omitted to be taken by the Escrow Agent in bad faith;

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- (b) the Escrow Agent shall have no duties except those which are expressly set forth herein and shall not be bound by any notice of a claim or a demand with respect thereto or any waiver, modification, amendment, termination or rescission of this agreement unless received by it in writing and signed by all of the parties hereto (or, in the case of a waiver, the party so waiving) other than the Escrow Agent and is in a form satisfactory to the Escrow Agent;
- (c) the Escrow Agent shall be protected in acting upon any certificate, written notice, request, waiver, consent, receipt, statutory declaration or other paper or document furnished to it and signed by one or both of the other parties hereto or on its or their behalf as herein provided not only as to its due execution and the validity and effectiveness of its provisions but also as to the truth and acceptability of any information therein contained which the Escrow Agent in good faith believes to be genuine in what it purports to be;
- (d) the Escrow Agent shall not be liable for or by reason of any statements of fact or recitals in this agreement and shall not be required to verify the same;
- (e) nothing herein contained shall impose any obligation on the Escrow Agent to see to or require evidence of the registration or filing or recording (or renewal thereof) of this agreement, or any instrument ancillary or supplemental thereto, or to procure any further, any other or additional instrument or further assurance;
- (f) in the exercise of its rights and duties hereunder, the Escrow Agent shall not be in any way responsible for the consequence of any breach on the part of a party hereto of any of their respective covenants herein contained or of any acts of the agents or servants of any of them;
- (g) the Escrow Agent shall retain the right not to act and shall not be held liable for refusing to act unless it has received clear and reasonable documentation which complies with the terms of this agreement. Such documentation must not require the exercise of any discretion or independent judgment;-
- (h) in the event of any disagreement arising regarding the terms of this agreement, the Escrow Agent shall be entitled at its option to refuse to comply with any or all demands whatsoever until the dispute is settled either by agreement amongst the various parties or by a court of competent jurisdiction;
- (i) the Escrow Agent may resign its agency and be discharged from all duties and obligations hereunder by giving to the Vendor and the Purchaser 30 days prior notice of its resignation, or such shorter period as such parties shall accept as sufficient; and
- (j) if the Escrow Agent resigns its agency in accordance herewith, the Purchaser and the Vendor shall have the right and obligation to appoint a succeeding escrow agent who, upon accepting such appointment, shall assume all of the obligations and responsibilities and shall be entitled to enjoy the benefits and rights of the Escrow Agent hereunder. If a successor escrow agent is appointed as herein

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provided, the Escrow Agent shall pay and deliver to such successor all funds, agreements and other documents then in its possession upon payment of its fees.

- 5.2 The rights and benefits held by and the indemnities granted in favour of the Escrow Agent set out in Sections 4, 5, 8 and 11 of this agreement shall continue indefinitely notwithstanding the appointment of a successor escrow agent pursuant to provisions of this paragraph.
- 5.3 No implied duties or obligations of the Escrow Agent shall be read into this agreement.
- 5.4 Payments made by the Escrow Agent hereunder shall be duly made if paid by trust cheque.

6. Discharge of Escrow Agent

- 6.1 The Escrow Agent shall be discharged from any further duty upon release of the monies contained in the Escrow Account in accordance with Article 3 of this agreement.

7. Co-Operation of the Purchaser and the Vendor with Escrow Agent

- 7.1 The Purchaser and the Vendor shall deliver to the Escrow Agent all documents and do or cause to be done all other things necessary to enable the Escrow Agent to comply with this agreement.

8. Disclosure by Escrow Agent

- 8.1 The Purchaser and the Vendor acknowledge that the Escrow Agent has, in the past, acted as counsel to the Vendor, is currently acting as counsel to the Vendor and may, in the future, act as counsel to the Vendor. The Purchaser and the Vendor further acknowledge their desire for the Escrow Agent to act in such capacity notwithstanding the disclosures set out in the first sentence of this Section 8. The Vendor and the Purchaser agree that in the event of a dispute under this agreement, the Escrow Agent shall have the right to deposit the Funds into a court of competent jurisdiction until such dispute is resolved to the satisfaction of such court.

9. Notice

- 9.1 Any notice required to be given hereunder shall be sufficiently given and delivered to the Escrow Agent if personally delivered, addressed to the Escrow Agent as set out below. Any notice, certificate or other writing required or permitted to be given hereunder (a "Notice") shall be sufficiently given and delivered to the party to whom it is given if personally delivered or mailed, by prepaid registered mail, addressed to such party as follows:

in the case of the Vendor:

P.O. Box 189
43 Stewart Road
Collingwood, ON L9Y 3Z5

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Attention: Clerk
 Fax No.: (705) 445-2448

in the case of the Purchaser:

PowerStream Inc.
 161 Cityview Boulevard
 Vaughan, ON L4H 0A9
 Attention: Dennis Nolan, Executive Vice-President,
 Corporate Services and Secretary
 Fax No.: (905) 532-4616

If to the Escrow Agent, to: Aird & Berlis LLP
 Barristers & Solicitors
 BCE Place
 Suite 1800, Box 754
 181 Bay Street
 Toronto, Canada
 M5J 2T9

Attention: Ron Clark
 Telephone No.: (416) 865-7701
 Telecopier No.: (416) 863-1515

or such other address as the party to whom a Notice is to be given shall have last notified in writing the other parties hereto of a change of address for the purposes of this provision. Any Notice mailed as aforesaid shall be deemed to have been given and received on the date that the Notice is signed for by the party to whom it is addressed or any employee or agent thereof. Any Notice personally delivered to the party to whom it is addressed shall be deemed to have been given and received on the day it is personally delivered, but if any such day falls on a weekend or statutory holiday in the City of Toronto, then the Notice shall be deemed to have been given and received on the business day next following such day. In the event of a postal disruption, a Notice must be personally delivered.

10. Amendment

10.1 This agreement shall not be amended, revoked or rescinded as to any of its terms and conditions except by agreement in writing signed by all of the parties hereto.

11. Indemnification of Escrow Agent

11.1 The Vendor agrees to indemnify and hold the Escrow Agent harmless against any and all losses, claims, suits, demands, costs and expenses that may be incurred by the Escrow Agent or made on the Escrow Agent by the Vendor, the Purchaser or any third party by reason of the Escrow Agent's compliance in good faith with the terms of this agreement, except claims, suits or demands arising from the, wilful default or gross negligence of the

Escrow Agent in the performance of its duties hereunder. In no event shall the Escrow Agent be liable to the Purchaser or the Vendor for any act which it may do or which it may omit to do with respect to this agreement, except in the case of gross negligence or wilful misconduct of the Escrow Agent.

12. Binding Agreement - Not Assignable

12.1 This agreement shall constitute a binding obligation and shall enure to the benefit of each of the parties hereto and their respective successors and assigns and shall not be assignable by any of them without the prior consent in writing of each of the other parties.

13. Governing Laws

13.1 This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed and delivered these presents as of the date first above written.

THE CORPORATION OF THE TOWN OF COLLINGWOOD

By:

Name: Sandra Cooper

Title: Mayor

By:

Name: Sara Almas

Title: Clerk

POWERSTREAM INC.

By:

Name:

Title:

By:

Name:

Title:

Schedule "A"
Form of Escrow Release Direction

11826758.5

Schedule E

Additional Closing Dividends

See attached.

Schedule E – Calculation of Additional Closing Dividend

Overview

This schedule outlines the calculation of the Additional Closing Dividend (and the Final Additional Closing Dividend Amount) that is payable to the Vendor as a result of the inclusion of the shares of the Corporation, Solutions and Energy as part of the Transaction. Collectively, the Corporation, Solutions and Energy are referred to in this Schedule E as the “**Companies**”. Collus is not included in these calculations.

The overall objective is for the Vendor to receive credit for any incremental net assets, other than the Corporation’s investment in the shares of Collus, Solutions and Energy, that remain in the Companies on the Closing Date, while ensuring that sufficient assets remain in the Companies to offset any outstanding liabilities. In particular, Solutions has a future employee benefits liability.

Calculation

The Additional Closing Dividend will consist of two parts:

- a) A calculation of the Additional Closing Dividend Amount based on the Final 2011 Financial Statements of the Companies. This Additional Closing Dividend Amount will be calculated and declared as payable to the Vendor prior to the Closing Date but shall be paid on or after the Closing Date in accordance with Section 2.1(2)(c) of this Agreement.
- b) A true-up of the Additional Closing Dividend Amount based on the Closing Date Financial Statements of the Companies (prior to any dividend accrual). This true-up is intended to capture any net income (loss) earned by the Companies between December 31, 2011 and the Closing Date, and will be accrued as a dividend payable (receivable) to (from) the Vendor in the Closing Date Financial Statements of the Corporation (with a corresponding dividend (receivable) payable in the Closing Date Financial Statements of Solutions).

The Additional Closing Dividend Amount and the Final Additional Closing Dividend shall be calculated at December 31, 2011 and the Closing Date using the Final 2011 Financial Statements of the Companies and the Closing Date Financial Statements of the Companies, respectively. The following table presents a calculation of the Additional Closing Dividend Amount based on the 2010 Financial Statements for illustrative purposes.

		Note Book Value of shareholder's equity at Dec 31, 2010
The Corporation (non-consolidated)	\$	5,101,640
Less: Investment in shares of Subsidiaries		(5,101,540)
Add: Solutions		201,683
Add: Energy		100
Total = Additional Closing Dividend Amount	\$	201,883

Schedule 4.1(1)(c)

Third Party Consents of Vendor, Corporation and Subsidiaries

1. Consents Required

- (a) Financing Agreement between Ontario Infrastructure Projects Corporation and Collus Power Corp., dated March 10, 2010.
- (b) Shareholders Agreement between various local distribution company entities, including but not limited to Collus Power Corp, as well as Util-Assist Inc., Utility Collaborative Services Inc., dated November 20, 2009.
- (c) CIBC Credit Facility Agreement with Collus Power Corp., dated July 29, 2011, comprised of a revolving line of credit (\$500,000), standby letters of credit/letter of guarantee (\$2,417,179), and corporate Classic VISA (\$25,000).
- (d) CIBC Credit Facility Agreement with Collus Solutions Corp, dated July 29, 2011, comprised of a revolving line of credit (\$250,000).
- (e) Letter of comfort or discharge of registration from RCAP Leasing Inc. re PPSA File No. 670065453, Registration No. 20110520 1644 8077 2199, in respect of the following office equipment: (1) CC4483 Colour Multifunction System, (1) Contex SD4420 Stand, (1) Contex MFP Stand 44" SD Scanners, (1) Acer E5800, (1) Contex Touch Screen 17", (1) Canon Imageprograf IPF8300S.
- (f) Letter of comfort or discharge of registration from RCAP Leasing Inc. re PPSA File No. 678435543, Registration No. 20120516 1438 8077 8685, in respect of the following equipment: 126 Guardian XL Mechanisms as described on leases, from time to time leased by the secured party to the debtor and any proceeds thereof, together with all replacement parts, accessories and attachments.
- (g) Ontario Energy Board MAAD filing.
- (h) Master Services Agreement between Kinetiq Canada Ltd., 437967 Ontario Limited, d.b.a. Savage Data System, and Collus Power Corp, dated September 10, 2009.

2. Notices to be provided

- (a) Small Utility Enterprise License Agreement (Agreement No. 2009 ELA 7885; Effective Date is December 14, 2009 (based on last signature)), between Environmental Systems Research Institute, Inc. (ESRI), Collus Power Corp. (as Licensee), and ESRI Canada Limited (as Distributor).
- (b) Advanced Metering Infrastructure Sale and Services Agreement between Collus Power Corp. and Sensus Metering Systems Inc, dated 2009.

Schedule 4.2(1)(c)

Third Party Consents of the Purchaser

1. TD Credit Facility Agreement dated Dec 17, 2008, as amended Dec 3, 2009 and May 17, 2010 with PowerStream Inc. comprised of a committed revolving facility (\$75,000,000), a demand facility (\$25,000,000) a letter of guarantee facility (\$15,000,000) and a committed term facility 5 year fixed rate of 5.08% (\$50,000,000), as further amended from time to time

Schedule 5.2(9)

Real Property and Leased Property

1. The following properties are owned by Collus:

- (a) Part of the North Half of Lot 43, Concession 8, formerly Township of Nottawasaga Town of Collingwood, County of Simcoe, designated as Part 2 on Plan 51R-26095 together with an easement over Pt 2, 51R-26084 as created by instrument No. 01311107 in favour of the Public Utilities Commission of the Town of Collingwood, being all of the PIN, known municipally as 180 Ontario Street, Collingwood L9Y 1M6.
- (b) Part of Lot 43, Concession 7 formerly Township of Nottawasaga Town of Collingwood, County of Simcoe, designated as Part 1 on Plan 51R-3895, known municipally as 495 Hume St., Collingwood, L9Y 4H8.
- (c) PIN 58255-0114(LT), being Lots 9 and 10, South Side of Water Street, Registered Plan 175 formerly Township of Nottawasaga Town of Collingwood, County of Simcoe.
- (d) Lot 48, Registered Plan 1611, Town of Collingwood, County of Simcoe, subject to an easement in favour of the Bell Telephone Company of Canada over the westerly 5 feet of the hereinbefore described lands which easement was registered in the Registry Office for the Registry Division of Simcoe (51) on October 14, 1971 as Instrument Number 372100. As in Instrument Number 373103. Known municipally as 440 Walnut St, Collingwood.
- (e) Parcel 1-1, Section M-75, being Lot 1, Plan M-75, Town of Collingwood, County of Simcoe, known municipally as 47 Sproule Ave., Collingwood, L9Y 4K8.
- (f) Part of Lot 47, Concession 10, formerly Township of Nottawasaga Town of Collingwood, County of Simcoe, designated as Part 1 on Plan 51R-13479, known municipally as 11383 Highway 26 W, Collingwood, L9Y 5E7.
- (g) Part Lot 41, Concession 7 formerly Township of Nottawasaga Town of Collingwood, County of Simcoe, designated as Parts 1, 2 and 3 on Plan 51R-19376, being all of the PIN, known municipally as 2 Sanford Fleming Dr, Collingwood, L9Y 4V9.
- (h) In the Town of Blue Mountains, County of Grey, Firstly: Part of Lot 31, Concession 9, in the Town of the Blue Mountains (formerly the Township of Collingwood), County of Grey, now designated as Part 1, Plan 16R-7556; Secondly: Part of Lots 35, 36, 37, 38 and 39, Southwest of King Street, in the Town of the Blue Mountains (formerly the Town of Thornbury), County of Grey now designated as Parts 1 and 2, Plan 16R-7557, known municipally as 95 King Street Thornbury, N0H 2P0 and 208330 Highway 26/ Russell Street, Thornbury N0H 2P0.

- (i) PIN 58235-0118LT, Part Lot 7 N/S of Quebec St., PL 103 Nottawasaga as in R0797216, Clearview, Stayner, known municipally as 229 Quebec Street, Stayner, L0M 1N0.
- (j) Minnesota St, Nottawasaga Con 8 Pt Lot 44 RP 51R34927 Part 9.
- (k) Plan 175 Pt Lots 9 and 10 RP 51R30684 Part 4, known municipally as 20 Mountain Rd, Collinwood, L9Y 0A1.
- (l) PIN 58290-0004 (LT), Pt N1/2 Lt 43 Con 8 Nottawasaga Pt 1 & 3, 51R26694 & Pt 2, 51R29853; Collingwood, known municipally as Ontario Street, Collingwood, Ontario. Subject to restrictive covenants registered on October 26, 2000 as Instrument No. RO1447147Z from Rogers Wireless Inc. to Donald Gallinger and David Chandler.
- (m) Superior Street, Stayner, L0M 1N0. Sub-station only.
- (n) Highway 26 W, Collingwood, L9Y 3E5. Sub-station only.
- (o) Maple Street, Collingwood, L9Y. Sub-station only.

2. **The following properties are rented by Collus:**

- (a) Land referenced in Shared Facilities Lease between The Public Utilities Commission of Collingwood ("Landlord") and Collus Power Corp. ("Tenant"), dated November 30, 2000, located on Part of Lot 43, Concession 10, Town of Collingwood (formerly the Township of Nottawasaga) County of Simcoe and shown as Parts 6 and 7 on Reference Plan 51R-17032 and shown as Parts 1 and 2 on Reference Plan 51R-26745. (expired December 31, 2001)
- (b) Land referenced in Shared Facilities Lease between The Public Utilities Commission of Collingwood ("Landlord") and Collus Power Corp. ("Tenant"), dated January 1, 2002, located on Part of Lot 43, Concession 10, Town of Collingwood (formerly the Township of Nottawasaga) County of Simcoe and shown as Parts 6 and 7 on Reference Plan 51R-17032 and shown as Parts 1 and 2 on Reference Plan 51R-26745. (expired December 31, 2002)
- (c) Land referenced in Shared Facilities Lease between The Public Utilities Commission of Collingwood ("Landlord") and Collus Power Corp. ("Tenant"), dated January 1, 2003, located on Part of Lot 43, Concession 10, Town of Collingwood (formerly the Township of Nottawasaga) County of Simcoe and shown as Parts 6 and 7 on Reference Plan 51R-17032 and shown as Parts 1 and 2 on Reference Plan 51R-26745. (expired December 31, 2003), as amended by amending agreements dated November 4, 2004, December 14, 2005, December 20, 2006, December 19, 2007, December 16, 2009, January 31, 2011. Please note that there is no formal renewal in place for 2012, however, the parties to this agreement have continued the arrangement per the Shared Facilities Lease.

Schedule 5.2(10)

Intellectual Property

1. Agreements with technology licensing provisions

- (a) Microsoft Dynamics service plan, dated October 30, 2007.
- (b) Microsoft Great Plains Standard Software, dated October 13, 2005, with Collingwood Public Utilities Service Board. Software purchased by CPU and used by Collus and Town, pursuant to Computer Rental Agreement referenced in Schedule 5.2(21).
- (c) Small Utility Enterprise License Agreement (Agreement No. 2009 ELA 7885; Effective Date is December 14, 2009 (based on last signature)), between Environmental Systems Research Institute, Inc. (ESRI), Collus Power Corp. (as Licensee), and ESRI Canada Limited (as Distributor).
- (d) Account Viewer Usage Agreement between The SPI Group Inc. and Collus Power Corp., dated August 6, 2008.
- (e) Software Licence, Implementation and Support and Maintenance Agreement between N. Harris Computer Corporation and 1713637 Ontario Inc. (of which Collus Power is a shareholder), dated September 1, 2006.
- (f) End User License Agreement between Diamond Municipal Solutions Inc. and Collingwood Public Utilities Service Board, dated January 20, 2006. Software purchased by and licensed to CPU and used by Collus and Town, pursuant to Computer Rental Agreement.
- (g) Advanced Metering Infrastructure Sale and Services Agreement between Collus Power Corp. and Sensus Metering Systems Inc, dated 2009.
- (h) Application Service Provider Agreement between Utility Collaborative Services Inc. (of which Collus Power is a shareholder) and Util-Assist Inc., dated January 1, 2010.
- (i) Master Services Agreement between Kinetiq Canada Ltd., 437967 Ontario Limited, d.b.a. Savage Data System, and Collus Power Corp., dated September 10, 2009.
- (j) Utilismart Customer Agreement, between Emera Incorporated and Cornerstone Hydro Electric Concepts Association Inc., term between November 1, 2001 and November 1, 2004 (initial term). There is no new agreement, but the terms from the old agreement are still followed.

2. **Other Intellectual Property**

- (a) Unregistered logos of Collingwood Utility Services Corp. and Collus Power Corp., designed in-house and owned by Collingwood Utility Services Corp. and Collus Power Corp., respectively.
- (b) Domain names www.collus.com and www.colluspowers.com registered to the Corporation.

Schedule 5.2(11)**Contracts and Commitments**

1. **Employment or consulting Contract or any other written Contract with an officer, employee or consultant**
 - (a) IFRS conversion services agreement between BDO Dunwoody LLP and Collingwood Utility Services Corp., dated July 24, 2009. Please note that the agreement and work contemplated thereunder will be complete as of 2012. Discussions are ongoing to determine if new works and a corresponding new agreement is required.
 - (b) IFRS conversion services agreement between BDO Dunwoody LLP and Collus Power Corp., dated February 18, 2010. Please note that the agreement and work contemplated thereunder will be complete as of 2012. Discussions are ongoing to determine if new works and a corresponding new agreement is required
 - (c) Consulting Services Agreement re Sync Operator Service Agreement between Util-Assist Inc. and Collus Power Corp, dated August 4, 2011.
 - (d) MEARIE Employee and Labour Relations Service Subscriber Agreement between MEARIE Management Inc. and Collus Power Corp., dated December 13, 2011.
2. **Agreements limiting freedom to engage in any line of business or to compete**
 - (a) Shareholders Agreement between various local distribution company entities, including Collus Power Corp, Util-Assist Inc., Utility Collaborative Services Inc., dated November 20, 2009.
 - (b) Master Services Agreement between Kinetiq Canada Ltd., 437967 Ontario Limited, d.b.a. Savage Data System, and Collus Power Corp, dated September 10, 2009.
 - (c) Utility-Specific Load Shape Agreement between Hydro One Networks Inc. and Collus Power Corp., dated July 24, 2006.
 - (d) Mutual Non-Disclosure Agreement between The Corporation of the Town of Collingwood, Collus, and PowerStream Inc, September 19, 2011.
3. **Any other Material Contract**
 - (a) See Service Agreements listed in Schedule 5.2(21);
 - (b) See Intellectual Property licensing agreements listed in Schedule 5.2(10).
 - (c) See Shared Services Agreements listed in Schedule 5.2(9).

- (d) Agreement between Collus and Burman Energy Consultants Group Inc., dated April 28, 2011 and Goods and Services Agreement, dated April 28, 2011, between Collus Power Corp. and Burman Energy Consultants Group Inc. re Delivery Agent Services for Direct Install Lighting and Water Heating Initiatives (formerly the Power Savings Blitz Program).
- (e) Agreement between Collus and Burman Energy Consultants Group Inc., dated June 9, 2011 and Goods and Services Agreement, dated June 9, 2011, between Collus Power Corp. and Burman Energy Consultants Group Inc. re Delivery Agent Services for Provincial Equipment Replacement Incentive – Schedule C2 (formerly the Power Savings Blitz Program).
- (f) Utility-Specific Load Shape Agreement between Hydro One Networks Inc. and Collus Power Corp., dated July 24, 2006.
- (g) Application Service Provider Agreement between Utility Collaborative Services Inc. and Util-Assist Inc., dated January 1, 2010
- (h) Peterborough Utilities Inc. MSP#1002 Meter Service Provider Agreement between Collus Power Corporation and MSP#1002 – Peterborough Utilities Inc., dated December 4, 2009.
- (i) Membership Agreement between Collus Power Corp. and Cornerstone Hydro Electric Concepts Association Inc., dated March 7, 2005.
- (j) Advanced Metering Infrastructure Sale and Services Agreement between Collus Power Corp. and Sensus Metering Systems Inc., dated 2009.
- (k) Street Lighting Agreement – Collus Solutions Corp. and The Corporation of the Township of Clearview – January 1, 2004. Please note that this agreement was not signed by the parties thereto have treated it as being in place and are in compliance with the same.
- (l) Street Lighting Agreement – Collus Solutions Corp. and The Corporation of the Town of the Blue Mountains – January 1, 2004. Please note that this agreement was not signed by the parties thereto have treated it as being in place and are in compliance with the same.
- (m) Contract Service Agreement, CSA-001.2001, dated April 23, 2002 (as amended April 2, 2002 [*sic*] between Collus Power Corp and Cornerstone Hydro Electric Concepts Association Inc.
- (n) Customer Agreement, Contract No. CHEC02-SMONT-01-11-08 between Utilismart Corporation and Cornerstone Hydro Electric Concepts Association Inc. and its member utilities (including Collus Power); re wholesale settlement verification. Initial Term November 1, 2008 to October 31, 2010. Still in force.

- (o) Agreements to acquire Distribution Assets, assume obligations to maintain, repair, and replace Distribution Assets, and to keep Corporation informed of the state of the Distribution Assets and issues related to works on these assets, between Collus Power Corp and: Simcoe Condominium Corporations No. 102, 107, 113, 122, 126, 136, 194, 199, 211, 214, 218, 231, 238, 245, 254, 261, and Lighthouse Point Yacht and Tennis Club, dated January 25, 2003; Simcoe Condominium Corporation No. 5, dated December 12, 2003; Simcoe Condominium Corporation No. 21, dated January 2, 2003; Simcoe Condominium Corporation No. 24, dated December 11, 2002; Simcoe Condominium Corporation No. 30, dated December 7, 2002; Simcoe Condominium Corporation No. 31, dated December 7, 2002; Simcoe Condominium Corporation No. 34, dated December 21, 2002; Simcoe Condominium Corporation No. 36, dated January 10, 2003; Simcoe Condominium Corporation No. 38, dated December 5, 2003; Simcoe Condominium Corporation No. 40, dated December 23, 2003; Simcoe Condominium Corporation No. 42, dated April 8, 2004; Simcoe Condominium Corporation No. 45, dated December 11, 2002; Simcoe Condominium Corporation No. 48, dated December 7, 2002; Simcoe Condominium Corporation No. 50, dated February 23, 2002; Simcoe Condominium Corporation No. 52, dated February 8, 2002; Simcoe Condominium Corporation No. 53, dated April 8, 2004; Simcoe Condominium Corporation No. 55, dated December 9, 2002; Simcoe Condominium Corporation No. 56, dated February 11, 2002; Simcoe Condominium Corporation No. 57, dated April 25, 2003; Simcoe Condominium Corporation No. 59, dated February 9, 2002; Simcoe Condominium Corporation No. 63, dated May 12, 2003; Simcoe Condominium Corporation No. 64, dated February 8, 2002; Simcoe Condominium Corporation No. 67, dated December 7, 2002; Simcoe Condominium Corporation No. 78, dated April 8, 2004; Simcoe Condominium Corporation No. 79, dated January 8, 2003; Simcoe Condominium Corporation No. 80, dated January 27, 2004; Simcoe Condominium Corporation No. 91, dated April 5, 2003; Simcoe Condominium Corporation No. 92, dated December 7, 2002; Simcoe Condominium Corporation No. 94, dated May 3, 2002; Simcoe Condominium Corporation No. 114, dated May 3, 2002; Simcoe Condominium Corporation No. 116, dated February 16, 2002; Simcoe Condominium Corporation No. 124, dated December 13, 2002; Simcoe Condominium Corporation No. 125, dated January 26, 2004; Simcoe Condominium Corporation No. 144, dated May 3, 2002; Simcoe Condominium Corporation No. 145, dated April 15, 2003; Simcoe Condominium Corporation No. 146, dated December 7, 2002; Simcoe Condominium Corporation No. 167, dated February 18, 2003; Simcoe Condominium Corporation No. 207, dated April 30, 2002; Simcoe Condominium Corporation No. 244, dated November 21, 2003; Simcoe Condominium Corporation No. 86, dated November 21, 2003; Simcoe Condominium Corporation No. 130, dated November 21, 2003; Simcoe Condominium Corporation No. 188, dated November 21, 2003; Simcoe Condominium Corporation No. 219, dated November 21, 2003; Simcoe Condominium Corporation No. 220, dated November 21, 2003; Simcoe Condominium Corporation No. 230, dated November 21, 2003; Simcoe Condominium Corporation No. 237, dated November 21, 2003; Simcoe

Condominium Corporation No. 239, dated November 21, 2003; Simcoe Condominium Corporation No. 240, dated November 21, 2003; Simcoe Condominium Corporation No. 247, dated November 21, 2003; Simcoe Condominium Corporation No. 255, dated November 21, 2003; Simcoe Condominium Corporation No. 258, dated November 21, 2003; Simcoe Condominium Corporation No. 200, dated November 21, 2003.

- (p) Telecommunications Site Agreement between SCBN Telecommunications Inc. and Collus Power Corp., dated as of April 1, 2002.
- (q) Telecommunications Site Agreement between SCBN Telecommunications Inc. and Collus Power Corp., dated June 1, 2002.
- (r) Agreement for Licensed Attachment to Collus Power Corp. by Atria Networks LP, dated April 17, 2009
- (s) Model Agreement for Joint Use of Poles by Collus Power Corp. and Bell Canada, March 27, 2009

4. **Indebtedness in respect of borrowed money or guarantees**

- (a) Financing Agreement between Ontario Infrastructure Projects Corporation and Collus Power Corp., dated March 10, 2010. Financing Agreement entered into between Collus Power Corp. and Infrastructure Ontario dated as of July 27, 2012 with respect to financing for the Transaction.
- (b) Guarantee Agreement between OIPC and Collingwood Utility Services Corp., dated March 10, 2010.
- (c) General Security Agreement between OIPC and Collus Power Corp., dated March 10, 2010.
- (d) 15 year serial debenture no. 04-01-2010-01, in the amount of \$3,000,000 with Collus Power as Borrower April 15, 2010.
- (e) CIBC Credit Facility Agreement with Collus Power Corp., dated July 29, 2011, comprised of a revolving line of credit (\$500,000), standby letters of credit/letter of guarantee (\$2,417,179), and corporate Classic VISA (\$25,000)
- (f) CIBC Credit Facility Agreement with Collus Solutions Corp, dated July 29, 2011, comprised of a revolving line of credit (\$250,000)
- (g) Letter of Credit issued by CIBC No. SBGT721839, from Collus Power Corp. in favour of IESO and amendments no. 1-4.
- (h) Promissory Note from Collus to the Vendor dated October 31, 2000, in the amount of \$1,710,169.

- (i) Amount of \$13,201 owed to Collus by Utility Collaborative Services Inc. as of December 31, 2010 (shareholder, related party transaction) One share issued (of 10 total). Please note that this amount will change for 2012 and will be confirmed once known.
- (j) Guarantees from CUS for Solutions and Power credit facilities listed in paragraphs (e) and (f) above.
- (k) Agreement dated April 23, 2002 between Collus Power Corp, Emera Incorporated, and Cornerstone Hydro Electric Concepts Association Inc.

Schedule 5.2(12)**Employee Plans**

1. See Collective Agreement referenced in Schedule 5.2(13).
2. The MEARIE Group Employee Benefit Program. Employee Benefit Booklet for Collingwood Utility Services (and Subsidiaries), effective Jan 1 2012.
3. Ontario Municipal Employees Retirement System (OMERS) for Collus Power and Collus Solutions (November 23, 2000).

Schedule 5.2(13)**Collective Agreement**

Collective Agreement between Collus Power Corp. and Collingwood Public Utilities of the Town of Collingwood, and It's Employees Through Local #636 of the International Brotherhood of Electrical Workers, dated January 14, 2011 covering the period from September 1, 2010 to August 31, 2013.

Schedule 5.2(14)

Employees

See attached.

Schedule 5.2(15)

Insurance

1. Policies

- (a) The MEARIE Group, Comprehensive Liability Policy, Policy No. L2012COLL1, covering Jan 1, 2012 to Jan 1, 2013, with insured as CUS and Additional named insured Collus, Solutions, Energy, Public Utilities Services Board.
- (b) The MEARIE Group, Property Program Policy, Policy No. P2012COLL1, covering from Jan 1, 2012 to Jan 1 2013, insured is CUS and Subsidiaries.
- (c) The MEARIE Group, Vehicle Program, Certificate of Automobile Insurance, Policy No. V2012COLL1 for Collus Power dating from Jan 1 2012 to Jan 1 2013. Additional Named Insured: Collingwood Public Utility Service Board.
- (d) Chartis Insurance Company of Canada, Policy No. RMGL9895550 and BE6849066, Named Insured is Rogers Communications Partnership and additional insured is Collus Power Corp., dating from September 1, 2011 to June 1, 2012. Relating to the Agreement for Licensed Attachment entered into between Collus Power Corp. and Atria Networks LP.

2. Claims

Nil.

Schedule 5.2(16)

Environmental

Nil.

Schedule 5.2(17)

Litigation

Nil.

Schedule 5.2(18)

Taxes

Nil.

Schedule 5.2(20)

2010 Financial Statements

See attached.

COLLINGWOOD UTILITY SERVICES CORP.

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholder of **Collingwood Utility Services Corp.**:

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of **Collingwood Utility Services Corp.**, which comprise the consolidated balance sheet as at December 31, 2010, and the consolidated income and retained income statement and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Collingwood Utility Services Corp.** as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gaviller & Company LLP

Licensed Public Accountants

Collingwood, Ontario

May 13, 2011

COLLINGWOOD UTILITY SERVICES CORP.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31

	2010	2009
	\$	\$
Assets		
Current		
Cash	3,131,790	1,572,425
Accounts receivable (Note 9)	4,969,831	3,735,946
Unbilled revenue	3,343,566	3,024,852
Taxes recoverable	53,413	104,404
Prepaid expenses	130,846	74,051
Inventory	317,756	297,789
	11,947,202	8,809,467
Property, plant and equipment		
Lands	90,439	90,439
Buildings	494,142	255,668
Distribution stations	5,219,952	3,857,578
Distribution lines	20,475,695	19,596,227
Distribution transformers	5,184,349	5,020,605
Distribution meters	1,767,391	1,565,562
Load control	1,521,439	1,459,235
Other	1,991,042	2,838,992
Contributions in aid of construction (Note 7)	(9,636,769)	(9,354,806)
	27,107,680	25,329,500
Less accumulated depreciation	(14,344,099)	(13,405,295)
	12,763,581	11,924,205
Other		
Goodwill	276,704	276,704
Intangible assets (net of accumulated amortization of \$232,256 (2009 -\$130,189))	278,072	338,117
Investment in Utility Collaborative Services Inc. - at cost	100	100
Future taxes recoverable	243,823	255,837
	798,699	870,758
	25,509,482	21,604,430

Approved by directors:

_____ Director

_____ Director

See accompanying notes to the financial statements

COLLINGWOOD UTILITY SERVICES CORP.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31

	2010	2009
	\$	\$
Liabilities		
Current		
Accounts payable and accruals (Notes 7 and 9)	7,417,305	7,342,070
Customer deposits	430,736	355,081
Current portion of long-term (Note 10)	200,000	-
	8,048,041	7,697,151
Long-term (Note 10)	4,410,170	1,710,170
Employee future benefits (Note 12)	655,332	595,475
Other (Note 11)	1,411,987	1,005,314
	14,525,530	11,008,110
Shareholder's equity		
Capital stock		
Authorized		
Unlimited common shares		
Issued		
5,101,640 common shares	5,101,640	5,101,640
Miscellaneous paid in capital	2,966,014	2,966,014
Retained income	2,916,298	2,528,666
	10,983,952	10,596,320
	25,509,482	21,604,430

See accompanying notes to the financial statements

COLLINGWOOD UTILITY SERVICES CORP.

CONSOLIDATED INCOME AND RETAINED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31

	2010	2009
	\$	\$
Revenues		
Sale of power	25,971,849	24,064,556
Distribution services	5,437,389	5,126,519
	31,409,238	29,191,075
Cost of power		
Power purchased	25,971,849	24,064,556
Distribution income (17.3%; 2009 - 17.6%)	5,437,389	5,126,519
Other operating income (Note 9)		
Accounting and administrative services	881,803	811,881
Miscellaneous	629,785	557,971
	6,948,977	6,496,371
Operating expenses		
Distribution and transmission	1,697,352	1,732,891
Billing and collecting	913,832	631,522
General administration (Notes 9 and 10)	2,893,320	2,593,799
Amortization	967,205	1,004,161
	6,471,709	5,962,373
Net income before taxes	477,268	533,998
Provision for (recovery) of taxes		
Current	77,622	110,755
Future	12,014	(47,493)
	89,636	63,262
Net income for the year	387,632	470,736
Retained income, beginning of year	2,528,666	2,057,930
Retained income, end of year	2,916,298	2,528,666

See accompanying notes to the financial statements

COLLINGWOOD UTILITY SERVICES CORP.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31

	2010	2009
	\$	\$
Cash flows from (for):		
Operating activities		
Net income for the year	387,632	470,736
Items not requiring funds		
Amortization	1,150,939	1,112,226
Future taxes	12,014	(47,493)
Gain on disposition of property, plant and equipment	(8,852)	-
	1,541,733	1,535,469
Changes in:		
Accounts receivable	(1,290,680)	382,845
Unbilled revenue	(318,714)	445,532
Inventory	(19,967)	(42,658)
Accounts payable and accruals	75,235	(1,475,224)
Income taxes	50,991	84,752
Customer deposits	75,655	(191)
Employee future benefits	59,857	56,411
Other liabilities	406,673	(2,709,369)
	580,783	(1,722,433)
Investing activities		
Acquisition of property, plant and equipment	(1,930,270)	(980,224)
Investment in Utility Collaborative Services Inc.	-	(100)
Proceeds from disposal of property, plant and equipment	8,852	-
	(1,921,418)	(980,324)
Financing activities		
Repayment of long-term liabilities	(100,000)	(1,117,353)
Issuance of long-term liabilities	3,000,000	-
	2,900,000	(1,117,353)
Change in cash	1,559,365	(3,820,110)
Cash position, beginning of year	1,572,425	5,392,535
Cash position, end of year	3,131,790	1,572,425

See accompanying notes to the financial statements

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

1. Significant accounting policies

The financial statements of the corporation are the representations of management. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements based on available information. The most significant estimates are included in unbilled revenue and economic evaluation. The financial statements have, in the opinion of management, been properly prepared within the framework of the accounting policies summarized below.

- (a) The financial statements of the company are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), including accounting principles prescribed by the Ontario Energy Board (OEB) through the accounting procedures handbook and directives.
- (b) The company's distribution of electricity is subject to rate regulation by the OEB. This rate regulation results in the company accounting for specific transactions differently than it would if it was not rate-regulated. The differences in accounting treatment give rise to regulatory assets or liabilities. These balances will be recovered from or returned to customers by increases or decreases to rates in the future.

The electricity rates charged by the company are approved on an annual basis using performance-based regulation. For the rate year ending April 30, 2010, the company was authorized to earn 8.01% on equity and 6.25% on debt with a deemed debt to equity ratio of 1:0.89.

- (c) The company recognizes revenue on an accrual basis, which includes unbilled revenue, which is an estimate of electricity consumed by customers to the end of year but not yet billed by the company. Revenue from accounting and administrative services provided are recognized at the time in which the services were provided.
- (d) The financial statements of the company's subsidiaries, COLLUS Power Corp. , COLLUS Solutions Corp. and COLLUS Energy Corp. have been consolidated. All inter-company transactions have been eliminated.
- (e) Property, plant and equipment are stated at cost. Contributions received in aid of construction of property, plant and equipment are capitalized and amortized at the same rate as the related asset. Property, plant and equipment are amortized over their estimated useful lives, using the straight-line method. Assets constructed by others and donated to the company are recorded at cost to the developer. Amortization rates are 4% except as follows:

Buildings	2%
Distribution stations	3.33%
Other capital assets	6.67% to 20%

- (f) Deferred charges - service area expansion costs are being amortized on a straight-line basis over twenty-five years.
- (g) Economic evaluation is an estimate of amounts due to subdivision developers in the future as repayment for the developers installation of hydro infrastructure.

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

1. Significant accounting policies (continued)

- (h) Taxes are calculated using the liability method of tax allocation accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future tax liabilities or assets. Future tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse.
- (i) The company's inventory typically consists of poles and wire, unless purchased for specific capital projects in process or as spare units. Items for specific capital projects, spare transformers and meters are recorded as property, plant and equipment. The company's inventory is valued using the moving average cost method and is recorded at the lower of cost and net realizable value.
- (j) The company has adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861 - "Financial Instruments - Disclosure and Presentation" which establishes the requirement of disclosure of risks associated with financial instruments and the management of those risks.

- (k) Intangible assets

Intangible assets are externally acquired and are stated at cost. Amortization is provided on a straight-line basis over their estimated useful service lives at the following annual rates:

Computer software	20%
-------------------	-----

2. Tax status

The company is exempt from income tax under section 149 of the Income Tax Act. The company is required to make payments in lieu of tax calculated on the same basis as the Income Tax Act.

3. Financial instruments

The company's financial instruments consist of cash, accounts receivable, unbilled revenue, taxes recoverable, accounts payable and accruals, customer deposits and long-term liabilities. It is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Fair market value does not vary significantly from recorded value.

4. Line of credit

The company has two revolving lines of credit with CIBC with a combined credit limit of \$750,000. The interest rates for both are set at prime minus 0.75% per annum. During 2010 the company did not draw on either line of credit.

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

5. Future Accounting Pronouncements

The Accounting Standards Board has decided that rate regulated publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP for annual reporting purposes for fiscal years beginning on or after January 1, 2012. The transition period is expected to begin for fiscal years beginning on or after January 1, 2011. The impact of these changes cannot be estimated at this time.

Phase 1 of the company's IFRS implementation was complete as of October 2009. Phase 1 identified the company's needs with regard to the new standards and set out recommendations to meet those needs. Phase 2 was still in progress as of the 2010 audit report date, which includes reclassifying property, plant, and equipment to comply with IFRS.

6. Supplemental cash flow information

Cash receipts (payments) were made as follows:

	2010	2009
	\$	\$
Interest received	51,253	70,417
Interest paid	(221,217)	(179,149)
Taxes refunded	104,403	190,118
Taxes paid	(130,950)	(216,120)

7. Contributions in aid of construction

Under the terms of the Distribution System Code, the corporation cannot charge a developer more than the difference between the present value of the projected capital costs and on-going maintenance costs for the equipment and the present value of the projected revenue for distribution services provided by those facilities. These amounts are determined by an economic evaluation study of the project. The corporation estimates that it will return \$365,610 (2009 - \$365,610). The liability is included in accounts payable and accruals. The balance of \$9,636,769 (2009 - \$9,354,806) is recorded as a reduction of the cost of property, plant and equipment.

8. Property, plant and equipment

Effective in 2010 and under the direction of the OEB, the company had the option of moving stranded meter costs into the regulatory asset accounts or leave them in property, plant, and equipment. The company decided to keep them in property, plant, and equipment and continue to amortize the stranded meter costs. The balance of stranded meters in property, plant, and equipment is \$1,529,891 and the accumulated amortization is \$909,545 (2009 - \$863,275).

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

9. Related party transactions

Collingwood Public Utilities Commission and the company are controlled by the council of the Town of Collingwood.

Related party transactions are recorded at their exchange value and include the following:

	2010	2009
	\$	\$
Amounts receivable from Collingwood Public Utilities Service Board	171,234	162,324
Amounts receivable from the Town of Collingwood	91,413	75,536
Amounts payable to the Collingwood Public Utilities Service Board	(93,479)	(496,809)
Amounts payable to the Town of Collingwood	(1,831,697)	(412,995)
Revenues include amounts charged to the following parties:		
Town of Collingwood	68,461	62,517
Collingwood Public Utilities Service Board	881,803	811,881
Expenses include information technology assistance to the Town of Collingwood	21,631	20,029
The company is leasing its operations centre and computers from the Collingwood Public Utilities Service Board. The lease has a one year term and is renewable annually. These costs are included in general administration expense.	317,000	317,000

10. Long-term liabilities

Long-term liabilities consist of the following:

	2010	2009
	\$	\$
4.67% loan payable to the Ontario Infrastructure Projects Corporation, secured by a General Security Agreement over all of the assets of the company. Payments are to be made semi-annually to April 15, 2025	2,900,000	-
7.25% note payable to Town of Collingwood, no set terms of repayment	1,710,170	1,710,170
	4,610,170	1,710,170
Current portion of long-term liabilities	(200,000)	-
	4,410,170	1,710,170

Included in general administration expense is \$176,802 (2009 - \$129,020) of interest on long-term liabilities.

The corporation is contingently liable for a letter of credit in the amount of \$2,046,656 (2009 - \$1,631,702) to meet the prudential requirements of the Independent Electricity System Operator.

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

11. Other assets (liabilities)

Other assets (liabilities) consist of the following:

	2010	2009
	\$	\$
Deferred charges-service area expansion (net of \$98,899 accumulated amortization, 2009 - \$90,744)	106,015	114,170
Regulatory assets		
Other regulatory assets	225,179	66,530
Smart meter variance	1,838,379	1,927,304
Regulatory liabilities		
Purchased power cost variance	(938,916)	(2,562,776)
Regulatory recoveries	(2,562,854)	(507,194)
Other regulatory liabilities	(79,790)	(43,348)
Total regulatory liabilities	(3,581,560)	(3,113,318)
Net liability	(1,411,987)	(1,005,314)

Other regulatory assets consist of Hydro One incremental capital and pension costs from OMERS not recovered in rates. This account includes annual carrying charges accrued at the OEB quarterly interest rate in effect.

In 2010 the OEB approved the disposition of power variances from December 31, 2008. The liability is being paid back through a reduction of customer's monthly billings over a period of three years, beginning in May 2010.

The purchased power cost variance represents variances in the purchase and sale of electricity which will be recovered from or returned to customers by increases or decreases to rates in the future. Purchased power cost variance includes annual carrying charges accrued at the OEB quarterly interest rate in effect.

The smart meters regulatory asset account relates to the Province of Ontario's decision to install smart meters throughout Ontario by 2011. The company launched its project shortly following the Province of Ontario's announcement in 2006. As at December 31, 2010, the company had installed approximately 15,000 smart meters. The company is currently authorized to collect \$2.00 per residential customer per month. Carrying charges are accrued on this account for 2007 and later years at the OEB quarterly interest rate in effect. As at December 31, 2010, smart meter capital expenditures totaled \$2,414,022 (2009 - \$2,257,264) which is offset by revenues of \$575,644 (2009 - \$262,021) and accumulated amortization of \$215,072 (2009 - \$67,939). In the current year smart meter accumulated amortization was offset by a contra account per OEB regulation.

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

12. Employee future benefits

The employees of Collingwood Utility Services Corp. participate in the Ontario Municipal Employees Retirement System ("OMERS"). Although the plan has a defined retirement benefit for employees, the related obligation of the corporation cannot be identified. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant. Amounts paid to OMERS during the year totaled \$216,202 (2009 - \$227,922).

In addition, Collingwood Utility Services Corp. pays certain benefits on behalf of its retired employees. The corporation recognizes these post-retirement costs in the period in which the employees rendered the services. The accrued benefit obligation at December 31, 2010 of \$655,332 and the net periodic benefit cost for 2010 was determined by actuarial valuations using discount rates of 6.0% and was adjusted by management based on new information available. Actuarial valuations will be prepared every second year or when there are significant changes to the workforce.

Information about the company's defined benefit plan is as follows:

	2010	2009
	\$	\$
Accrued benefit obligation		
Balance at the beginning of period	595,475	539,064
Current service cost for the period	23,018	21,715
Interest cost for the period	38,815	35,914
Actuarial loss	27,471	30,014
Prior period cost	6,434	12,868
Benefits paid for the period	(10,953)	(10,195)
Projected accrued benefit obligation at end of period as determined by actuarial valuation.	680,260	629,380
Unamortized actuarial loss	(24,928)	(27,471)
Unamortized prior service cost	-	(6,434)
Balance at end of period	655,332	595,475
Components of net periodic benefit cost		
Current service cost for the period	23,018	21,715
Interest cost for the period	38,815	35,914
Amortization of actuarial losses	2,543	2,543
Amortization of prior service cost	6,434	6,433
Net periodic benefit cost	70,810	66,605

COLLINGWOOD UTILITY SERVICES CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

12. Employee future benefits (continued)

The main actuarial assumptions employed for the valuations are as follows:

(a) General inflation

Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.0% in 2010 and thereafter.

(b) Interest (discount) rate

The obligation as at December 31, 2010, of the present value of future liabilities was determined using a discount rate of 6.0%. This corresponds to the assumed CPI rate plus an assumed real rate of return of 4.0%.

(c) Salary levels

Future general salary and wage levels were assumed to increase at 3.3% per annum.

(d) Medical costs

Medical costs were assumed to increase at 9.0% in 2010 graded down 0.67% a year until 2015 after which the rate is assumed to increase 5.0% annually.

(e) Dental costs

Dental costs were assumed to increase at 5.0% in 2010 and thereafter.

13. Capital disclosures

The company's main objectives when managing capital are to:

- (a) Ensure ongoing access to funds that will allow the ongoing operation of the service company.
- (b) Ensure ongoing access to funding to maintain and improve the electricity distribution system and to ensure that capital needs are met.
- (c) Ensure compliance with covenants related to its credit facilities and the Town of Collingwood promissory note.
- (d) Ensure that the capital structure is such that the debt to equity structure deemed by the OEB is not exceeded.

As at December 31, 2010, the company's definition of capital includes shareholder's equity and long-term debt. There have been no changes in the Company's approach to capital management during the year.

The company has met all covenants related to its credit facilities.

14. Comparative information

Certain comparative information has been reclassified to conform with the current year's financial statement presentation.

COLLINGWOOD UTILITY SERVICES CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of **Collingwood Utility Services Corp.** as at December 31, 2010.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Gaviller & Company LLP

Licensed Public Accountants

Collingwood, Ontario

April 26, 2011

COLLINGWOOD UTILITY SERVICES CORP.

BALANCE SHEET AS AT DECEMBER 31

	2010	2009
	\$	\$
Assets		
Due from Town of Collingwood	100	100
Investment in subsidiaries, at cost	5,101,540	5,101,540
	5,101,640	5,101,640
Shareholder's equity		
Capital stock		
Authorized		
Unlimited common shares		
Issued		
5,101,640 common shares	5,101,640	5,101,640
Total shareholder's equity	5,101,640	5,101,640

Approved on behalf of the board:

_____ Director

_____ Director

COLLUS POWER CORP.

FINANCIAL STATEMENTS
DECEMBER 31, 2010

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholder of COLLUS Power Corp.

Report on the Financial Statements

We have audited the accompanying financial statements of COLLUS Power Corp., which comprise the balance sheet as at December 31, 2010, and the income and retained income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of COLLUS Power Corp. as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gaviller & Company LLP

Licensed Public Accountants

Collingwood, Ontario

May 13, 2011

COLLUS POWER CORP.

BALANCE SHEET AS AT DECEMBER 31

	2010	2009
	\$	\$
Assets		
Current		
Cash	2,922,832	1,388,603
Accounts receivable	4,690,260	3,480,409
Unbilled revenue	3,343,566	3,024,852
Taxes recoverable	46,486	102,231
Prepaid expenses	130,846	74,050
Inventory	317,756	297,789
	11,451,746	8,367,934
Property, plant and equipment (Note 6)		
Lands	90,439	90,439
Buildings	494,142	255,668
Distribution stations	5,219,952	3,857,578
Distribution lines	20,475,695	19,596,227
Distribution transformers	5,184,349	5,020,605
Distribution meters and services	1,767,391	1,565,362
Load control	1,521,439	1,459,235
Other	1,991,042	2,838,992
Contributions in aid of construction (Note 3)	(9,636,769)	(9,354,806)
	27,107,680	25,329,500
Less accumulated amortization	(14,344,099)	(13,405,294)
	12,763,581	11,924,206
Other		
Goodwill	276,704	276,704
Intangible asset - computer software (net of accumulated amortization of \$232,256 (2009 - \$130,189))	278,072	338,117
Investment in Utility Collaborative Services Inc. - at cost	100	100
Future taxes recoverable	156,997	178,811
	711,873	793,732
	24,927,200	21,085,872

Approved by directors:

..... Director

..... Director

See accompanying notes to the financial statements

COLLUS POWER CORP.

BALANCE SHEET AS AT DECEMBER 31

	2010	2009
	\$	\$
Liabilities		
Current		
Accounts payable and accruals (Notes 3 and 9)	7,384,308	7,350,989
Customer deposits	430,736	355,081
Current portion of long-term (Note 5)	200,000	-
	8,015,044	7,706,070
Long-term (Note 5)	4,410,170	1,710,170
Employee future benefits (Note 12)	308,029	281,085
Other (Note 4)	1,411,987	1,005,314
Total liabilities	14,145,230	10,702,639
Shareholder's equity		
Capital stock		
Authorized		
Unlimited common shares		
Issued		
5,101,340 common shares	5,101,340	5,101,340
Miscellaneous paid in capital	2,966,014	2,966,014
Retained income	2,714,616	2,315,879
Total shareholder's equity	10,781,970	10,383,233
	24,927,200	21,085,872

See accompanying notes to the financial statements

COLLUS POWER CORP.

INCOME AND RETAINED INCOME STATEMENT FOR THE YEAR ENDING DECEMBER 31

	2010	2009
	\$	\$
Revenue		
Sale of power	25,971,849	24,064,556
Distribution services	5,437,389	5,126,519
	31,409,238	29,191,075
Cost of power		
Power purchased	25,971,849	24,064,556
Distribution income (17.3%, 2009 - 17.6%)	5,437,389	5,126,519
Other revenue	556,865	488,295
	5,994,254	5,614,814
Operating and maintenance expenses (Note 9)		
Distribution and transmission	1,883,667	1,903,185
Billing and collecting	1,154,122	821,070
General administration	1,244,511	1,190,578
Amortization	967,205	1,004,161
	5,249,505	4,918,994
Operating income	744,749	695,820
Other expense		
Interest (Note 5)	249,634	179,149
Net income before taxes	495,115	516,671
Provision for (recovery of) taxes		
Current	74,564	100,906
Future	21,814	(32,937)
	96,378	67,969
Net income for the year	398,737	448,702
Retained income, beginning of year	2,315,879	1,867,177
Retained income, end of year	2,714,616	2,315,879

See accompanying notes to the financial statements

COLLUS POWER CORP.

CASH FLOW STATEMENT FOR THE YEAR ENDING DECEMBER 31

	2010	2009
	\$	\$
Cash flows from (for):		
Operating activities		
Net income	398,737	448,702
Items not requiring funds		
Amortization	1,150,939	1,112,226
Future taxes	21,814	(32,937)
Gain on disposition of property, plant, and equipment	(8,852)	-
	1,562,638	1,527,991
Changes in		
Accounts receivable	(1,209,851)	347,127
Unbilled revenue	(318,714)	445,532
Inventory	(19,967)	(42,658)
Accounts payable and accruals	33,319	(1,335,717)
Prepaid expenses	(56,795)	(18,316)
Taxes payable	55,745	78,488
Customer deposits	75,655	(191)
Employee future benefits	26,944	25,976
Other liabilities	406,673	(2,709,369)
	555,647	(1,681,137)
Investing activities		
Acquisition of property, plant and equipment	(1,930,270)	(926,226)
Investment in Utility Collaborative Services Inc.	-	(100)
Proceeds from disposal of property, plant, and equipment	8,852	-
	(1,921,418)	(926,326)
Financing activities		
Repayment of long-term liabilities	(100,000)	(1,117,353)
Issuance of long-term liabilities	3,000,000	-
	2,900,000	(1,117,353)
Change in cash	1,534,229	(3,724,816)
Cash position, beginning of year	1,388,603	5,113,419
Cash position, end of year	2,922,832	1,388,603

See accompanying notes to the financial statements

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

1. Significant accounting policies

The financial statements of the company are the representations of management. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment based on available information. The most significant estimates are included in unbilled revenue and economic evaluations. The financial statements have, in the opinion of management, been properly prepared within the framework of the accounting policies summarized below:

- (a) The financial statements of the company have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), including accounting principles prescribed by the Ontario Energy Board (OEB) through the accounting procedures handbook and directives.
- (b) The company's distribution of electricity is subject to rate regulation by the OEB. This rate regulation results in the company accounting for specific transactions differently than it would if it was not rate-regulated. The differences in accounting treatment give rise to regulatory assets or liabilities. These balances will be recovered from or returned to customers by increases or decreases to rates in the future.

The electricity rates charged by the company are approved on an annual basis using performance-based regulation. For the rate year ending April 30, 2010, the company was authorized to earn 8.01% on equity and 6.25% on debt with a deemed debt to equity ratio of 1:0.89.

- (c) The company recognizes revenue on an accrual basis, which includes unbilled revenue, which is an estimate of electricity consumed by customers to the end of year but not yet billed by the company.
- (d) Property, plant and equipment are stated at cost. Contributions received in aid of construction of property, plant and equipment are capitalized and amortized at the same rate as the related asset. Property, plant and equipment are amortized over their estimated useful lives, using the straight-line method. Assets constructed by others and donated to the company are recorded at cost to the developer. Amortization rates are 4% except as follows:

Buildings	2%
Distribution stations	3.33%
Other	6.67% to 20%

- (c) Deferred charges - service area expansion costs are being amortized on a straight-line basis over twenty-five years.
- (d) Taxes are calculated using the liability method of tax allocation accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future tax liabilities or assets. Future tax liabilities or assets are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse.

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

1. Significant accounting policies (continued)

- (g) The company's inventory typically consists of poles and wire, unless purchased for specific capital projects in process or as spare units. Items for specific capital projects, spare transformers and meters are recorded as capital assets. The company's inventory is valued using the moving average cost method and is recorded at the lower of cost and net realizable value.
- (h) The company accounts for financial instruments using Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861 - "Financial Instruments - Disclosure and Presentation" which establishes the requirement of disclosure of risks associated with financial instruments and the management of those risks.

(i) Intangible assets

Intangible assets are externally acquired and are stated at cost. Amortization is provided on a straight-line basis over their estimated useful service lives at the following annual rates:

Computer software	20%
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2. Future accounting pronouncements

The Accounting Standards Board has decided that rate regulated publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP for annual reporting purposes for fiscal years beginning on or after January 1, 2012. The transition period is expected to begin for fiscal years beginning on or after January 1, 2011. The impact of these changes cannot be estimated at this time.

Phase 1 of the company's IFRS implementation was complete as of October 2009. Phase 1 identified the company's needs with regard to the new standards and set out recommendations to meet those needs. Phase 2 was still in progress as of the 2010 audit report date, which includes reclassifying property, plant, and equipment to comply with IFRS.

3. Contributions in aid of construction

Under the terms of the Distribution System Code, the company cannot charge a developer more than the difference between the present value of the projected capital costs and on-going maintenance costs for the equipment and the present value of the projected revenue for distribution services provided by those facilities. These amounts are determined by an economic evaluation study of the project. The company estimates that it will return \$365,610 (2009 - \$365,610). The liability is included in accounts payable. The balance of \$9,636,769 (2009 - \$9,354,806) is recorded as a reduction of the cost of property, plant, and equipment.

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

4. Other assets (liabilities)

Other assets (liabilities) consist of the following:

	2010	2009
	\$	\$
Deferred charges-service area expansion (net of \$98,899 accumulated amortization, (2009 - \$90,744))	106,015	114,170
Regulatory assets		
Other regulatory assets	225,179	66,530
Smart meter variance	1,838,379	1,927,304
Total regulatory assets	2,063,558	1,993,834
Regulatory liabilities		
Purchased power cost variance	(938,916)	(2,562,776)
Regulatory recoveries	(2,562,854)	(507,194)
Other regulatory liabilities	(79,790)	(43,348)
Total regulatory liabilities	(3,581,560)	(3,113,318)
Net liability	(1,411,987)	(1,005,314)

Other regulatory assets consist of Hydro One incremental capital and pension costs from OMBRS not recovered in rates. This account includes annual carrying charges accrued at the OEB quarterly interest rate in effect.

In 2010 the OEB approved the disposition of power variances from December 31, 2008. The liability is being paid back through a reduction of customer's monthly billings over a period of three years, beginning in May 2010.

The purchased power cost variance represents variances in the purchase and sale of electricity which will be recovered from or returned to customers by increases or decreases to rates in the future. Purchased power cost variance includes annual carrying charges accrued at the OEB quarterly interest rate in effect.

The smart meters regulatory asset account relates to the Province of Ontario's decision to install smart meters throughout Ontario by 2011. The company launched its project shortly following the Province of Ontario's announcement in 2006. As at December 31, 2010, the company had installed approximately 15,000 smart meters. The company is currently authorized to collect \$2.00 per residential customer per month. Carrying charges are accrued on this account for 2007 and later years at the OEB quarterly interest rate in effect. As at December 31, 2010, smart meter capital expenditures totaled \$2,414,022 (2009 - \$2,257,264) which is offset by revenues of \$575,644 (2009 - \$262,021) and accumulated amortization of \$215,072 (2009 - \$67,939).

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

5. Long-term liabilities

Long-term liabilities consist of the following:

	2010	2009
	\$	\$
4.67% loan payable to the Ontario Infrastructure Projects Corporation, secured by a General Security Agreement over all of the assets of the company. Payments are to be made semi-annually to April 15, 2025.	2,900,000	-
7.25% note payable to the Town of Collingwood, no set terms of repayment	1,710,170	1,710,170
	4,610,170	1,710,170
Current portion	(200,000)	-
	4,410,170	1,710,170

Principal payments in the next year are as follows:

	\$
2011	200,000
2012	200,000
2013	200,000
2014	200,000
2015	200,000

Included in interest expense is \$176,802 (2009 - \$129,020) of interest on long-term liabilities.

The company is contingently liable for a letter of credit in the amount of \$2,046,656 (2009 - \$1,631,702) to meet the prudential requirements of the Independent Electricity System Operator.

6. Property, plant, and equipment

Effective in 2010 and under the direction of the OEB, the company had the option of moving stranded meter costs into the regulatory asset accounts or leave them in property, plant, and equipment. The company decided to keep them in property, plant, and equipment and continue to amortize the stranded meter costs. The balance of stranded meters in property, plant, and equipment is \$1,529,891 and the accumulated amortization is \$909,545 (2009 - \$863,275).

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

7. Financial instruments

The company's financial instruments consist of cash, accounts receivable, unbilled revenue, taxes recoverable, investment in Utility Collaborative Services Inc., accounts payable and accruals, customer deposits, and long-term liabilities. It is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Fair value does not vary significantly from recorded value.

8. Tax status

The company is exempt from income tax under section 149 of the Income Tax Act. The company is required to make payments in lieu of taxes calculated on the same basis as the Income Tax Act.

9. Related party transactions

Collingwood Public Utilities Service Board, COLLUS Solutions Corp., and the company are controlled by the council of the Town of Collingwood.

Related party transactions are recorded at their exchange amount and include the following:

	2010	2009
	\$	\$
Amounts payable to the Collingwood Public Utilities Service Board	(93,479)	(496,809)
Amounts payable to COLLUS Solutions Corp.	(135,797)	(94,769)
Amounts payable to the Town of Collingwood	(1,831,697)	(412,995)
The company is leasing its operations centre from the Collingwood Public Utilities Service Board. The lease has a one year term and is renewable annually. These costs are included in general administration expense.	200,000	200,000
Operating and maintenance expenses include services purchased from COLLUS Solutions Corp.	1,174,677	1,114,125
COLLUS Power Corp. is leasing computer equipment from Collingwood Public Utilities Service Board. This amount is included in the above netted expenses.	117,000	117,000

10. Supplemental cash flow information

Cash receipts and (payments) were as follows:

	2010	2009
	\$	\$
Interest paid	(221,064)	(179,149)
Interest received	49,997	68,862
Taxes paid	(121,050)	(204,160)
Taxes refunded	102,231	181,742

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

11. Line of credit

The company has a revolving line of credit with CIBC with a credit limit of \$500,000. The interest rate is set at prime minus 0.75% per annum. During 2010 the company did not draw on their line of credit.

12. Employee future benefits

The employees of COLLUS Power Corp. participate in the Ontario Municipal Employees Retirement System ("OMERS"). Although the plan has a defined retirement benefit for employees, the related obligation of the company cannot be identified. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant. Amounts paid to OMERS during the year totaled \$50,626 (2009 - \$60,174).

In addition, COLLUS Power Corp. pays certain benefits on behalf of its retired employees. The company recognizes these post-retirement costs in the period in which the employees rendered the services. The accrued benefit obligation at December 31, 2010 of \$308,029 and the net periodic benefit cost for 2010 was determined by actuarial valuation using discount rates of 6.0% and was adjusted by management based on new information available. Actuarial valuations will be prepared every second year or when there are significant changes to the workforce.

Information about the company's defined benefit plan is as follows:

	2010	2009
	\$	\$
Accrued benefit obligation		
Balance at the beginning of period	281,085	255,109
Current service cost for the period	10,157	9,582
Interest cost for the period	20,555	19,409
Actuarial loss	52,235	54,778
Prior period cost	4,531	9,063
Benefits paid for the period	(10,842)	(10,090)
Projected accrued benefit obligation at end of period as determined by actuarial valuation.	357,721	337,851
Unamortized actuarial loss	(49,692)	(52,235)
Unamortized prior service cost	-	(4,531)
Balance at end of period	308,029	281,085
Components of net periodic benefit cost		
Current service cost for the period	10,157	9,582
Interest cost for the period	20,555	19,409
Amortization of actuarial loss	2,543	2,543
Amortization of prior service cost	4,531	4,531
Net periodic benefit cost	37,786	36,065

COLLUS POWER CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

12. Employee future benefits (continued)

The main actuarial assumptions employed for the valuations are as follows:

(a) General inflation

Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.0% in 2010 and thereafter.

(b) Interest (discount) rate

The obligation as at December 31, 2010, of the present value of future liabilities was determined using a discount rate of 6.0%. This corresponds to the assumed CPI rate plus an assumed real rate of return of 4.0%.

(c) Salary levels

Future general salary and wage levels were assumed to increase at 3.3% per annum.

(d) Medical costs

Medical costs were assumed to be 9.0% in 2010 and graded down 0.67% a year until 2015 after which the rate is assumed to increase 5.0% annually.

(e) Dental costs

Dental costs were assumed to increase at 5.0% in 2010 and thereafter.

13. Capital disclosures

The company's main objectives when managing capital are to:

- (a) Ensure ongoing access to funding to maintain and improve the electricity distribution system and to ensure that capital needs are met.
- (b) Ensure compliance with covenants related to its credit facilities and the Town of Collingwood promissory note.
- (c) Ensure that the capital structure is such that the debt to equity structure deemed by the OEB is not exceeded.

As at December 31, 2010, the company's definition of capital includes shareholder's equity and long-term debt. The company's debt to equity ratio as defined by the OEB, as at December 31, 2010 is 1:2.98 (2009 - 1:2.98). There have been no changes in the company's approach to capital management during the year.

The company has met all covenants related to its credit facilities.

14. Comparative information

Certain comparative information has been reclassified to conform with the current year's financial statement presentation.

COLLUS SOLUTIONS CORP.

FINANCIAL STATEMENTS
DECEMBER 31, 2010

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholder of **COLLUS Solutions Corp.**:

Report on the Financial Statements

We have audited the accompanying financial statements of **COLLUS Solutions Corp.**, which comprise the balance sheet as at December 31, 2010, and the income and retained income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **COLLUS Solutions Corp.** as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gaviller & Company LLP

Licensed Public Accountants
Collingwood, Ontario
May 13, 2011

COLLUS SOLUTIONS CORP.

BALANCE SHEET AS AT DECEMBER 31

	2010	2009
	\$	\$
Assets		
Current		
Cash	208,958	183,822
Accounts receivable (Note 3)	415,168	350,105
Taxes receivable	6,927	2,172
	631,053	536,099
Future taxes	86,826	77,026
	717,879	613,125
Liabilities		
Current		
Accounts payable and accruals	168,793	85,849
Employee future benefits (Note 9)	347,303	314,390
Total liabilities	516,096	400,239
Shareholder's equity		
Capital stock		
Authorized		
Unlimited common shares		
Issued		
100 common shares	100	100
Retained income	201,683	212,786
Total shareholder's equity	201,783	212,886
	717,879	613,125

Approved on behalf of the Board:

_____ Director

_____ Director

See accompanying notes to the financial statements

COLLUS SOLUTIONS CORP.

INCOME AND RETAINED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31

	2010	2009
	\$	\$
Revenue (Note 3)		
Accounting and administrative services	2,056,480	1,926,006
Miscellaneous	72,920	69,676
	2,129,400	1,995,682
Operating expenses (Note 3)		
Administration	31,580	19,585
Wages and benefits	2,115,665	1,958,770
	2,147,245	1,978,355
Income (loss) before taxes	(17,845)	17,327
Provision for (recovery of) taxes		
Current	3,058	9,849
Future	(9,800)	(14,556)
	(6,742)	(4,707)
Net (loss) income for the year	(11,103)	22,034
Retained income, beginning of year	212,786	190,752
Retained income, end of year	201,683	212,786

See accompanying notes to the financial statements

COLLUS SOLUTIONS CORP.

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31

	2010	2009
	\$	\$
Cash flows from (for):		
Operating activities		
Net (loss) income	(11,103)	22,034
Items not providing funds		
Future taxes	(9,800)	(14,556)
	(20,903)	7,478
Changes in		
Accounts receivable	(65,063)	(30,757)
Income taxes	(4,755)	6,265
Accounts payable and accruals	82,944	(108,715)
Employee future benefits	32,913	30,435
Change in cash	25,136	(95,294)
Cash position, beginning of year	183,822	279,116
Cash position, end of year	208,958	183,822

See accompanying notes to the financial statements

COLLUS SOLUTIONS CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

1. Significant accounting policies

The financial statements of the company are the representations of management. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment based on available information. The most significant estimates are included in employee future benefits. The financial statements have, in the opinion of management, been properly prepared within the framework of the accounting policies summarized below:

(a) Revenue Recognition

Revenue from accounting and administrative services provided are recognized at the time in which the services were provided.

(b) Financial Instruments

The company has adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861 - "Financial Instruments - Disclosure and Presentation" which establishes the requirement of disclosure of risks associated with financial instruments and the management of those risks. The adoption of this standard did not have any impact on the company's results of operations or financial position.

2. Tax status

The company is exempt from income tax under section 149 of the Income Tax Act. The company is required to make payments in lieu of tax calculated on the same basis as the Income Tax Act.

3. Related party transactions

The company, COLLUS Power Corp. and Collingwood Public Utilities Service Board are controlled by the council of the Town of Collingwood.

Related party transactions are recorded at their exchange value and include the following:

	2010	2009
	\$	\$
Amounts receivable from COLLUS Power Corp.	135,797	94,769
Amounts receivable from Collingwood Public Utilities Service Board	171,234	162,324
Amounts receivable from the Town of Collingwood	91,413	75,536
Revenues include amounts charged to the following parties:		
Town of Collingwood	68,461	62,517
COLLUS Power Corp.	1,174,677	1,114,125
Collingwood Public Utilities Service Board	881,803	811,881
Expenses include information technology assistance to the		
Town of Collingwood	21,631	20,029

COLLUS SOLUTIONS CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

4. Line of credit

The company has a revolving line of credit with CIBC with a credit limit of \$250,000. The interest rate is set at prime minus 0.75% per annum. During 2010 the company did not draw on their line of credit.

5. Economic dependence

As the company's major source of revenue is derived from providing processing services to related parties its ability to continue viable operations is dependent upon COLLUS Power Corp. and Collingwood Public Utilities Service Board.

6. Future Accounting Pronouncements

The company will be required to adopt International Financial Reporting Standards (IFRS) in place of Canadian GAAP for annual reporting purposes for fiscal years beginning on or after January 1, 2012. The transition period is expected to begin for fiscal years beginning on or after January 1, 2011. It is subject to IFRS in 2012 as it is consolidated under Collingwood Utilities Services Corp. financial statements with Collus Power Corp. a sister company who is required to adopt IFRS starting in 2012. The impact of these changes cannot be estimated at this time.

Phase 1 of the company's IFRS implementation was complete as of October 2009. Phase 1 identified the company's needs with regard to the new standards and set out recommendations to meet those needs.

7. Financial instruments

The company's financial instruments consist of cash, accounts receivable, taxes recoverable and accounts payable and accruals. It is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Fair value does not vary significantly from recorded value.

8. Supplemental cash flow information

Cash receipts (payments) were made as follows:

	2010	2009
	\$	\$
Interest received	1,256	1,555
Interest paid	(153)	-
Taxes refunded	2,172	8,376
Taxes paid	(9,900)	(11,960)

COLLUS SOLUTIONS CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

9. Employee future benefits

The employees of COLLUS Solutions Corp. participate in the Ontario Municipal Employees Retirement System ("OMERS"). Although the plan has a defined retirement benefit for employees, the related obligation of the company cannot be identified. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant. Amounts paid to OMERS during the year totaled \$165,576 (2009 - \$167,748).

In addition, COLLUS Solutions Corp. pays certain benefits on behalf of its retired employees. The company recognizes these post-retirement costs in the period in which the employees rendered the services. The accrued benefit obligation at December 31, 2010 of \$347,303 and the net periodic benefit cost for 2010 was determined by actuarial valuations using discount rates of 6.0% and was adjusted by management based on new information available. Actuarial valuations will be prepared every second year or when there are significant changes to the workforce.

Information about the company's defined benefit plan is as follows:

	2010	2009
	\$	\$
Accrued benefit obligation		
Balance at the beginning of period	314,390	283,955
Current service cost for the period	12,861	12,133
Interest cost for the period	18,260	16,505
Actuarial gain	(24,764)	(24,764)
Prior period cost	1,903	3,805
Benefits paid for the period	(111)	(105)
Projected accrued benefit obligation at end of period as determined by actuarial valuation.	322,539	291,529
Unamortized actuarial gain	24,764	24,764
Unamortized prior service cost	-	(1,903)
Balance at end of period	347,303	314,390
Components of net periodic benefit cost		
Current service cost for the period	12,861	12,133
Interest cost for the period	18,260	16,505
Amortization of prior service cost	1,903	1,902
Net periodic benefit cost	33,024	30,540

COLLUS SOLUTIONS CORP.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2010

9. Employee future benefits (continued)

The main actuarial assumptions employed for the valuations are as follows:

(a) General inflation

Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.0% in 2010 and thereafter.

(b) Interest (discount) rate

The obligation as at December 31, 2010, of the present value of future liabilities was determined using a discount rate of 6.0%. This corresponds to the assumed CPI rate plus an assumed real rate of return of 4.0%.

(c) Salary levels

Future general salary and wage levels were assumed to increase at 3.3% per annum.

(d) Medical costs

Medical costs were assumed to increase at 9.0% in 2010 graded down 0.67% a year until 2015 after which the rate is assumed to increase 5.0% annually.

(e) Dental costs

Dental costs were assumed to increase at 5.0% in 2010 and thereafter.

10. Capital disclosures

The company's main objectives when managing capital are to:

- (a) Ensure ongoing access to funds that will allow the ongoing operation of the service company.
- (b) Ensure compliance with covenants related to its credit facilities.

As at December 31, 2010, the company's definition of capital includes shareholder's equity and long-term debt. There have been no changes in the Company's approach to capital management during the year.

The company has met all covenants related to its credit facilities.

COLLUS ENERGY CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of **COLLUS Energy Corp.** as at December 31, 2010.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Gaviller & Company LLP

Licensed Public Accountants

Collingwood, Ontario

May 13, 2011

COLLUS ENERGY CORP.

BALANCE SHEET AS AT DECEMBER 31

	2010	2009
	\$	\$
Assets		
Due from Town of Collingwood	100	100
Total assets	100	100
Shareholder's equity		
Capital stock		
Authorized		
Unlimited number of common shares		
Issued		
100 common shares	100	100
Total shareholder's equity	100	100

Approved on behalf of the Board:

_____ Director

_____ Director

Prepared without audit - see Notice to Reader

Schedule 5.2(21)**Service Agreements**

3. Computer Rental Agreement between Collus Solutions Corp and Collingwood Public Utilities Commission, dated December 3, 2003 (between Solutions and Collingwood Public Utilities Commission (“CPUC”), which agreement was based on, and amended, section 3(c) of the Shared Facilities Lease dated January 1, 2002, between CPUC and Collus. No agreement was made for January 1, 2003), November 4, 2004 (between Solutions and CPUC), December 14, 2005 (between Collus and CPUC), December 20 2006 (between Solutions and CPUC), December 19, 2007 (between Collus and CPUC), December 15, 2008 (between Collus and CPUC), December 16, 2009 (between Collus and CPUC), January 31, 2011 (between Collus and CPUC). Please note that no formal renewal is in place for 2012, however the parties thereto have continued the arrangement as in previous years.
4. Services Agreement between Collingwood Public Utilities Commission and Collus Solutions Corp., dated January 1, 2003 and amending agreement dated November 4, 2004.
5. Services Agreement between Collus Power Corp. and Collus Solutions Corp., dated December 18, 2002 and amending agreement dated December 17, 2003.
6. Street Lighting Agreement between Collus Power Corp and Collus Solutions Corp., dated January 1, 2003.
7. Street Lighting Agreement between Collus Solutions Corp. and The Town of Collingwood, dated January 1, 2003.

WAIVER

TO: THE CORPORATION OF THE TOWN OF COLLINGWOOD
AND TO: COLLINGWOOD UTILITY SERVICES CORP.
AND TO: COLLUS POWER CORP.
AND TO: COLLUS SOLUTIONS CORP.
AND TO: COLLUS ENERGY CORP.
RE: Share purchase agreement dated as of the 6th day of March, 2012, between PowerStream Inc., the Vendor, the Corporation and the Subsidiaries (the "Share Purchase Agreement")

Capitalized terms used and not defined herein shall have the meaning given to them in the Share Purchase Agreement.


In accordance with Sections 3.2(d) and 8.8 of the Share Purchase Agreement, the Purchaser hereby waives the requirement for the Vendor to deliver the following Third Party Consents, as set out in Schedule 4.1(1)(c) of the Share Purchase Agreement:

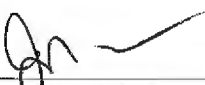
1. Shareholders Agreement between various local distribution company entities, including but not limited to Collus Power Corp., as well as Util-Assist Inc., Utility Collaborative Services Inc., dated November 20, 2009;
2. Letter of comfort or discharge of registration from RCAP Leasing Inc. re. PPSA File No. 678435543, Registration No. 20120516 1438 8077 8685, in respect of the following equipment: 126 Guardian XL Mechanisms as described on leases, from time to time leased by the secured party to the debtor and any proceeds thereof, together with all replacement parts, accessories and attachments;
3. Master Services Agreement between Kinetiq Canada Ltd., 437967 Ontario Limited, d.b.a. Savage Data System, and Collus Power Corp, dated September 10, 2009; and
4. Membership Agreement between Collus Power Corp. and Cornerstone Hydro Electric Concepts Association Inc. dated March 7, 2005.

- Signature page follows -

DATED this 31st day of July, 2012.

POWERSTREAM INC.

Per: 
Name: Dennis Nolan
Title: Executive Vice-President, Corporate Services and Secretary

Per: 
Name: John Glicksman
Title: Executive Vice-President and Chief Financial Officer

~~**THE CORPORATION OF THE TOWN OF COLLINGWOOD**~~

Per: _____
Name: Sandra Cooper
Title: Mayor

Per: _____
Name: Sara Almas
Title: Clerk

COLLINGWOOD UTILITY SERVICES CORP.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

OFFICER'S CERTIFICATE

TO: THE CORPORATION OF THE TOWN OF COLLINGWOOD

AND TO: COLLINGWOOD UTILITY SERVICES INC.

AND TO: COLLUS POWER CORP.

AND TO: COLLUS SOLUTIONS CORP.

AND TO: COLLUS ENERGY CORP.

AND TO: GOWLING LAFLEUR HENDERSON LLP

AND TO: AIRD & BERLIS LLP

RE: Purchase of 2,550,820 shares in Collingwood Utility Services Corp. by PowerStream Inc. from The Corporation of the Town of Collingwood (the "Vendor") pursuant to the share purchase agreement, dated the 6th day of March, 2012 (the "Share Purchase Agreement")

Capitalized terms used herein have the meanings ascribed thereto in the Share Purchase Agreement.

I, **DENNIS NOLAN**, the Executive Vice President Corporate Services & Secretary of PowerStream Inc. (the "**Corporation**"), hereby certify on behalf of the Corporation and without personal liability as follows:

1. I have made or caused to be made such examinations or investigations as are, in my opinion, necessary as a basis to make the following statements.
2. Attached hereto as Exhibit "A" is a true and complete copy of the articles of amalgamation and articles of amendment of the Corporation (together, the "**Articles**"), which Articles have not been further amended, modified or supplemented and are in full force and effect as of the date hereof.
3. Attached hereto as Exhibit "B" is a true and complete copy of the by-laws of the Corporation (the "**By-laws**"). The By-laws comprise all of the by-laws of the Corporation which have not been repealed. As of the date hereof, the By-laws are in full force and effect, have not been amended and neither the directors nor the shareholders of the Corporation has passed, confirmed or consented to any resolutions amending or varying the By-laws.
4. Neither the Corporation nor any of its shareholders have taken any steps to terminate or change the Corporation's existence or to amalgamate or continue into any other jurisdiction, nor has the Corporation received any notice or other communication from any Governmental

Authority or other person indicating that there exists any situation which, unless remedied, could result in the termination of the existence of the Corporation.

5. The amended and restated shareholders agreement between The Corporation of the Town of Markham, Markham Enterprises Corporation, The Corporation of the City of Vaughn, Vaughan Holdings Inc., The Corporation of the City of Barrie, Barrie Hydro Holdings Inc. and the Corporation dated November 23, 2010 (the "PS Shareholder Agreement"), is the only such agreement among all the shareholders in effect with respect to the Corporation and it does not restrict, in whole or in part, the powers of the directors with respect to the Share Purchase Agreement or the Shareholders' Agreement or the Corporation's entry into or performance of transactions contemplated therein and in connection therewith. A true and complete copy of the PS Shareholder Agreement is attached at Exhibit "C" hereto.

6. Attached hereto as Exhibit "D" is a true and complete copy of a certificate of status certifying as to the status of the Corporation, dated as of the date hereof.

7. Attached hereto as Exhibit "E" is a true and correct extract of the minutes of meeting of the board of directors of the Corporation, relating to the transactions described in the Share Purchase Agreement, and as of the date hereof, such resolution is in full force and effect unamended. No other parameters have been approved by the board of directors of the Corporation, or the Corporation's Audit and Finance Committee, in respect of the transactions described in the Share Purchase Agreement.

8. Attached hereto as Exhibit "F" is a true and correct copy of the resolutions of each of Markham Enterprises Corporation, Vaughan Holdings Inc. and Barrie Hydro Holdings Inc., as shareholders of the Corporation, relating to the transactions described in the Share Purchase Agreement, and as of the date hereof, such resolutions are in full force and effect unamended. There are no other resolutions of the shareholders of the Corporation relating to the transactions described in the Share Purchase Agreement.

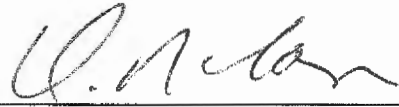
9. Attached hereto as Exhibit "G" is an incumbency certificate containing genuine specimen signatures of the officers authorized to execute the Share Purchase Agreement, Shareholders Agreement and any ancillary documents related thereto. The persons whose names appear in Exhibit "G" are duly elected directors or appointed officers of the Corporation, holding the office or offices set forth opposite their names, and the signatures set forth opposite the names of such persons, as applicable, are their genuine signatures.

10. The Corporation is not insolvent and no acts or proceedings have been taken by or against the Corporation in connection with, the Corporation has not received any notice in respect of, and the Corporation is not in the course of liquidation, winding-up, dissolution, bankruptcy, receivership or reorganization.

11. The corporate records of the Corporation in the possession of Gowlings are copies of the corporate records of the Corporation and contain all articles, by-laws and shareholder agreements of the Corporation to the date hereof. Such corporate records are true and complete in all respects.

12. The undersigned acknowledges that this certificate may be relied upon when delivered by electronic facsimile or in counterparts.

DATED the 3rd day of July, 2012.

A handwritten signature in cursive script, appearing to read "Dennis Nolan", written above a horizontal line.

Dennis Nolan

EXHIBIT "A"

ARTICLES

Annex / Annexe

4. The director(s) is/are:
Administrateur(s) :

First name, middle names and surname <i>Prénom, autres prénoms et nom de famille</i>	Address for services, giving street & No. or R.R. No., Municipality, Province, Country and Postal code. <i>Domicile élu, y compris la rue et le numéro ou le numéro de la R.R., le nom de la municipalité, la province, le pays et le code postal</i>	Resident Canadian State 'Yes' or 'No' <i>Résident canadien Oui/Non</i>
Peter Meffe	102 Oliver Lane, Maple, Ontario, Canada L6A 1B1	Yes
Dan Horchik	8 Scandia Court, Markham, Ontario, Canada L4C 1G6	Yes
David Allison	39 Eyer Drive, Markham, Ontario, Canada L6C 1T8	Yes
Tony Carella	17 Woodgreen Drive, Woodbridge, Ontario, Canada L4L 3B2	Yes
Frank Scarpitti	36 Danbury Crescent, Unionville, Ontario, Canada L3R 7S1	Yes
Clayton Harris	2141 Major Mackenzie Drive, Vaughan, Ontario, Canada L5A 1T1	Yes
Bernie Di Vona	211 Embassy Drive, Woodbridge, Ontario, Canada L4L 5K6	Yes
Mario Ferri	65 Marwood Place, Maple, Ontario, Canada L6A 1C5	Yes
Joyce Frustaglio	7250 Yonge Street, Suite 1402, Thornhill, Ontario, Canada L4J 7X1	Yes
Tony Wong	607 Carlton Road, Markham, Ontario, Canada L3P 7R9	Yes

5. Method of amalgamation, check A or B
Méthode choisie pour la fusion – Cocher A ou B :

A - Amalgamation Agreement / Convention de fusion :



The amalgamation agreement has been duly adopted by the shareholders of each of the amalgamating corporations as required by subsection 176 (4) of the *Business Corporations Act* on the date set out below.
Les actionnaires de chaque société qui fusionne ont dûment adopté la convention de fusion conformément au paragraphe 176(4) de la Loi sur les sociétés par actions à la date mentionnée ci-dessous.

or
ou

B - Amalgamation of a holding corporation and one or more of its subsidiaries or amalgamation of subsidiaries / Fusion d'une société mère avec une ou plusieurs de ses filiales ou fusion de filiales :



The amalgamation has been approved by the directors of each amalgamating corporation by a resolution as required by section 177 of the *Business Corporations Act* on the date set out below.
Les administrateurs de chaque société qui fusionne ont approuvé la fusion par voie de résolution conformément à l'article 177 de la Loi sur les sociétés par actions à la date mentionnée ci-dessous.

The articles of amalgamation in substance contain the provisions of the articles of incorporation of
Les statuts de fusion reprennent essentiellement les dispositions des statuts constitutifs de

and are more particularly set out in these articles.
et sont énoncés textuellement aux présents statuts.

Names of amalgamating corporations <i>Dénomination sociale des sociétés qui fusionnent</i>	Ontario Corporation Number <i>Numéro de la société en Ontario</i>	Date of Adoption/Approval <i>Date d'adoption ou d'approbation</i>		
		Year <i>année</i>	Month <i>mois</i>	Day <i>jour</i>
PowerStream Inc.	1677786	2008	09	26
Barrie Hydro Distribution Inc.	1445787	2008	12	15

6. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.
Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la société.

None.

7. The classes and any maximum number of shares that the corporation is authorized to issue:
Catégories et nombre maximal, s'il y a lieu, d'actions que la société est autorisée à émettre :

100,000 Common Shares

8. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series:

Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série :

Common Shares

Voting: The holders of the Common Shares shall be entitled to one vote in respect of each Common Share held at any meeting of the shareholders of the corporation except meetings at which only holders of a specified class or series of shares are entitled to vote.

Dividends: The holders of the Common Shares shall be entitled to receive dividends as and when declared by the directors in their discretion from time to time out of moneys of the corporation properly applicable to the payment of dividends.

Winding-Up: In the event of the liquidation, dissolution or winding-up of the corporation or other distribution of the assets of the corporation among its shareholders, the holders of the Common Shares shall be entitled to share pro rata in the distribution of the balance of the assets of the corporation.

9. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:
L'émission, le transfert ou la propriété d'actions est/n'est pas restreint. Les restrictions, s'il y a lieu, sont les suivantes :

The transfer of shares shall be subject to the restrictions on the transfer of securities set out in Section 10.

10. Other provisions, (if any):
Autres dispositions, s'il y a lieu :

~~No securities (other than non-convertible debt securities) of the corporation shall at any time be transferred to any person without either (a) the consent of the directors to be signified by a resolution passed by the board or by an instrument or instruments in writing signed by a majority of the directors, or (b) the consent of the shareholders of the corporation to be signified either by a resolution passed by the shareholders or by an instrument or instruments in writing signed by the holders of shares of the corporation which shares represent a majority of the votes attributable to all of the issued and outstanding shares of the corporation carrying the right to vote~~

11. The statements required by subsection 178(2) of the *Business Corporations Act* are attached as Schedule "A".
Les déclarations exigées aux termes du paragraphe 178(2) de la Loi sur les sociétés par actions constituent l'annexe A.
12. A copy of the amalgamation agreement or directors' resolutions (as the case may be) is/are attached as Schedule "B".
Une copie de la convention de fusion ou les résolutions des administrateurs (selon le cas) constitue(nt) l'annexe B.

These articles are signed in duplicate.
 Les présents statuts sont signés en double exemplaire.

Name and original signature of a director or authorized signing officer of each of the amalgamating corporations. Include the name of each corporation, the signatories name and description of office (e.g. president, secretary). Only a director or authorized signing officer can sign on behalf of the corporation. / Nom et signature originale d'un administrateur ou d'un signataire autorisé de chaque société qui fusionne. Indiquer la dénomination sociale de chaque société, le nom du signataire et sa fonction (p. ex. : président, secrétaire). Seul un administrateur ou un dirigeant habilité peut signer au nom de la société.

PowerStream Inc.

Names of Corporations / Dénomination sociale des sociétés		
By / Par	<div style="border-bottom: 1px solid black; display: flex; justify-content: space-between;"> D. Nolan Demis Nolan </div>	<div style="border-bottom: 1px solid black; display: flex; justify-content: space-between;"> Executive Vice-President - Corporate Services and Secretary </div>
Signature / Signature	Print name of signatory / Nom du signataire en lettres moulées	Description of Office / Fonction

Barrie Hydro Distribution Inc.

Names of Corporations / Dénomination sociale des sociétés		
By / Par	<div style="border-bottom: 1px solid black; display: flex; justify-content: space-between;"> Barb Gray BARB GRAY </div>	<div style="border-bottom: 1px solid black; display: flex; justify-content: space-between;"> VP. Finance & Corporate Services & Treasurer & Corporate Secretary </div>
Signature / Signature	Print name of signatory / Nom du signataire en lettres moulées	Description of Office / Fonction

Names of Corporations / Dénomination sociale des sociétés		
By / Par	<div style="border-bottom: 1px solid black; height: 20px;"></div>	<div style="border-bottom: 1px solid black; height: 20px;"></div>
Signature / Signature	Print name of signatory / Nom du signataire en lettres moulées	Description of Office / Fonction

Names of Corporations / Dénomination sociale des sociétés		
By / Par	<div style="border-bottom: 1px solid black; height: 20px;"></div>	<div style="border-bottom: 1px solid black; height: 20px;"></div>
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By / Par	<div style="border-bottom: 1px solid black; height: 20px;"></div>	<div style="border-bottom: 1px solid black; height: 20px;"></div>
Signature / Signature	Print name of signatory / Nom du signataire en lettres moulées	Description of Office / Fonction

SCHEDULE "A"

STATEMENT OF DIRECTOR OR OFFICER

1. I am the Secretary of PowerStream Inc. (the "Amalgamating Corporation") and as such have knowledge of its affairs.
 2. I have conducted such examinations of the books and records of the Amalgamating Corporation and have made such enquiries and investigations as are necessary to enable me to make this statement.
 3. There are reasonable grounds for believing that:
 - (a) the Amalgamating Corporation is and the corporation to be formed by its amalgamation with Barrie Hydro Distribution Inc. (the "Amalgamated Corporation") will be able to pay its liabilities as they become due;
 - (b) the realizable value of the assets of the Amalgamated Corporation will not be less than the aggregate of its liabilities and stated capital of all classes; and
 - (c) no creditor of the Amalgamating Corporation will be prejudiced by such amalgamation.
-

DATED as of the 23rd day of December, 2008.



Dennis Nolan

SCHEDULE "A"

STATEMENT OF DIRECTOR OR OFFICER

1. I am the Corporate Secretary of Barrie Hydro Distribution Inc. (the "Amalgamating Corporation") and as such have knowledge of its affairs.
 2. I have conducted such examinations of the books and records of the Amalgamating Corporation and have made such enquiries and investigations as are necessary to enable me to make this statement.
 3. There are reasonable grounds for believing that:
 - (a) the Amalgamating Corporation is and the corporation to be formed by its amalgamation with PowerStream Inc. (the "Amalgamated Corporation") will be able to pay its liabilities as they become due;
 - (b) the realizable value of the assets of the Amalgamated Corporation will not be less than the aggregate of its liabilities and stated capital of all classes; and
 - (c) no creditor of the Amalgamating Corporation will be prejudiced by such amalgamation.
-

DATED as of the 23rd day of December, 2008.


Barb Gray

SCHEDULE "B"

AMALGAMATION AGREEMENT

THIS AGREEMENT dated as of December 31, 2008.

BETWEEN:

POWERSTREAM INC.

As Amalgamating Corporation 1

- and -

BARRIE HYDRO DISTRIBUTION INC.

As Amalgamating Corporation 2

RECITALS:

- A. Each of Amalgamating Corporation 1 and Amalgamating Corporation 2 is a corporation existing under the *Business Corporations Act* (Ontario).
- B. The authorized capital of Amalgamating Corporation 1 consists of an unlimited number of Common shares, of which 1,035,0877 Common shares are issued and outstanding as fully-paid and non-assessable shares of Amalgamating Corporation 1.
- C. The authorized capital of Amalgamating Corporation 2 consists of an unlimited number of Common shares, of which 1,000 Common shares are issued and outstanding as fully-paid and non-assessable shares of Amalgamating Corporation 2.
- D. Amalgamating Corporation 1 and Amalgamating Corporation 2 wish to amalgamate under section 174 of the Act.

IN CONSIDERATION of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

1. Interpretation

1.1 In this Agreement, including the Recitals to this Agreement, unless the context otherwise requires:

- (1) "Act" means the *Business Corporations Act* (Ontario);
- (2) "Agreement" means this amalgamation agreement, including all Schedules to this amalgamation agreement, as amended from time to time in accordance with its provisions.
- (3) "Amalgamated Corporation" has the meaning ascribed to that term in Section 2.

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- (4) "Amalgamating Corporation 1" means POWERSTREAM INC., a corporation existing under the Act.
- (5) "Amalgamating Corporation 2" means BARRIE HYDRO DISTRIBUTION INC., a corporation existing under the Act.
- (6) "Amalgamating Corporations" means Amalgamating Corporation 1 and Amalgamating Corporation 2, and "Amalgamating Corporation" means either of them.
- (7) "Parties" means collectively Amalgamating Corporation 1 and Amalgamating Corporation 2, and "Party" means either of them.

1.2 In this Agreement:

- (a) the division into Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement;
- (b) the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular portion of this Agreement; and
- (c) unless specified otherwise or the context otherwise requires;
 - (i) references to any Section are references to the Section of this Agreement;
 - (ii) "including" or "includes" means "including (or includes) but is not limited to" and shall not be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it;
 - (iii) references to any legislation, statutory instrument or regulation or a section thereof, unless otherwise specified, is a reference to the legislation, statutory instrument, regulation or section as amended, restated and re-enacted from time to time; and
 - (iv) words in the singular include the plural and vice-versa and words in one gender include all genders.

1.3 The following schedules are attached to and form part of this Agreement:

Schedule 1	-	Share Capital
Schedule 2	-	By-Laws

2. Amalgamation

Effective as of January 1, 2009, Amalgamating Corporation 1 and Amalgamating Corporation 2 shall amalgamate under section 174 of the Act and continue as one corporation (the "Amalgamated Corporation") under the terms and conditions set out in the Agreement.

3. Name

The name of the Amalgamated Corporation shall be "POWERSTREAM INC."

4. Registered Office

The registered office of the Amalgamated Corporation shall be in the province of Ontario and shall be located at 161 Cityview Blvd., Vaughan, Ontario L4H 0A9.

5. Restrictions on Business

There shall be no restrictions on the business that the Amalgamated Corporation may carry on or the powers that the Amalgamated Corporation may exercise.

6. Share Capital

6.1 The Amalgamated Corporation is authorized to issue the classes and number of shares set out in Schedule 1.

6.2 The rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors' authority with respect to any class of shares which may be issued in series, are as set out in Schedule 1.

7. Restrictions on Share Transfers

The transfer of shares shall be subject to the restrictions on the transfer of securities set out in any unanimous shareholders agreement.

8. Other Provisions

8.1 No securities (other than non-convertible debt securities) of the Amalgamated Corporation shall at any time be transferred to any person without either (a) the consent of the directors to be signified by a resolution passed by the board or by an instrument or instruments in writing signed by a majority of the directors, or (b) the consent of the shareholders of the Amalgamated Corporation to be signified either by a resolution passed by the shareholders or by an instrument or instruments in writing signed by the holders of shares of the Amalgamated Corporation which shares represent a majority of the votes attributable to all of the issued and outstanding shares of the Amalgamated Corporation carrying the right to vote.

9. Conversion and/or Cancellation of Shares

9.1 On the amalgamation becoming effective:

- (a) the 590 issued and fully-paid Common shares of Amalgamating Corporation 1 held by Vaughan Holdings Inc. shall be converted into 45,315 issued and fully-paid Common shares of the Amalgamated Corporation;
- (b) the 445,0877 issued and fully paid Common shares of Amalgamating Corporation 1 held by Markham Enterprises Corporation shall be converted into

34,185 issued and fully-paid Common shares of the Amalgamated Corporation;
and


- (c) the 1,000 issued and fully paid Common shares of Amalgamating Corporation 2 held by Barrie Hydro Holdings Inc. shall be converted into 20,500 issued and fully-paid Common shares of the Amalgamated Corporation.

9.2 The stated capital attributable to the Common shares of the Amalgamated Corporation issuable pursuant to Section 9.1 above upon the conversion of shares of Amalgamating Corporation 1 and Amalgamating Corporation 2 shall be the aggregate of the stated capital attributable to the shares so converted into such Common shares immediately before the effective date set out in Section 2.


10. Directors and Officers

10.1 The minimum number of directors of the Amalgamated Corporation shall be one and the maximum number of directors of the Amalgamated Corporation shall be 15.

10.2 The first directors of the Amalgamated Corporation shall be the following individuals:

<u>Name</u>	<u>Address for Service</u>	<u>Resident Canadian</u>
Lynn Strachan	c/o City of Barrie Clerk's Office P.O. Box 400 Barrie, Ontario L4M 4T5	Yes
Andrew Prince	c/o City of Barrie Clerk's Office P.O. Box 400 Barrie, Ontario L4M 4T5	Yes
Ronald G. Stevens		Yes
Mario Ferri	City of Vaughan 2141 Major Mackenzie Drive Vaughan, ON L5A 1T1	Yes
Joyce Frustaglio	City of Vaughan 2141 Major Mackenzie Drive Vaughan, ON L5A 1T1	Yes
Peter Meffe	City of Vaughan 2141 Major Mackenzie Drive Vaughan, ON L5A 1T1	Yes

- 5 -

<u>Name</u>	<u>Address for Service</u>	<u>Resident Canadian</u>
Tony Carella	City of Vaughan 2141 Major Mackenzie Drive Vaughan, ON L5A 1T1	Yes
Bernie Di Vona	City of Vaughan 2141 Major Mackenzie Drive Vaughan, ON L5A 1T1	Yes
Dan Horchik	Town of Markham 101 Town Centre Blvd. Markham, ON L3R 9W3	Yes
Frank Scarpitti	Town of Markham 101 Town Centre Blvd. Markham, ON L3R 9W3	Yes
David Allison		Yes
Tony Wong	Town of Markham 101 Town Centre Blvd. Markham, ON L3R 9W3	Yes
Clayton Harris	City of Vaughan 2141 Major Mackenzie Drive Vaughan, ON L5A 1T1	Yes

10.3 The officers of the Amalgamated Corporation shall be the following individuals to hold office at the pleasure of the board of directors:

President and Chief Executive Officer	-	Brian Bentz
Executive Vice-President and Chief Operating Officer	-	Mark Henderson
Executive Vice-President – Corporate Services and Secretary	-	Dennis Nolan
Executive Vice-President and Chief Financial Officer	-	John Glicksman
Executive Vice President, Smart Grid and New Systems Technologies	-	Milan Bolkovic

11. By-Laws

The by-laws of the Amalgamated Corporation shall be in the form attached hereto as Schedule 2. The proposed by-laws of the Amalgamated Corporation may be inspected at 161 Cityview Blvd., Vaughan, Ontario L4H 0A9.

12. Further Assurances

Each Party shall promptly do, execute, deliver or cause to be done, executed or delivered all further acts, documents and matters in connection with this Agreement that the other Party may reasonably require, for the purposes of giving effect to this Agreement, including completing and sending the documents required under section 185 of the Act to the Director under the Act.

13. Termination

At any time before the endorsement of a Certificate of Amalgamation under the Act, this Agreement may be terminated by the board of directors of either Amalgamating Corporation despite the approval of this Agreement by the shareholders of both or either of the Amalgamating Corporations.

14. Enurement

This Agreement shall enure to the benefit of and be binding on the Parties and their respective successors. This Agreement may not be assigned by either Party.

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15. Governing Law

This Agreement and any dispute arising from or in relation to this Agreement shall be governed by, and interpreted and enforced in accordance with, the law of the province of Ontario and the laws of Canada applicable in that province.

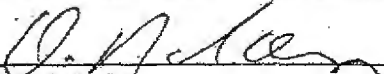
16. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one agreement. Delivery of an executed counterpart of this Agreement by facsimile or transmitted electronically in legible form, including without limitation in a tagged image format file (TIFF) or portable document format (PDF), shall be equally effective as delivery of a manually-executed counterpart of this Agreement.

THIS AGREEMENT has been duly executed by the Parties as of the date first stated above.

POWERSTREAM INC.

By: 
 Brian Bentz
 President and Chief Executive Officer

By: 
 Dennis Nolan
 Executive Vice-President -Corporate
 Secretary

BARRIE HYDRO DISTRIBUTION
 INC.

By: _____

By: _____

15. Governing Law

This Agreement and any dispute arising from or in relation to this Agreement shall be governed by, and interpreted and enforced in accordance with, the law of the province of Ontario and the laws of Canada applicable in that province.

16. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one agreement. Delivery of an executed counterpart of this Agreement by facsimile or transmitted electronically in legible form, including without limitation in a tagged image format file (TIFF) or portable document format (PDF), shall be equally effective as delivery of a manually executed counterpart of this Agreement.

THIS AGREEMENT has been duly executed by the Parties as of the date first stated above.

POWERSTREAM INC.

By: _____ c/s

By: _____

BARRIE HYDRO DISTRIBUTION INC.

By: [Signature] c/s

By: [Signature]

Schedule 1

Share Capital

100,000 Common Shares

5. Continued

A. The articles of the Corporation are hereby amended to delete Section 7.0 contained in the Articles of Amalgamation of the Corporation dated January 1, 2009, and to provide for an increase in the authorized capital of the Corporation and to authorize the Corporation to issue an unlimited number of Common Shares.

B. The articles of the Corporation are hereby amended to declare that the Corporation is authorized to issue an unlimited number of Class A Common Shares.

C. The articles of the Corporation are hereby amended to delete Section 8.0 contained in the Articles of Amalgamation of the Corporation dated January 1, 2009, and to provide that the rights, privileges, restrictions and conditions attaching to the Common Shares and the Class A Common Shares are as follows:

1. Voting Rights of Shares**(a) Voting of Common Shares**

Except as required by the provisions of the Business Corporations Act (Ontario), and except as provided in this Section, the holders of the Common Shares shall be entitled to receive notice of and to attend all meetings of the shareholders of the Corporation and shall be entitled to one vote per share at all meetings of shareholders, except meetings at which only holders of another class of shares are entitled to vote.

(b) Voting of Class A Common Shares

Except as required by the provisions of the Business Corporations Act (Ontario), the holders of the Class A Common Shares shall not, as such, be entitled to receive notice of any meetings of the shareholders of the Corporation and shall not be entitled to attend or to vote at any such meetings except meetings at which holders of the Class A Common Shares are, by virtue of an express provision in the Business Corporations Act (Ontario), entitled to vote.

2. Dividend Rights of Shares

The holders of the Common Shares and the holders of the Class A Common Shares shall be entitled to receive dividends as and when declared from time to time by the board of directors out of moneys of the Corporation properly applicable to the payment of dividends and the amount per share of each such dividend shall be determined by the board of directors at the time of declaration. The board of directors may declare in its absolute discretion dividends on any of the said classes of shares in priority to or after dividends, if any, which may be declared or paid on any other of the said classes of shares in the same amounts or in such differing amounts as they may decide, together with or wholly to the exclusion of any other of the said classes of shares.

3. Distribution Rights of Shares on Liquidation

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders, the holders of the

1b

Common Shares and the holders of the Class A Common Shares shall be entitled to share pro rata in the distribution of the balance of the assets of the Corporation.

- 6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la Loi sur les sociétés par actions.
- 7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

2009/12/15

(Year, Month, Day)
(année, mois, jour)

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

POWERSTREAM INC.

(Name of Corporation) (If the name is to be changed by these articles set out current name)
(Dénomination sociale de la société) (Si l'on demande un changement de nom, indiquer ci-dessus la dénomination sociale actuelle).

By/ Par: 

(Signature)
(Signature)

PRESIDENT + CEO

EVP CORPORATE SERVICES + SEC.

(Description of Office)
(Fonction)

EXHIBIT "B"

BY-LAWS

Schedule 2By-Laws

BY-LAW 1

A by-law relating generally to the
transaction of the business and affairs of
POWERSTREAM INC.

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BY-LAW 1

ARTICLE ONE

INTERPRETATION

Section 1.01 Definitions: In this by-law and all other by-laws, unless the context otherwise requires:

- (a) "Act" means the *Business Corporations Act* (Ontario) or any successor statute, as amended from time to time, and the regulations thereunder;
- (b) "BHHI" means Barrie Hydro Holdings Inc.;
- (c) "board" means the board of directors of the Corporation, and includes the sole director when the required number of directors is one;
- (d) "by-laws" means all by-laws of the Corporation from time to time in effect;
- (e) "Business Day" means a day other than a Saturday, Sunday or statutory holiday in Ontario;
- (f) "Corporation" means PowerStream Inc.;

- (g) "Director" means the Director appointed under the Act;
- (h) "directors" means directors of the Corporation;
- (i) "holiday" means Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Ontario) or any successor statute, as amended from time to time;
- (j) "MEC" means Markham Enterprises Inc.;
- (k) "meeting of Shareholders" includes an annual meeting of Shareholders, a special meeting of Shareholders and a meeting of the holders of any class or series of shares of the Corporation;
- (l) "person" includes an individual, body corporate, sole proprietorship, partnership, syndicate, an unincorporated association or organization, joint venture, trust, employee benefit plan, government or any agency or political subdivision thereof, and a natural person acting as trustee, executor, administrator or other legal representative;

- (m) "recorded address" means, with respect to a single Shareholder, its latest address as recorded in the securities register of the Corporation; with respect to joint Shareholders, the first address appearing in the securities register in respect of their joint holding; and with respect to any other person, but subject to the Act, his

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or her latest address as recorded in the records of the Corporation or otherwise known to the secretary;

- (n) "Shareholders Agreement" means the shareholders agreement dated January 1, 2009 between The Corporation Of The City Of Vaughan, The Corporation Of The Town Of Markham, The Corporation Of The City Of Barrie, Vaughan Holdings Inc., Markham Enterprises Corporation, Barrie Hydro Holdings Inc. and the Amalgamated Corporation;
- (o) "signing officer" means, in relation to any contract or document, any one of the persons authorized to sign the same on behalf of the Corporation by this by-law or by a resolution passed pursuant to it;
- (p) subject to the foregoing, words and expressions that are defined in the Act have the same meanings when used in the by-laws;
- (q) "VHI" means Vaughan Holdings Inc.; and
- (r) words importing the singular include the plural and vice-versa, words importing any gender include the masculine, feminine and neuter genders, and headings are for convenience of reference only and shall not affect the interpretation of the by-laws.

Section 1.02 Shareholders Agreement and Articles Govern: Notwithstanding any provision of this or any other by-law, where any such provision conflicts with the Shareholders Agreement or the articles, the Shareholders Agreement or articles, as the case may be, shall govern.

ARTICLE TWO

BUSINESS OF THE CORPORATION

Section 2.01 Registered Office: The registered office of the Corporation shall be located at the address set out in the Shareholders Agreement.

Section 2.02 Seal: The Corporation may have a seal in such form as the board may determine from time to time.

Section 2.03 Financial Year: The financial year of the Corporation shall be as set out in the Shareholders Agreement.

Section 2.04 Execution of Instruments: Contracts or documents requiring execution by the Corporation may be signed as follows: when only one person is elected or appointed as an officer and as the director of the Corporation, by that person; and when two or more persons are elected or appointed as officers or directors of the Corporation, by any two of the persons holding the office of Chairperson, Vice-Chairperson, President and Chief Executive Officer, Executive Vice President, or by one person holding any one of those offices and by another person holding the office of Secretary, Treasurer, Controller, Assistant Secretary, Assistant Treasurer, or any other office the holder of which has been designated as a signing officer by the

board. All contracts or documents so signed shall be binding upon the Corporation without further authorization or formality. However, the board may direct from time to time the manner in which and the person by whom any particular contract or document or class of contracts or documents may or shall be signed. Any officer of the Corporation may affix the seal, if any, of the Corporation to any contract or document, and may certify a copy of any resolution or of any by-law or contract or document of the Corporation to be a true copy thereof. Subject to the provisions of this by-law relative to share certificates and to the Act, and if authorized by the board, the corporate seal, if any, of the Corporation and the signature of any signing officer may be mechanically or electronically reproduced upon any contracts or documents of the Corporation. Any such facsimile signature shall bind the Corporation notwithstanding that any signing officer whose signature is so reproduced may have ceased to hold office at the date of delivery or issue of such contracts or documents. The term "contracts or documents" shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property (real or personal, immovable or movable, legal or equitable), agreements, releases, receipts and discharges for the payment of money, share certificates and other securities, warrants and all instruments in writing.

Section 2.05 Exercise of Corporation's Voting Rights: Except as otherwise directed by the board, the persons authorized to sign contracts or documents on behalf of the Corporation may execute and deliver instruments of proxy and may arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation and such instruments, certificates or other evidence shall be in favour of such person as may be determined by the signing officers. However, the board may direct from time to time the manner in which and the person by whom any particular voting rights may or shall be exercised.

Section 2.06 Banking Arrangements: The banking business of the Corporation shall be transacted with such banks, trust companies or other persons as the board may designate from time to time and all such banking business shall be transacted on behalf of the Corporation by such persons and to such extent as the board may determine from time to time.

Section 2.07 Charging Power: Without restricting any of its powers, whether derived from the Act or otherwise, the board may from time to time, without further authorization of the Shareholders, mortgage, hypothecate, pledge or otherwise create a security interest in all or any present or future, real or personal, immovable or movable, legal or equitable property of the Corporation (including without limitation its book debts, rights, powers, franchises and undertaking) for any purpose whatsoever.

ARTICLE THREE

DIRECTORS

Section 3.01 Powers of the Board of Directors: Subject to the Shareholders Agreement, the board of directors shall manage or supervise the management of the business and affairs of the Corporation.

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Section 3.02 Qualifications: In addition to the requirements set out in the Shareholders Agreement, no person shall be a director if the person is not an individual or is less than 18 years of age or is bankrupt or is found by a court to be of unsound mind. Except as permitted by the Act at least 25% of the directors shall be resident Canadians but when the required number of directors is less than four, only one of them need be a resident Canadian. Whenever the Corporation has an audit committee, a number of directors being sufficient to form a majority of the committee shall not be officers or employees of the Corporation or its affiliates. Whenever the Corporation is offering its securities to the public, at least one-third of the directors shall not be officers or employees of the Corporation or of any affiliate of the Corporation.

Section 3.03 Number and Quorum of Directors: Subject to the Shareholders Agreement, the number of directors, including the number to be elected at the annual meeting, shall be thirteen (13). The number of directors from time to time required to constitute a quorum for the transaction of business at a meeting of the board shall be seven (7) directors in attendance at a meeting, provided that at least three (3) nominee directors of VHI, two (2) nominee directors of MEC and two (2) nominee directors of BHHI are in attendance. If a quorum of directors is not present within thirty (30) minutes after the time appointed for a meeting, the meeting shall be adjourned to such date, not less than five (5) and not more than fifteen (15) Business Days subsequent to the date originally set for the meeting, as the directors present at the meeting may determine. Such directors shall provide at least two (2) Business Days' prior written notice of the adjourned meeting to the other directors. If a quorum is not present at such adjourned meeting, the Secretary of the Corporation shall promptly give notice to the directors and the Shareholders of a further adjourned meeting to be held on the fifth (5th) Business Day following the date on which the first adjourned meeting was to be held, and the Shareholders shall cause their respective nominee directors to attend such further adjourned meeting. Any seven (7) directors in attendance will constitute a quorum at such further adjourned meeting. Reference is made to sections 3.08 and 3.13.

Section 3.04 Election and Term: Subject to the Act, all directors shall be elected to hold office for an initial term expiring upon the first meeting of the Shareholders held after December 31, 2010 and thereafter, all directors shall be appointed for terms of three (3) years. The chairperson and vice-chairperson of the board shall each be elected for a term of three (3) years, and nominees of one Shareholder shall not hold both positions at any one time. The term of office of a director who is elected for a term that is not expressly stated expires at the close of the third annual meeting of Shareholders following his or her election or when his or her successor is duly elected. The incumbent directors continue in office until their respective term expires, unless their respective offices are earlier vacated.

Section 3.05 Resignation: A director may resign his or her office by delivering or sending his or her resignation in writing to the Corporation and such resignation shall be effective when it is received by the Corporation or at such time as may be specified in the resignation, whichever is later.

Section 3.06 Removal: A director ceases to hold office when he or she dies, resigns, is removed or ceases to be qualified to be a director or when his or her successor is duly elected in accordance with section 3.04. Subject to the Act, each Shareholder shall be entitled at any time in its discretion to cause any of the directors nominated by it to the board to be removed and to

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nominate and have one or more individuals elected a successor or successors, as required, by providing a direction in writing to the Corporation and to the other Shareholders who shall vote their shares in favour of the appointment of such replacement director or directors.

Section 3.07 Statements: A director who resigns or who learns of a meeting of Shareholders called for the purpose of removing him or her from office or a meeting of Shareholders or directors at which another person is to be elected or appointed a director in his or her stead may submit to the Corporation a written statement giving the reasons for his or her resignation or the reasons why he or she opposes the proposed action. The secretary shall in accordance with the Act send a copy of such statement to every Shareholder entitled to receive notice of meetings of Shareholders and to the Director.

Section 3.08 Vacancies: Subject to the Act, in the event of any vacancy occurring on the board by reason of the death, disqualification, inability to act or resignation of any director (the "Former Director"), the Shareholder that nominated the Former Director shall nominate another individual to replace the Former Director in order to fill such vacancy as soon as reasonably possible, and the Shareholders shall vote their shares in favour of the appointment of such nominee.

Section 3.09 Calling Meetings: Meetings of the board shall be held at least once during each calendar quarter at a time to be determined by the chairperson of the board at the head office of the Corporation or such other locations as the board may determine from time to time. ~~The secretary shall give notice of any such meeting when directed by the person calling it as~~ aforesaid. Additional meetings of the board may be called by any two (2) directors by providing notice in writing to every other director containing the information required and the notice required for a regularly scheduled meeting of the board. A director may waive notice of any meeting of the board by an instrument in writing delivered to the secretary of the Corporation. In any financial year of the Corporation a majority of the meetings of the board may be held within or outside Canada.

Section 3.10 Notice: Notice of the time and of the place or manner of participation for every meeting of the board shall be sent to each director not less than 48 hours (excluding Saturdays and holidays) if the meeting is held in Ontario, or 96 hours (excluding Saturdays and holidays) otherwise, before the time of the meeting. If a quorum is not present at such adjourned meeting, the secretary of the Corporation shall promptly give notice to the directors and the Shareholders of a further adjourned meeting to be held on the fifth (5th) Business Day following the date on which the first adjourned meeting was to be held, and the Shareholders shall cause their respective nominee directors to attend such further adjourned meeting. Reference is made to Article Ten.

Section 3.11 First Meeting of New Board: Each newly constituted board may hold its first meeting without notice for routine organizational purposes on the same day as the meeting of Shareholders at which such board is elected.

Section 3.12 Regular Meetings: The board may appoint a day or days in any months for regular meetings of the board to be held at a place or by communications facilities and at an hour to be named. A copy of any resolution of the board fixing the time and place or manner of

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participation for such regular meetings shall be sent to each director forthwith after being passed and to each director elected or appointed thereafter, but no other notice shall be required for any such regular meeting.

Section 3.13 Canadian Majority: No business other than the filling of a vacancy on the board shall be transacted at a meeting of the board unless at least 25% of the directors present are resident Canadians, except as permitted by the Act or where a resident Canadian director who is unable to be present approves in writing or by telephone or other communication facilities the business transacted at the meeting and a majority of resident Canadian directors would have been present had that director been present at the meeting.

Section 3.14 Meetings by Telephone: Any one or more of the directors may participate in a meeting of the board by a telephonic or video device that permits all participants in the meeting to communicate with each other simultaneously and instantaneously, and such participation shall be deemed to constitute attendance at the meeting, and each director participating in such a meeting by such means shall be deemed to be present at the meeting.

Section 3.15 Chairperson: The chairperson and vice-chairperson of the board shall be designated by the directors and nominees of one Shareholder shall not hold both positions at any one time. The chairperson of the board, or in his or her absence the vice-chairperson, or in his or her absence the president if a director, or in their absence a vice-president who is a director, shall be chairperson of any meeting of the board. If no such officer is present, the directors present shall choose one of their number to be chairperson of the meeting.

Section 3.16 Voting: At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairperson of the meeting shall not be entitled to a second or casting vote.

Section 3.17 Signed Resolutions: When there is a quorum of directors in office, a resolution in writing signed by all the directors entitled to vote thereon at a meeting of the board or any committee thereof is as valid as if passed at such meeting. Any such resolution may be signed in counterparts.

Section 3.18 Remuneration: Directors may be paid such remuneration for their respective services as directors and such sums in respect of reimbursement for reasonable and documented out-of-pocket expenses incurred in connection with his or her attendance at meetings, or otherwise being engaged in the business of the board, as the Shareholders holding a majority of the then issued and outstanding shares consent to such action by an instrument or instruments in writing may determine from time to time. Any remuneration or expenses so payable shall be in addition to any other amount payable to any director acting in another capacity.

ARTICLE FOUR

COMMITTEES OF THE BOARD

Section 4.01 Audit Committee: The board may and where required by the Act shall appoint from among its number an audit committee composed of such number of directors, being not less than three, as the board may determine from time to time. Except as permitted by the Act a

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majority of the members of the audit committee shall not be officers or employees of the Corporation or of any affiliate of the Corporation. The audit committee shall review the annual financial statements of the Corporation and report thereon to the board of directors before such financial statements are approved by the board, and may exercise any other powers lawfully delegated to it by the board under the Act.

Section 4.02 Other Committees: From time to time the board may also appoint from among its number one or more other committees. Each committee may exercise those powers lawfully delegated to it by the board under the Act.

Section 4.03 Procedure: The members of each committee shall hold office while directors during the pleasure of the board or until their successors shall have been appointed. The board may fill any vacancy in a committee from among the directors. Unless otherwise determined by the board, each committee may fix its quorum, elect its chairperson and adopt rules to regulate its procedure. Subject to the foregoing, the procedure of each committee shall be governed by the provisions of this by-law which govern proceedings of the board so far as the same can apply except that a meeting of a committee may be called by any member thereof (or by any member or the auditor, in the case of the audit committee), notice of any such meeting shall be given to each member of the committee (or each member and the auditor, in the case of the audit committee) and the meeting shall be chaired by the chairperson of the committee or, in his or her absence, some other member of the committee. Each committee shall keep records of its proceedings and transactions and shall report all such proceedings and transactions to the board in a timely manner.

ARTICLE FIVE

OFFICERS

Section 5.01 Appointment of Officers: From time to time the board may appoint a chairperson of the board, a vice-chairperson, a president and chief executive officer, one or more executive vice presidents, one or more vice presidents, a chief operating officer, a corporate services officer and secretary, a chief financial officer, a smart grid and new systems technologies officer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. One person may hold more than one office. Except for the chairperson of the board, the officers so appointed need not be directors.

Section 5.02 Appointment of Non-Officers: The board may also appoint other persons to serve the Corporation in such other positions and with such titles, powers and duties as the board may determine from time to time.

Section 5.03 Terms of Employment: The board may settle from time to time the terms of employment of the officers and other persons appointed by it and may remove at its pleasure any such person without prejudice to his or her rights, if any, to compensation under any employment contract. Otherwise each such person shall hold his or her office or position until he or she resigns or ceases to be qualified for his or her office or position or until his or her successor is appointed.

Section 5.04 Powers and Duties of Officers: The board may from time to time specify the duties of each officer, delegate to him or her powers to manage any business or affairs of the Corporation (including the power to sub-delegate) and change such duties and powers, all insofar as not prohibited by the Act. To the extent not otherwise so specified or delegated, and subject to the Act, the duties and powers of the officers of the Corporation shall be as follows:

- (a) **Chairperson of the Board:** The chairperson of the board shall, when present, preside at all meetings of the board and the Shareholders.
- (b) **President and Chief Executive Officer:** The president shall exercise the powers and discharge the duties of that office, except that the president shall not preside at a meeting of the board if he or she is not a director. The president shall also be the chief executive officer of the Corporation and shall have, subject to the authority of the board, general management and direction of the operations of the Corporation.
- (c) **Executive Vice-President:** Each vice-president shall exercise such powers and discharge such duties as the chief executive officer may prescribe from time to time. During the absence or disability of the president and when no president is appointed his or her powers may be exercised and his or her duties may be discharged by the executive vice-president, or if there are more than one, by an executive vice-president in order of seniority (as determined by the board), except that no executive vice-president shall preside at a meeting of the board if he or she is not a director.
- (d) **Vice-President:** Each Vice-President shall have, subject to the authority of the board and the supervision of the president and chief executive officer, general supervision of the business and affairs of the Corporation related to his or her function and the power to appoint and remove any and all employees and agents of the Corporation related to his or her function who are not appointed by the board and to settle the terms of their employment and remuneration. In addition he or she shall exercise such other powers and discharge such other duties as the chief executive officer may prescribe from time to time.
- (e) **Corporate Services and Secretary:** The secretary shall attend and act as secretary of all meetings of the board, its committees and Shareholders. He or she shall send or cause to be sent all notices and documents the Corporation is required to send to Shareholders, directors, the auditor, the Director and governmental or regulatory bodies or agencies. He or she shall prepare or cause to be prepared all lists of Shareholders and all registers and records (other than accounting records) required under the Act and shall be the custodian of all books, papers, records, documents and other instruments belonging to the Corporation except to the extent that some other person has been appointed for that purpose, and of the stamp used for affixing the corporate seal, if any, of the Corporation. He or she shall also exercise such other powers and discharge such other duties as the chief executive officer may prescribe from time to time.

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- (f) **Chief Financial Officer:** The chief financial officer, under the direction of the board, shall control the deposit of money, the safekeeping of securities and the disbursement of funds of the Corporation. Whenever required he or she shall render to the board an account of his or her transactions as treasurer and report to and advise the board on the financial position and requirements of the Corporation and the results of its operations. During the absence or disability of the controller and when no controller has been appointed, the treasurer shall exercise the powers and discharge the duties of that office. He or she shall have charge of and cause to be kept adequate accounting records in which shall be recorded all receipts and disbursements of the Corporation in accordance with all applicable laws. He or she shall also exercise such other powers and discharge such other duties as the chief executive officer may prescribe from time to time.
- (g) **Controller:** The controller shall have charge of and cause to be kept adequate accounting records in which shall be recorded all receipts and disbursements of the Corporation in accordance with all applicable laws. He or she shall advise the board on the accounting procedures and methods used by the Corporation and shall exercise such other powers and discharge such other duties as the chief executive officer may prescribe from time to time.
- (h) **Other Officers:** The powers and duties of all other officers of the Corporation shall be such as the terms of their engagement call for or as the chief executive officer may prescribe from time to time. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and discharged by such assistant, unless the board or the chief executive officer otherwise directs.

Section 5.05 Agents and Attorneys: The board or any officer designated by it may from time to time appoint agents or attorneys for the Corporation in or out of Canada with such lawful powers (including the power to sub-delegate) as may be thought fit.

ARTICLE SIX

CONDUCT OF DIRECTORS AND OFFICERS AND INDEMNITY

Section 6.01 Standard of Care: Every director and officer of the Corporation in exercising his or her powers and discharging his or her duties shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Section 6.02 Disclosure of Interest: A director or officer who now or in future is a party to, or is a director or officer of or has an interest in another person who is a party to, any existing or proposed material contract or transaction with the Corporation shall in accordance with the Act disclose in writing to the Corporation or request to have entered in the minutes of meetings of the board the nature and extent of his or her interest. Except as permitted by the Act a director so interested shall not vote on any resolution to approve such contract or transaction. A general notice to the board by a director or officer that he or she is a director or officer of or has a material interest in a person and is to be regarded as interested in any contract made or

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transaction entered into with that person is a sufficient disclosure of interest in relation to any contract or transaction so made or entered into.

Section 6.03 Effect of Disclosure: Where the Corporation enters into a material contract or transaction with a director or officer (or with another person of which a director or officer is a director or officer or in which he or she has a material interest) the director or officer is not accountable to the Corporation or the Shareholders for any profit or gain realized from the contract or transaction and the contract or transaction is neither void nor voidable, by reason only of that relationship (or by reason only that the director is present at or is counted to determine the presence of a quorum at the meeting of directors that authorized the contract or transaction), if the director or officer disclosed his or her interest in the manner referred to above and the contract or transaction was reasonable and fair to the Corporation at the time it was so authorized.

Notwithstanding the foregoing, a director or officer, acting honestly and in good faith, is not accountable to the Corporation or the Shareholders for any profit or gain realized from any such contract or transaction by reason only of his or her holding the office of director or officer, and the contract or transaction, if it was reasonable and fair to the Corporation at the time it was approved, is not by reason only of the director's or officer's interest therein void or voidable, if the contract or transaction is confirmed or approved by at least two-thirds of the votes cast at a special meeting of the Shareholders duly called for that purpose and the nature and extent of the director's or officer's interest in the contract or transaction are disclosed in reasonable detail in the notice calling the meeting or in an information circular relating thereto, or if the contract or transaction is confirmed or approved by a signed special resolution of the Shareholders and the nature and extent of the director's or officer's interest in the contract or transaction are disclosed in reasonable detail to the Shareholders signing such resolution before it is signed.

Section 6.04 Indemnity: Every person who at any time is or has been a director or officer of the Corporation or who at any time acts or has acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a Shareholder or creditor, and the heirs and legal representatives of every such person, shall at all times be indemnified by the Corporation in every circumstance where the Act so permits or requires. In addition and without prejudice to the foregoing and subject to the limitations in the Act regarding indemnities in respect of derivative actions, every person who at any time is or has been a director or officer of the Corporation or properly incurs or has properly incurred any liability on behalf of the Corporation or who at any time acts or has acted at the Corporation's request (in respect of the Corporation or any other person), and his or her heirs and legal representatives, shall at all times be indemnified by the Corporation against all costs, charges and expenses, including an amount paid to settle an action or satisfy a fine or judgment, reasonably incurred by him or her in respect of or in connection with any civil, criminal or administrative action, proceeding or investigation (apprehended, threatened, pending, under way or completed) to which he or she is or may be made a party, or in which he or she is or may become otherwise involved, by reason of being or having been such a director or officer or by reason of so incurring or having so incurred such liability or by reason of so acting or having so acted (or by reason of anything alleged to have been done, omitted or acquiesced in by him or her in any such capacity or otherwise in respect of any of the foregoing), and all appeals therefrom, if:

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- (a) he or she acted honestly and in good faith with a view to the best interests of the Corporation; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing his or her conduct was lawful.

Nothing in this section shall affect any other right to indemnity to which any person may be or become entitled by contract or otherwise, and no settlement or plea of guilty in any action or proceeding shall alone constitute evidence that a person did not meet a condition set out in clause (a) or (b) of this section or any corresponding condition in the Act. From time to time the board may determine that this section shall also apply to the employees of the Corporation who are not directors or officers of the Corporation or to any particular one or more or class of such employees, either generally or in respect of a particular occurrence or class of occurrences and either prospectively or retroactively. From time to time thereafter the board may also revoke, limit or vary such application of this section.

Section 6.05 Limitation of Liability: So long as he or she acts honestly and in good faith with a view to the best interests of the Corporation, no person referred to in section 6.04 (including, to the extent it is then applicable to them, any employees referred to therein) shall be liable for any damage, loss, cost or liability sustained or incurred by the Corporation, except where so required by the Act.

Section 6.06 Insurance: Subject to the Act, the Corporation may purchase liability insurance for the benefit of any person referred to in section 6.04.

ARTICLE SEVEN

SHARES

Section 7.01 Issue: Subject to the articles and the Shareholders Agreement, the board may issue all or from time to time any of the authorized and unissued shares in the capital of the Corporation to such persons and for such consideration as the board shall determine. No share shall be issued until the Corporation has received the requisite consideration for it in compliance with the Act.

Section 7.02 Commissions: From time to time the board may authorize the Corporation to pay a reasonable commission to any person in consideration of his or her purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or in consideration of his or her procuring or agreeing to procure purchasers for such shares.

Section 7.03 Share Certificates: Every Shareholder is entitled at his or her option to a share certificate that complies in the Act and states the number, class and series designation, if any, of shares held by him or her as appears on the records of the Corporation, or a non-transferable written acknowledgement of his or her right to obtain such a share certificate. However, the Corporation is not bound to issue more than one share certificate or acknowledgement in respect of shares held jointly by several persons, and delivery of such certificate or acknowledgement to one of such persons is sufficient delivery to all of them. Share certificates shall be endorsed as

required by the Shareholders Agreement and acknowledgements shall be in such forms the board shall approve from time to time and, unless otherwise ordered by the board, shall be signed like a contract or document and need not be under corporate seal. However, certificates representing shares in respect of which a transfer agent has been appointed shall be signed manually by or on behalf of such transfer agent and other share certificates and acknowledgements shall be signed manually by at least one signing officer.

Section 7.04 Replacement of Share Certificates: Subject to the Shareholders Agreement the board may prescribe either generally or in a particular case the conditions, in addition to those provided in the Act, upon which a new share certificate may be issued in place of any share certificate which is claimed to have been lost, destroyed or wrongfully taken, or which has become defaced.

Section 7.05 Transfer Agent: From time to time the board may appoint or remove a trustee, transfer agent or other agent to keep the securities register and the register of transfers, one or more persons or agents to keep branch registers, and a registrar, trustee or agent to maintain a record of issued security certificates and warrants. Subject to the Act, one person may be appointed for purposes of the foregoing in respect of all securities and warrants of the Corporation or any class thereof.

Section 7.06 Registration of Transfer: No transfer of shares need be recorded in the register of transfers except upon presentation of the certificate representing such shares endorsed by the ~~appropriate person under the Act, together with reasonable assurance that the endorsement is~~ genuine and effective, and upon compliance with such restrictions on transfer, if any, as are authorized by the articles and effective against the transferee, upon satisfaction of any debt for which the Corporation has a lien on the shares that is effective against the transferee, and upon compliance with all other conditions set out in the Act.

Section 7.07 Lien for Indebtedness: Except when the Corporation has shares listed on a stock exchange recognized by the Ontario Securities Commission and subject to the Shareholders Agreement, the Corporation shall have a lien on the shares registered in the name of a Shareholder or his or her legal representative for any debt of the Shareholder to the Corporation. Subject to the Act, the Corporation may enforce such lien without notice or liability by (i) refusing to register a transfer of any such shares until the debt is paid, (ii) setting off against the debt any dividends or other distributions payable on any such shares, (iii) redeeming any such shares, if redeemable, and applying the redemption price less costs of redemption to the debt, (iv) purchasing any such shares and applying the purchase price, less any taxes thereon and costs of purchase, to the debt, (v) selling any such shares as if the Corporation were the owner thereof, at any time and place and to any person and on any commercially reasonable terms, and applying to the debt the cash proceeds of the sale, less any taxes thereon and all reasonable expenses incurred in connection with the sale, or (vi) cancelling such shares in satisfaction of the debt, or by any other method permitted by law or by any combination of any of the foregoing.

Section 7.08 Dealings with Registered Shareholder: Subject to the Act and the Shareholders Agreement, the Corporation may treat the registered owner of a share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payment in respect of the share and otherwise to exercise all the rights and powers of a holder of the share. The

Corporation may, however, and where required by the Act shall treat as the registered Shareholder any executor, administrator, heir, legal representative, guardian, committee, trustee, curator, tutor, liquidator or trustee in bankruptcy who furnishes appropriate evidence to the Corporation establishing his or her authority to exercise the rights relating to a share of the Corporation.

ARTICLE EIGHT

DIVIDENDS AND RIGHTS

Section 8.01 Dividends: Subject to the Act, the articles and the Shareholders Agreement, the board may from time to time declare dividends payable to the Shareholders according to their respective rights and interests in the Corporation and in accordance with the Shareholders Agreement.

Section 8.02 Dividend Cheques: Subject to the Shareholders Agreement, a dividend payable to any Shareholder in money may be paid by cheque payable to the order of the Shareholder and shall be mailed to the Shareholder by prepaid mail addressed to him or her at his or her recorded address unless he or she directs otherwise. In the case of joint holders the cheque shall be made payable to the order of all of them, unless such joint holders direct otherwise in writing. The mailing of a cheque as aforesaid, unless it is not paid on due presentation, shall discharge the Corporation's liability for the dividend to the extent of the amount of the cheque plus the amount of any tax thereon which the Corporation has properly withheld. If any dividend cheque sent is not received by the payee, the Corporation shall issue to such person a replacement cheque for a like amount on such reasonable terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board or any person designated by it may require.

Section 8.03 Record Date for Dividends and Rights: Subject to the Shareholders Agreement, the board may fix in advance a date preceding by not more than 50 clear days the date for the payment of any dividend or the making of any distribution or for the issue of any warrant or other evidence of right to acquire securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or distribution or to receive such right. In every such case only the persons who are holders of record of the relevant shares at the close of business on the date so fixed shall be entitled to receive payment of such dividend or distribution or to receive such right. Notice of any such record date fixed by the board shall be given as and when required by the Act. Where no such record date is fixed by the board, the record date for the determination of the persons entitled to receive payment of such dividend or distribution or to receive such right shall be the close of business on the day on which the board passes the resolution relating thereto.

ARTICLE NINE

MEETINGS OF SHAREHOLDERS

Section 9.01 Annual Meeting: The annual meeting of the Shareholders shall be held on such day and at such time as the board may, subject to the Act, determine from time to time, for the purpose of receiving the financial statements and reports required by the Act to be placed before each annual meeting of Shareholders, electing directors (if required), appointing the auditor (if

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required) and fixing or authorizing the board to fix his or her remuneration and transacting such other business as may properly be brought before the meeting.

Section 9.02 Special Meeting: From time to time the board may call a special meeting of the Shareholders to be held on such day and at such time as the board may determine. The holders of not less than 25% of the issued shares of the Corporation carrying the right to vote at the meeting sought to be held may requisition a special meeting of Shareholders. Any special meeting of Shareholders may be combined with an annual meeting.

Section 9.03 Place of Meetings: Meetings of Shareholders shall be held at the head office of the Corporation or such other location as the board may determine from time to time.

Section 9.04 Record Date: The board may fix in advance a record date, preceding the date of any meeting of Shareholders by not more than 50 clear days nor less than 21 clear days, for the determination of the Shareholders entitled to notice of the meeting, and where no such record date for notice is fixed by the board, the record date for notice shall be the close of business on the day immediately preceding the day on which notice is given. Notice of any such record date fixed by the board shall be given as and when required by the Act.

Section 9.05 Shareholder List: For each meeting of Shareholders the secretary shall prepare or cause to be prepared an alphabetical list of Shareholders entitled to receive notice of the meeting showing the number of shares entitled to be voted at the meeting and held by each such Shareholder. The list shall be prepared (i) if a record date for such notice is fixed by the board, not later than 10 clear days thereafter, (ii) if no such record date is fixed by the board, at the close of business on the day immediately preceding the day on which notice of the meeting is given, or (iii) if no notice is given, on the day on which the meeting is held. The list shall be available for examination by any Shareholder prior to the meeting during usual business hours at the registered office of the Corporation or at the place where the securities register is kept, and at the meeting. Where a separate list is not prepared, the names of the Shareholders entitled to receive notice of the meeting and the number of shares entitled to be voted thereat and held by them, respectively, as they appear in the securities register at the requisite time (excluding shares not entitled to be voted at the meeting), shall constitute the list prepared in accordance with this section.

Section 9.06 Notice: Notice in writing of the time, place and purpose for holding each meeting of Shareholders shall be sent not less than 10 clear days, and not more than 50 clear days, before the date on which the meeting is to be held, to each director, the auditor (if any) of the Corporation and each person who on the record date for notice appears in the securities register of the Corporation as the holder of one or more shares carrying the right to vote at the meeting or as the holder of one or more shares the holders of which are otherwise entitled to receive notice of the meeting. Notice of a meeting of Shareholders shall state or be accompanied by a statement of the nature of all special business to be transacted at the meeting, in sufficient detail to permit the Shareholder to form a reasoned judgment thereon, and the text of any special resolution or by-law to be submitted to the meeting. For this purpose all business transacted at a special meeting of Shareholders and all business transacted at an annual meeting of Shareholders, except consideration of the minutes of an earlier meeting, the financial statements

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and auditor's report, election of directors and reappointment of the incumbent auditor, is "special business". Reference is made to Article Ten.

Section 9.07 Financial Statements: Not less than 10 clear days, before each annual meeting of Shareholders or before the signing of a resolution in lieu thereof, the secretary shall send a copy of the annual financial statements and reports required by the Act to be placed before the annual meeting to each Shareholder who has not informed the Corporation in writing that he or she does not want such documents.

Section 9.08 Shareholder Proposal: Any Shareholder entitled to vote at a meeting of Shareholders may submit to the Corporation notice of any proposal that he or she wishes to raise at the meeting and may discuss at the meeting any matter in respect of which he or she would have been entitled under the Act to submit a proposal. Where so required by the Act, the management information circular prepared in respect of the meeting shall set out or be accompanied by the proposal.

Section 9.09 Persons Entitled to be Present: The only persons entitled to attend a meeting of Shareholders shall be those persons entitled to notice thereof and others who although not entitled to notice are entitled or required under any provision of the Act or the by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairperson of the meeting or with the consent of the meeting.

Section 9.10 Chairperson, Secretary and Scrutineer: The chairperson of the board, or in his or her absence, the president, or in their absence a vice-president, shall be chairperson of any meeting of Shareholders. If no such officer is present within 15 minutes after the time appointed for the holding of the meeting, the persons present and entitled to vote shall choose one of their number to be chairperson. If the secretary is absent, the chairperson shall appoint some person, who need not be a Shareholder, to act as secretary of the meeting. One or more scrutineers, who need not be Shareholders, may be appointed by the chairperson or by a resolution of the Shareholders.

Section 9.11 Quorum: Subject to the approvals set out in the Shareholders Agreement, the quorum for the transaction of business at any meeting of Shareholders shall be two persons present and entitled to vote not less than 25% of the shares entitled to be voted at the meeting. If a quorum is present at the opening of the meeting the Shareholders may proceed with the business of the meeting notwithstanding that a quorum is not present throughout. If a quorum is not present within such reasonable time after the time appointed for the holding of the meeting as the persons present and entitled to vote may determine, they may adjourn the meeting to a fixed time and place.

Section 9.12 Persons Entitled to Vote: Without prejudice to any other right to vote, every Shareholder recorded on the Shareholder list prepared in accordance with section 9.05 is entitled, at the meeting to which the list relates, to vote the shares shown thereon opposite his or her name, except to the extent that the Shareholder transfers ownership of any such shares after the record date for notice of the meeting and the transferee establishes that he or she owns the shares and requests not later than seven clear days before the meeting that his or her name be included in the list (in which case the transferee is entitled to vote such shares at the meeting). However,

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where two or more persons hold the same shares jointly, any one of them may in the absence of the others vote in respect of such shares but if more than one of such persons are present or represented and vote, they shall vote together as one on the shares jointly held by them or not at all.

Section 9.13 Proxies: Every Shareholder entitled to vote at a meeting of Shareholders may by means of a proxy appoint a proxyholder or alternate proxyholders, who need not be Shareholders, as his or her nominee to attend and act at the meeting in the manner, to the extent and with the authority conferred by the proxy. A proxy shall be in writing and signed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a body corporate, by an officer or attorney thereof duly authorized. A proxy shall conform to the requirements of the Act.

Section 9.14 Time for Deposit of Proxies: The board may specify in the notice calling a meeting of Shareholders a time, not exceeding 48 hours (excluding Saturdays and holidays) preceding the meeting or any adjournment thereof, before which proxies must be deposited with the Corporation or its agent. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, where no such time is specified in such notice, if it has been received by the secretary of the Corporation or the chairperson of the meeting or any adjournment thereof before the time of voting.

Section 9.15 Revocation of Proxies: In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing signed in the same manner as a proxy and deposited either at the registered office of the Corporation at any time up to and including the last day (excluding Saturdays and holidays) preceding the date of the meeting or any adjournment thereof at which the proxy is to be used, or with the chairperson of such meeting or any adjournment thereof before the time of voting.

Section 9.16 Authorized Representatives: In accordance with the Shareholders Agreement, a Shareholder that is a body corporate, shall designate a single individual from time to time as its authorized (legal) representative for purposes of providing any consent or approval required by the Act. Such Shareholder shall designate its authorized representative by proxy duly completed in accordance with the Act as its representative to attend and vote at any meeting of the Shareholders.

Section 9.17 Voting: At each meeting of Shareholders every question shall be decided by a majority of the votes duly cast thereon, unless otherwise provided by the Act, the articles, the by-laws or the Shareholders Agreement. In case of an equality of votes the chairperson of the meeting shall not be entitled to a casting vote.

Section 9.18 Show of Hands: At each meeting of Shareholders voting shall be by show of hands unless a ballot is required or demanded as hereinafter provided. Upon a show of hands every person present and entitled to vote on the show of hands shall have one vote. Whenever a vote by show of hands has been taken upon a question, unless a ballot thereon be so required or demanded and such requirement or demand is not withdrawn, a declaration by the chairperson of the meeting that the vote upon the question was carried or carried by a particular majority or not

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carried or not carried by a particular majority, and an entry to that effect in the minutes of the meeting, shall be prima facie evidence of the result of the vote without proof of the number or proportion of votes cast for or against.

Section 9.19 Ballots: On any question proposed for consideration at a meeting of Shareholders a ballot may be required by the chairperson or demanded by any person present and entitled to vote, either before or after any vote by show of hands. If a ballot is so required or demanded and such requirement or demand is not withdrawn, a poll upon the question shall be taken in such manner as the chairperson of the meeting shall direct. Subject to the articles, upon a ballot each person present shall be entitled to one vote in respect of each share which he or she is entitled to vote at the meeting on the question.

Section 9.20 Adjournment: The chairperson of a meeting of Shareholders may terminate the meeting following the conclusion of all business which may properly come before the meeting or, subject to such conditions as the meeting may decide, may adjourn the meeting from time to time and from place to place. If a meeting of Shareholders is adjourned by one or more adjournments for an aggregate of less than 30 clear days, it is not necessary to give notice of the resumption of the meeting if the time and place for resuming the meeting are announced at the earliest meeting that is adjourned.

Section 9.21 One-Shareholder Meeting: Where all the outstanding shares of any class or series of shares of the Corporation are held by one Shareholder, that Shareholder present in person or by proxyholder or by authorized representative constitutes a meeting of the holders of that class or series of shares.

Section 9.22 Signed Resolutions: Subject to the Act, a resolution in writing signed by all the Shareholders entitled to vote thereon at a meeting of Shareholders is as valid as if passed at such a meeting and a resolution in writing dealing with all matters required by the Act to be dealt with at a meeting of Shareholders and signed by all Shareholders entitled to vote thereat satisfies all requirements relating to that meeting. Any such resolution may be signed in counterparts.

ARTICLE TEN

NOTICES

Section 10.01 To Shareholders, Directors: Any notice or document required or permitted to be sent by the Corporation to a Shareholder or director may be mailed by registered mail in a sealed envelope addressed to, or may be delivered personally to, such person at his or her recorded address, or by transmittal by facsimile or email transmission or may be sent by any other means permitted under the Act. If so mailed, the notice or document shall be deemed to have been received by the addressee on the fifth clear day after mailing. If notices or documents so mailed to a Shareholder are returned on three consecutive occasions because he or she cannot be found, the Corporation need not send any further notices or documents to such Shareholder until he or she informs the Corporation in writing of his or her new address.

Section 10.02 To Others: Any notice or document required or permitted to be sent by the Corporation to any other person may be (i) delivered personally to such person, (ii) addressed to such person and delivered to his or her recorded address, (iii) mailed by registered mail in a

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sealed envelope addressed to such person at his or her recorded address or (iv) addressed to such person and sent to his or her recorded address by facsimile or email, electronic communication, or any other means of legible communication then in business use in Canada. A notice or document so mailed or sent shall be deemed to have been received by the addressee when deposited in a post office or public letter box (if mailed) or when transmitted by the Corporation on its equipment or delivered to the appropriate communication agency or its representative for dispatch, as the case may be (if sent by facsimile or email, electronic communication, or other means of legible communication).

Section 10.03 Changes in Recorded Address: The secretary may change the recorded address of any person in accordance with any information the secretary believes to be reliable.

Section 10.04 Computation of Days: In computing any period of days or clear days under the by-laws or the Act, the period shall be deemed to commence on the day following the event that begins the period and shall be deemed to end at midnight on the last day of the period except that if the last day of the period falls on a holiday, the period shall end at midnight of the day next following that is not a holiday.

Section 10.05 Omissions and Errors: The accidental omission to give any notice to any person, or the non-receipt of any notice by any person or any immaterial error in any notice shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

Section 10.06 Unregistered Shareholders: Subject to the Act, every person who becomes entitled to any share shall be bound by every notice in respect of such share which was duly given to any predecessor in title prior to such person's name and address being entered on the securities register of the Corporation.

Section 10.07 Waiver of Notice: Any person entitled to attend a meeting of Shareholders or directors or a committee thereof may in any manner and at any time waive notice thereof, and attendance of any Shareholder or his or her proxyholder or authorized representative or of any other person at any meeting is a waiver of notice thereof by such Shareholder or other person except where the attendance is for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. In addition, where any notice or document is required to be given under the articles or by-laws or the Act, the notice may be waived or the time for sending the notice or document may be waived or abridged at any time with the consent in writing of the person entitled thereto. Any meeting may be held without notice or on shorter notice than that provided for in the by-laws if all persons not receiving the notice to which they are entitled waive notice of or accept short notice of the holding of such meeting.

DATED as of the [•] day of [•], 200[•].

Brian Bentz
President and Chief Executive Officer

Dennis Nolan
Executive Vice President, Corporate
Services and Secretary

::ODMA\PCDOCS\TOR01\39718433

 Ministry of Consumer and Business
 Services - Companies and Personal
 Property Security Branch
 Ministère des Services aux
 consommateurs et aux entreprises -
 Direction des compagnies et des sûretés
 mobilières
 333 University Avenue,
 Toronto, Ontario
 2008/12/28 11:38:40

RECEIPT FOR PAYMENT
 REÇU (PAIEMENT)

Reference 10717495

No référence

PERSONAL CHEQUE	330.00
CHÈQUE PERSONNEL	
TOTAL PAID	330.00
PAIEMENT TOTAL	

EXHIBIT "C"
PS SHAREHOLDER AGREEMENT

Execution Version

THE CORPORATION OF THE TOWN OF MARKHAM

- and -

MARKHAM ENTERPRISES CORPORATION

- and -

THE CORPORATION OF THE CITY OF VAUGHAN

- and -

VAUGHAN HOLDINGS INC.

- and -

THE CORPORATION OF THE CITY OF BARRIE

- and -

BARRIE HYDRO HOLDINGS INC.

- and -

POWERSTREAM INC.

AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

November 23rd, 2010

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AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

THIS AGREEMENT made as of November 23, 2010

B E T W E E N:

THE CORPORATION OF THE TOWN OF MARKHAM
(hereinafter referred to as "Markham")

- and -

MARKHAM ENTERPRISES CORPORATION
(hereinafter referred to as "MEC")

- and -

THE CORPORATION OF THE CITY OF VAUGHAN
(hereinafter referred to as "Vaughan")

- and -

VAUGHAN HOLDINGS INC.
(hereinafter referred to as "VHI")

- and -

THE CORPORATION OF THE CITY OF BARRIE
(hereinafter referred to as "Barrie")

- and -

BARRIE HYDRO HOLDINGS INC.
(hereinafter referred to as "BHHI")

- and -

POWERSTREAM INC.
(hereinafter referred to as the "Corporation")

WHEREAS the Corporation was formed by Certificate of Articles of Amalgamation dated January 1, 2009 under the Business Corporations Act pursuant to which its amalgamating corporations, PowerStream Inc. and Barrie Hydro Distribution Inc. have amalgamated to continue as the Corporation;

AND WHEREAS the Parties hereto are parties to a shareholders agreement dated as of January 1, 2009 (the "Original Shareholders Agreement");

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AND WHEREAS the authorized capital of the Corporation consists of an unlimited number of Common Shares, of which 100,000 are issued and outstanding, and an unlimited number of Class A Common Shares;

AND WHEREAS at the date hereof all of the issued Common Shares of the Corporation are registered and beneficially owned by as follows:

<u>SHAREHOLDERS</u>	<u>COMMON SHARES</u>
MEC	34,185
VHI	45,315
BHHI	20,500

AND WHEREAS pursuant to a subscription agreement dated November ____, 2010 (the "**Subscription Agreement**") made by each of the Shareholders and the Corporation, each Shareholder shall subscribe for the number of Class A Common Shares as set forth in the Subscription Agreement;

AND WHEREAS Markham, Vaughan and Barrie are the sole shareholders of MEC, VHI and BHHI respectively and Markham, Vaughan and Barrie are hereinafter referred to as the "Municipal Shareholders";

AND WHEREAS the Shareholders and the Municipal Shareholders desire to amend the Original Shareholders Agreement and continue to provide for certain arrangements for the ongoing operation and control of the Corporation and providing for certain restrictions on any arrangements respecting dealings with shares of the Corporation and Holdco Shares which are issued and outstanding from time to time;

AND WHEREAS the Parties desire to amend and restate the Original Shareholders Agreement in its entirety in order to incorporate the amendments set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the mutual covenants and agreements herein contained the Parties hereto agree as follows:

ARTICLE ONE INTERPRETATION

Section 1.01 - Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

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“**Accountant**” means a national firm of chartered accountants which is not the Auditor, selected pursuant to Section 3.05(5);

“**Affiliate Relationships Code**” means the Affiliate Relationships Code for Electricity Distributors and Transmitters issued by the OEB revised May 16, 2008, as amended from time to time and any replacement code or directive;

“**Agreement**” means this amended and restated shareholders agreement and all schedules attached hereto and all amendments made hereto and thereto by written agreement between the Parties;

“**Applicable Law**” means, collectively, all applicable federal, provincial (including the Electricity Act and the Ontario Energy Board Act) and municipal laws, statutes, ordinances, decrees, rules, regulations, by laws, legally enforceable policies, codes (including the Affiliate Relationships Code), or guidelines, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, directives, rulings or awards, and conditions of any grant of approval, permission, certification, consent, registration, authority or licence by any statutory body, self regulatory authority or other Governmental Authority;

“**Arm’s Length**” means arm’s length as defined in the *Income Tax Act*;

“**Asset Value**” means the net book value of all of the assets of the Corporation as disclosed in the most recent available annual audited financial statements of the Corporation;

“**Auditor**” means the auditor of the Corporation as appointed from time to time in accordance with this Agreement;

“**Board**” means the board of directors of the Corporation;

“**Board Approved Transaction**” means any Transaction by the Corporation involving a business of a Third Party that operates within the Geographic Footprint and that meets all of the following criteria:

- (a) is consistent with the Corporation’s Strategic Plan;
- (b) does not materially impair the credit rating of the Corporation;
- (c) meets the minimum rate of return as prescribed in the Strategic Plan;
- (d) does not result in the allotment or issuance of any Common Shares or Class A Common Shares; and
- (e) involves both (i) a purchase price payable by the Corporation of less than \$10,000,000, and (ii) assets of a business having a book value (net of depreciation and other relevant provisions and reserves), as shown on the most recently available financial statements, of less than \$5,000,000; or
- (f) as long as (a) through (d) are complied with and is a Transaction in respect of the Permitted Generation Business which, for greater certainty, includes

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the establishment of a business unit, affiliated corporation, limited partnership or other legal entity;

"Business" means:

- (a) the distribution and transmission by the Corporation of electricity;
- (b) the provision of standard supply service to customers in the service territory permitted by the distribution and transmission licence(s) issued from time to time by the OEB to the Corporation or its predecessors;
- (c) the Permitted Generation Business;
- (d) any other activities permitted by Applicable Law that can be conducted directly by an electricity distributor or transmitter; and
- (e) any other business unanimously approved by the Shareholders.

"Business Corporations Act" means the *Business Corporations Act* (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced;

"Business Day" means a day other than a Saturday, Sunday or statutory holiday in Ontario;

"By Laws" means the general by law of the Corporation, as amended from time to time, a copy of the By-Laws in force as of the date hereof is annexed hereto as Schedule "B";

"Capital Call" has the meaning set out in Section 3.07(1);

"Class A Common Shares" means the class A common shares of the Corporation issued and outstanding from time to time;

"Communication" has the meaning set out in Section 5.07;

"Common Shares" means the common shares of the Corporation issued and outstanding from time to time;

"Disputes" has the meaning set out in Section 5.09;

"distribute" and **"distributor"** have the meanings ascribed thereto in the Electricity Act and **"distributing"** and **"distribution"** have the corresponding meanings;

"Electricity Act" means the *Electricity Act, 1998* (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced, and any regulations thereunder;

"Former Director" has the meaning set out in Section 2.03(12);

"Geographic Footprint" means the Region of York, County of Simcoe and the service territory of Hydro One Brampton pursuant to its OEB distribution licence, in each case substantially as it exists on the date hereof;

“**Governmental Authority**” means any government or political subdivision (including without limitation, any municipality or federal or provincial ministry) or quasi governmental or regulatory agency, authority, board, commission, department or instrumentality of any government or political subdivision, or any court or tribunal including the IESO, OEB and OPA;

“**Holdco Shares**” means a share of any class in the capital of a corporation where such shares are owned by a Municipal Shareholder and where such corporation owns, directly or indirectly, any Shares in the Corporation;

“**IESO**” means the Ontario Independent Electricity System Operator and any successor;

“**Income Tax Act**” means the *Income Tax Act* of Canada, as now enacted or as the same may from time to time be amended, re-enacted or replaced, and any regulations thereunder;

“**Information**” has the meaning set out in Section 4.01(1);

“**Merger Agreement**” means that certain Merger Participation Agreement dated as of October 10, 2008 among Markham, MEC, Vaughan, VHI, Barrie, BHHI, PowerStream Inc. and Barrie Hydro Distribution Inc.;

“**Municipal Shareholders**” has the meaning set out in the Recitals hereto;

“**Notice**” has the meaning set out in Section 3.01(1) and Section 3.04(2), as applicable;

“**OEB**” means the Ontario Energy Board and any successor;

“**Offered Shares**” has the meaning set out in Section 3.03(1) and Section 3.05(1), as applicable;

“**Offeree**” and “**Offerees**” have the respective meanings set out in Section 3.03(2) and Section 3.05(1), as applicable;

“**Offeror**” has the meaning set out in Section 3.03(1) and Section 3.05(1), as applicable;

“**Ontario Energy Board Act**” means the *Ontario Energy Board Act, 1998* (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced, and any regulations thereunder;

“**OPA**” means the Ontario Power Authority and any successor;

“**Original Shareholders Agreement**” has the meaning as set out in the recitals;

“**Party**” means a party to this Agreement including any Person that becomes bound by this Agreement as provided herein and “**Parties**” means every Party;

“**Permitted Generation Business**” means the generation and sale of renewable, solar electricity permitted by Applicable Law;

“**Person**” includes an individual, corporation, body corporate, partnership, trust, joint venture, unincorporated association, organization, syndicate, executor, administrator, Governmental Authority or other legal or personal representative;

“**Pro Rata**” means in the same proportion that the number of Shares owned by a Shareholder is to all of the then issued and outstanding Shares of all classes of the Corporation or to all of the then issued and outstanding Shares of that class owned by the relevant Shareholder(s), as the case may be; provided however that, for purposes of Section 3.03 and Section 3.04 only, “Pro Rata” means the same proportion that the number of Shares owned by a Shareholder (including for greater certainty the Shares owned by any Shareholder who is the Third Party referred to in Section 3.03) is to all of the then issued and outstanding Shares of all classes of the Corporation other than the Shares of the Offeror;

“**Prospective Purchaser**” has the meaning set out in Section 3.03(5);

“**Purchase Price**” has the meaning set out in Section 3.03(1);

“**Purchaser**” has the meaning set out in Section 3.04(1);

“**Rejected Shares**” has the meaning set out in Section 3.03(4) and Section 3.05(7), as applicable;

“**Related Party**” has the meaning attributed to that term in the *Income Tax Act*;

“**Related Shareholder Purchaser**” means a Person who does not deal at Arm’s Length with a Shareholder;

“**Response**” has the meaning set out in Section 3.03(3);

“**Shared Services Agreements**” means those agreements identified in Schedule C hereto and any other agreements as may from time to time be entered into between the Corporation and a Shareholder or an affiliate of a Shareholder (as determined under the Business Corporations Act), provided in each case such agreement complies with the terms of the Affiliate Relationships Code as if such other party were an affiliate of the Corporation under the Affiliate Relationships Code;

“**Shareholder**” means individually any, and “**Shareholders**” means collectively all, of MEC, VHI and BHHI and any Person to whom any Shares are transferred, or issued, in accordance with the terms of this Agreement, at any time subsequent to the date of this Agreement;

“**Shareholder Representative**” has the meaning set out in Section 2.09;

“**Shares**” means any authorized class of shares of the Corporation that the Shareholders at the date hereof or hereafter may beneficially own;

“**Strategic Plan**” means the strategic plan for the Corporation approved by the Shareholders in accordance with this Agreement, establishing the Corporation’s terms and conditions for growth and expansion on a prudent and profitable basis through enhancing the Corporation’s strategic position and economies of scope and scale, it being understood that such strategic plan will be

reviewed and updated from time to time by the Board subject to such Shareholder approvals as are from time to time contemplated hereby;

“**Subject Shares**” has the meaning set out in Section 3.07(2);

“**Subscription Agreement**” has the meaning set out in the Recitals hereto;

“**Tag-Along Exercise Period**” has the meaning set out in Section 3.04(2);

“**Tag-Along Offer**” has the meaning set out in Section 3.04(1);

“**Tag-Along Rights**” means the rights of the Shareholders pursuant to Section 3.04;

“**Third Party**” means a Person with whom all the Shareholders and the Corporation deal with at Arm’s Length; provided, however, that for purposes of Section 3.03 and Section 3.04 only, “**Third Party**” means a Person with whom the Offeror is at Arm’s Length and, for greater certainty, for purposes of Section 3.03 and Section 3.04 only, “**Third Party**” and “**Prospective Purchaser**” includes another Shareholder or a Related Shareholder Purchaser so long as such other Shareholder or Related Shareholder Purchaser is at Arm’s Length to the Offeror;

“**Transaction**” means an amalgamation, merger or consolidation with, or purchase or acquisition of (i) the business (as a going concern) of, or all or substantially all of the assets of a business (as a going concern) of, another Person or (ii) the shares, partnership interests or other equity interests of another Person; and

“**Transfer Tax**” means the tax payable pursuant to Section 94 of the Electricity Act or any similar tax or replacement or substitution thereof.

Section 1.02 Sections and Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement or instrument supplemental or ancillary hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

Section 1.03 Number

Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and vice versa.

Section 1.04 Accounting Principles

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute; applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles, as such principles may be amended or varied by International Financial Reporting Standards then in effect in Canada.

Section 1.05 Unanimous Shareholders Agreement

To the extent that this Agreement specifies that any matters relating to the Corporation may only be, or shall be dealt with or approved by, or shall require action by the Shareholders, the discretion and powers of the Board to manage and to supervise the management of the business and affairs of the Corporation with respect to such matters are correspondingly restricted. For greater certainty, the Parties agree that this Agreement is intended to operate as a unanimous shareholders agreement with respect to the Corporation, within the meaning of the Business Corporations Act.

Section 1.06 Schedules

The following schedules are incorporated herein and form part of this Agreement:

Schedule A	Dispute Resolution
Schedule B	By-Law
Schedule C	Shared Services Agreements
Schedule D	Dividend Policy

ARTICLE TWO
MANAGEMENT

Section 2.01 Carrying out of the Agreement

The Shareholders shall at all times carry out and cause the Corporation to carry out the provisions of this Agreement in furtherance of the Business. Each Municipal Shareholder shall at all times carry out and cause the Shareholder directly or indirectly owned by it (VHI, MEC or BHFI, as applicable) to carry out the provisions of this Agreement and to satisfy its respective obligations and liabilities hereunder.

Section 2.02 Idem

The Corporation confirms its knowledge of this Agreement and shall carry out and be bound by the provisions of this Agreement to the full extent that it has the capacity and power pursuant to Applicable Law to do so.

Section 2.03 Directors

- (1) The Board shall consist of thirteen (13) directors, six (6) of whom shall be nominees designated by VHI, four (4) of whom shall be nominees designated by MEC and three (3) of whom shall be nominees designated by BHHL. The Chairperson and Vice-Chairperson of the Board shall be designated by the directors. The Chairperson will not have a second or casting vote.
- (2) In the event that Applicable Law requires that any number of the directors of the Corporation be independent of any Person, VHI, MEC and BHHL shall include in their respective nominee directors such number of individuals who are so independent on a Pro Rata basis (rounding up to the nearest whole number).
- (3) All directors have been appointed for an initial term expiring upon the first meeting of the Shareholders held after December 31, 2010 and thereafter, all directors shall be appointed for terms of three (3) years, subject to Section 2.03(10). The Chairperson and Vice-Chairperson of the Board shall each be elected for a term of three (3) years, and nominees of one Shareholder shall not hold both positions at any one time.
- (4) Subject to the terms of this Agreement, the Board shall manage or supervise the management of the business and affairs of the Corporation. Without limiting the generality of the foregoing, the Board shall maintain a policy regarding authority limits on management. This policy establishes appropriate limits and controls on the authority of the officers of the Corporation to manage the business and affairs of the Corporation. The Board may, in its discretion, update or amend such policy from time to time.
- (5) The Board shall also establish and maintain a policy that will permit the Corporation to only enter into swap and derivative transactions for prudent risk management purposes and not for speculative purposes.
- (6) All directors of the Corporation shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Each Shareholder agrees to nominate individuals to act as directors who, in its reasonable judgment, are able to meet this standard of care and who have appropriate skills and experience.
- (7) In addition to the requirements of the Business Corporations Act or any other requirements outlined in this Agreement, the Shareholders will give due regard to the qualifications of candidates and ensure that the members of the Board possess qualifications that will contribute to the success of the Business including:
 - (a) knowledge of the electricity industry;
 - (b) regulatory knowledge;

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- (c) experience with corporate finance; and
 - (d) business management experience.
- (8) Each Shareholder entitled herein to nominate a director of the Corporation agrees in good faith, and shall use its best efforts, to ensure that it is represented at all meetings of the Shareholders and the Board to ensure that the quorum requirements for such meetings are met.
- (9) Meetings of the Shareholders and Board shall be held at the head office of the Corporation or such other location as the Board may determine from time to time.
- (10) Subject to the provisions of the Business Corporations Act, each Shareholder shall be entitled at any time in its discretion to cause any of the directors nominated by it to the Board to be removed and to nominate and have one or more individuals elected a successor or successors, as required, by providing a direction in writing to the Corporation and to the other Shareholders who shall vote their Common Shares in favour of the appointment of such replacement director or directors. Upon the resignation or removal of a director from the Board, the Shareholder that nominated such director shall use reasonable efforts to obtain and deliver to the Corporation a resignation and a release from such director in a form satisfactory to the Corporation.
- (11) Seven (7) directors in attendance at a meeting of the Board shall constitute a quorum, provided that at least three (3) nominee directors of VHI, two (2) nominee directors of MEC and two (2) nominee directors of BHHI are in attendance. If a quorum of directors is not present within thirty (30) minutes after the time appointed for a meeting of the Board, the meeting shall be adjourned to such date, not less than five and not more than fifteen (15) Business Days subsequent to the date originally set for the meeting, as the directors present at the meeting may determine. Such directors shall provide at least two (2) Business Days' prior written notice of the adjourned meeting to the other directors. If a quorum is not present at such adjourned meeting, the Secretary of the Corporation shall promptly give notice to the directors and the Shareholders of a further adjourned meeting to be held on the fifth (5th) Business Day following the date on which the first adjourned meeting was to be held, and the Shareholders shall cause their respective nominee directors to attend such further adjourned meeting. Any seven (7) directors in attendance will constitute a quorum at such further adjourned meeting.
- (12) In the event of any vacancy occurring on the Board by reason of the death, disqualification, inability to act or resignation of any director (the "Former Director"), the Shareholder that nominated the Former Director shall nominate another individual to replace the Former Director in order to fill such vacancy as soon as reasonably possible, and the Shareholders shall vote their Common Shares in favour of the appointment of such nominee.

- (13) The Board shall meet at least once during each calendar quarter at a time to be determined by the Chairperson of the Board. Any one or more of the directors may participate in a meeting of the Board by a telephonic or video device that permits all participants in the meeting to communicate with each other simultaneously and instantaneously, and such participation shall be deemed to constitute attendance at the meeting for the purposes of this Agreement. In accordance with the By-laws, each director shall be notified in writing of the time and place of the meeting and of the matters to be considered. Additional meetings of the Board may be called by any two (2) directors by providing notice in writing to every other director containing the information required and the notice required for a regularly scheduled meeting of the Board. A director may waive notice of any meeting of the Board by an instrument in writing delivered to the Secretary of the Corporation.
- (14) The remuneration of the members of the Board for their respective services as directors will be as determined by the Shareholders from time to time in accordance with Section 2.06(2). Each director shall be entitled to be reimbursed for reasonable and documented out of pocket expenses incurred in connection with his or her attendance at meetings, or otherwise being engaged in the business, of the Board.

Section 2.04 Auditor and Financial Reporting

- (1) The Shareholders shall appoint the Auditor, subject to change in accordance with Section 2.06(1)(f). The Board is authorized to from time to time fix the remuneration of the Auditor.
- (2) The financial year end of the Corporation shall be December 31. The initial fiscal period of the Corporation shall be the period from the date of this Agreement through to December 31st of the same year. Audited annual financial statements for the Corporation shall be presented to the Shareholders and the Board no later than one hundred and twenty (120) days after the financial year end of the Corporation. Unaudited quarterly financial statements for the Corporation shall be presented to the Board no later than sixty (60) days after the end of each applicable quarter.
- (3) The Corporation shall present to the Shareholders and the Board unaudited quarterly financial statements in respect of the Permitted Generation Business not later than sixty (60) days after the end of each applicable quarter.

Section 2.05 Offices

Subject to Section 2.06(1)(o), the head office and registered office of the Corporation shall be located in the City of Vaughan, Ontario. In addition, subject to Section 2.06(1)(o) the Corporation shall maintain a minimum of two operation/administration centres (or more if required to ensure that the operations of the Corporation are conducted at the current service levels and other standards, which at a minimum are in compliance with the requirements of the

Ontario Energy Board). One such operation/administration centre shall be located in the City of Barrie, Ontario. Also, the Corporation shall maintain a storefront customer centre in each of Markham, Vaughan and Barrie.

Section 2.06 Approval of Certain Matters

- (1) In addition to the requirements of the Business Corporations Act, none of the following actions shall be taken by the Corporation unless Shareholders holding all of the then issued and outstanding Common Shares of the Corporation consent to such action by an instrument or instruments in writing:
- (a) the carrying on of any business or activity other than the Business;
 - (b) the taking of any steps to wind up, dissolve or terminate the corporate existence of the Corporation;
 - (c) the entering into of a Transaction, or any agreement to effect a Transaction, that is not a Board Approved Transaction;
 - (d) the admission of any new Shareholder, the issuance of any shares by the Corporation, the entry into of any agreement or the making of any offer or the granting of any right capable of becoming an agreement to allot or issue any shares of the Corporation or any other change in the issued and outstanding share capital of the Corporation;
 - (e) the sale, lease, exchange or disposition (other than in the ordinary course of Business) of assets of the Corporation, whether through one transaction, or series of related transactions, having a value of (i) 5% or more of the Asset Value, in the case of assets forming part of the "rate base" of the Corporation then in effect as approved and determined pursuant to the most recent OEB electricity distribution rate decision responding to the Corporation's electricity distribution rate applications to the OEB or (ii) 9% or more of the Asset Value, in the case of any other assets of the Corporation;
 - (f) any change of Auditor;
 - (g) any change to the dividend policy set out in Schedule D;
 - (h) any name change of the Corporation from "PowerStream Inc." or re branding of the Corporation;
 - (i) the entry by the Corporation into a transaction or agreement with a Shareholder, a Related Party of a Shareholder or a Related Party of the Corporation, other than transactions or agreements entered into in the ordinary course of Business on Arm's Length commercial terms (for greater certainty, the entering into of Shared Services Agreements shall be considered part of the Corporation's ordinary course of Business provided

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that a copy of all such Shared Service Agreements shall be provided forthwith to each Shareholder);

- (j) any change in the articles of the Corporation or By-laws;
- (k) the Corporation entering into any agreement other than in the ordinary course of Business (for greater certainty, the entering into of Shared Services Agreements shall be considered part of the Corporation's ordinary course of Business provided that a copy of all such Shared Service Agreements shall be provided forthwith to each Shareholder);
- (l) except for any Transaction or Board Approved Transaction, (i) the making or incurring of any single capital expenditure or series of related expenditures by the Corporation (net of anticipated capital contributions from customers or others) in excess of 9% of the Asset Value as at such time, or (ii) the making or incurring of, in any financial year of the Corporation, capital expenditures (net of anticipated capital contributions from customers or others) which, in the aggregate, exceed 20% of the Asset Value as at the beginning of such financial year;
- (m) the entering into of a partnership, joint venture or any other arrangement for the sharing of profits or union of interests under which the Corporation could become jointly and severally liable with any other Person, other than in connection with a Board Approved Transaction;
- (n) the entering into of any swap or derivative transaction by the Corporation which is not in accordance with the swap and derivative transactions policy approved by the Board in accordance with Section 2.03(5);
- (o) any change of the head office of the Corporation or the closing of any operations/administration centres of the Corporation;
- (p) the making of a Capital Call by the Shareholders;
- (q) the establishment of a subsidiary, other than in connection with a Board Approved Transaction; and
- (r) the approval of an updated Strategic Plan for the Corporation by January 1, 2012 and thereafter not later than each three year anniversary of such approval, and any material amendments or alterations to the Strategic Plan, at any time, in each case such approval not to be unreasonably withheld or delayed (provided however that any decision made by or requested from a Shareholder regarding the potential expansion, through a Transaction or otherwise, of the Business outside the Geographic Footprint shall be deemed to have been not unreasonably withheld or delayed), it being understood and agreed that the initial Strategic Plan shall be consistent with the Strategic Direction set out in Schedule 2.5 to the Merger Agreement.

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- (2) In addition to the requirements of the Business Corporations Act, notwithstanding anything contained herein, the following actions may be taken by the Corporation, as applicable, if the Shareholders holding a majority of the then issued and outstanding Common Shares consent to such action by an instrument or instruments in writing:
- (a) the remuneration of the directors.
- (3) Each Shareholder agrees to use its reasonable best efforts, in good faith, to ensure that it is duly represented at all Shareholder meetings.
- (4) None of the Shareholders, the Municipal Shareholders nor the Corporation, as applicable, shall take any action that would cause the Corporation or any of the Shareholders to lose its exemption from liability for tax under subsection 149 of the Income Tax Act (other than as contemplated in Section 3.08) unless all of the Parties consent to such action by an instrument or instruments in writing.
- (5) The Shareholders acknowledge that Board Approved Transactions shall not be subject to Shareholder approval but instead will be subject to review and approval by the Board.

Section 2.07 Objectives and Guiding Principles

- (1) The Parties recognize the following as the objectives and guiding principles of the Corporation:

- (a) **Business:** The Corporation will engage only in the Business.

The Corporation will, not less than every three (3) years, update and revise the Strategic Plan to reflect business opportunities available, consistent with the Ontario Energy Board Act and all other regulatory requirements, which builds upon its excellence in electricity distribution.

In all cases, business expansion will only occur where there is a valid business case which demonstrates that the project will optimize the Corporation's rate of return and Shareholder value.

- (b) **For-Profit Corporation:** Subject to Section 2.06(4), the Corporation will be a for profit corporation, with the objective of optimizing its rate of return and Shareholder value. Subject to OEB approval, the maximum rate of return sought by the Corporation from time to time will be achieved as soon as practical.

- (c) **Dividends and Capital Structure:** The Board will declare and cause the Corporation to pay dividends to the Shareholders in accordance with the policy set out in Schedule D hereto, as the same may be amended from time to time by the Shareholders in accordance with Section 2.06(1)(g). Subject to the foregoing sentence the Board will establish policies to

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develop and maintain a financial and capitalization structure for the Corporation consistent with industry standards and sound financial principles in order to provide the Shareholders (and Municipal Shareholders if applicable) with regular dividend and/or interest payments consistent with the preceding paragraph.

- (d) **Customers:** The distribution customers of the Corporation are the operational priority of the Corporation with respect to its electricity distribution business. The Corporation will provide a reliable, effective and efficient electricity distribution system. The Corporation will harmonize, within OEB guidelines, its distribution rates for distribution customers.
- (e) **Employees:** The Corporation will treat all employees in a fair and equitable manner. The Corporation will develop with its employees a shared commitment towards high customer service, improved productivity and workplace safety.

The Corporation will ensure that all staff understand the Corporation's business plan and direction, and that they have the skill required to fulfil their part in achieving those goals.

- (f) **Community:** With due consideration to the optimization of the rate of return and Shareholder value, the Corporation will be an integral participant and play a significant role in the local communities in which it operates. The Corporation will strive to be a good corporate citizen and a facilitator of economic development throughout the Corporation's service area. The Corporation shall not facilitate economic development in a way that would favour one community over another, or discriminate against any community within the Corporation's service area.
- (g) **Founding Shareholders:** This Agreement has been entered into in the spirit of a mutually cooperative partnership of the Shareholders. The Shareholders shall at all times in carrying out their rights, duties and obligations hereunder strive to act fairly and equitably in the interest of all of the communities within the Corporation's service area.
- (h) **Growth:** The Corporation is committed to pursuing significant growth opportunities on a prudent and profitable basis where it enhances the Corporation's strategic position and economies of scope and scale. Specifically, the Corporation will pursue opportunities for the acquisition, merger or other business arrangements with neighbouring local distribution companies within the Geographic Footprint and will consider from time to time other opportunities for acquisition, merger or other business arrangements with other Persons which other opportunities will, upon the recommendations of management and the Board of the Corporation, be

reviewed and considered by each Shareholder acting in good faith, all in a manner consistent with the foregoing objectives and principles.

- (i) **Distribution System Performance, Reliability and Planning, Customer Service and Employee and Community Safety:** The Corporation shall implement a comprehensive review of the foregoing principles and standards and recommend the desired standards and practices to be followed by the Corporation on a unified basis. The review shall give due consideration to service reliability, costs, and risks. The recommended standards shall be presented to the Board for consideration and, if appropriate, approval.
 - (j) **Environmental Stewardship:** The Corporation will act as a responsible steward over the resources it manages, exercising a strong commitment to energy conservation and environmental sustainability. The Corporation will employ business and operating practices which seek to minimize its impact on the environment.
 - (k) **Shareholder/Municipal Shareholder Debt Prepayment:** To the extent prepayment or redemption, as the case may be, is allowable under the terms thereof, if the Board determines that it is in the best interest of the Corporation to prepay or redeem any outstanding debt owing to any Shareholders and/or Municipal Shareholders, the Corporation's offer of prepayment shall be made to each Shareholder and Municipal Shareholder on an equitable basis.
- (2) The Shareholders, the directors and management of the Corporation, in exercising their respective rights and duties, shall do so in a manner consistent with these objectives and guiding principles.

Section 2.08 Offices/Officers

The offices and officers of the Corporation, until changed by the Board, shall consist of the following:

<u>Office</u>	<u>Officer</u>
President and Chief Executive Officer	Brian Bentz
Executive Vice President and Chief Operating Officer	Mark Henderson
Executive Vice President Corporate Services and Secretary	Dennis Nolan
Executive Vice President and Chief Financial Officer	John Glicksman

Executive Vice President Renewable
Generation and Conservation

Milan Bolkovic

Section 2.09 Shareholder Representatives

Each of VHI, MEC and BHHI, in its capacity as a Shareholder, shall designate a single individual from time to time as its legal representative (the "Shareholder Representative") for purposes of providing any consent or approval required by this Agreement or the Business Corporations Act. VHI, MEC and BHHI shall designate its Shareholder Representative (by proxy duly completed in accordance with the Business Corporations Act) as its representative to attend and vote at any meeting of the Shareholders.

**ARTICLE THREE
DEALING WITH SHARES**

Section 3.01 No Transfer of Shares

- (1) Except as expressly provided for in this Article Three, a Shareholder shall not sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber any of its Shares or its rights under this Agreement without first complying with all of the provisions of this Agreement unless, prior to the disposition or encumbrance of any of its Shares, the other Shareholders have consented in writing (such consent to be granted in the sole discretion of such other Shareholders) to such disposition or encumbrance, and the transferee agrees in writing to be bound by the provisions of this Agreement.
- (2) Each of Markham, Vaughan and Barrie shall not sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber (i) any or all of its Holdco Shares so long as such entity holds, directly or indirectly, any shares of the Corporation or (ii) as applicable, any or all of the issued and outstanding share capital in (A) MEC owned by Markham, (B) VHI owned by Vaughan and/or (C) BHHI owned by Barrie, unless all of the Shareholders have consented in writing (such consent to be granted in the sole discretion of such other Shareholders) to such disposition or encumbrance and the transferee agrees in writing to be bound by the provisions of this Agreement. For greater certainty the provisions of Sections 3.03, 3.04 and 3.05 shall not apply to any sale or disposition restricted by this Section 3.01(2).

Section 3.02 Endorsement on Certificates

From and as of the date hereof, Share certificates of the Corporation shall bear the following language either as an endorsement or on the face thereof:

"The shares represented by this certificate are subject to all the terms and conditions of an amended and restated shareholders agreement made as of November ____, 2010, a copy of which is on file at the registered office of the Corporation."

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It is acknowledged that Share certificates of the Corporation issued on or before the date hereof (the "**Existing Share Certificates**") will bear the following language either as an endorsement or on the face thereof:

"The shares represented by this certificate are subject to all the terms and conditions of a shareholders agreement made as of January 1, 2009, a copy of which is on file at the registered office of the Corporation."

The Parties hereby agree and confirm that notwithstanding that the endorsement on the Existing Share Certificates refer to the Original Shareholders Agreement, the Existing Share Certificates remain validly authorized, issued and outstanding obligations of the Corporation and are subject to all the terms and conditions of this Agreement.

Section 3.03 Right of First Offer

- (1) Any Shareholder (hereinafter in Section 3.03 and Section 3.04 referred to as the "**Offeror**") who desires to sell all, but not less than all, of its Shares (hereinafter in Section 3.03 and Section 3.04 referred to as the "**Offered Shares**") to a Third Party shall give notice of such proposed sale (hereinafter in this Section 3.03 referred to as the "**Notice**") to the Corporation and to all of the other Shareholders and shall set out in the Notice the identity of the proposed purchaser, if applicable, and the terms upon which and the price at which the Offeror desires to sell the Offered Shares (such price being hereinafter in Section 3.03 referred to as the "**Purchase Price**"). A Shareholder selling Shares under this Section 3.03 must sell all, and not less than all, of its Offered Shares, unless the other Shareholders otherwise agree in writing.
- (2) Upon the Notice being given, all of the other Shareholders (hereinafter in Section 3.03 sometimes referred to as the "**Offerees**" and sometimes individually referred to as an "**Offeree**") shall have the right to purchase all, but not less than all, of the Offered Shares for the Purchase Price either on a Pro Rata basis or in such other proportion as the Offerees may agree in writing.
- (3) If an Offeree desires to purchase its Pro Rata share (or other agreed proportion) of the Offered Shares, it shall so notify the Offeror, the Corporation and the other Offerees by notice in writing (such notice being hereinafter in this Section 3.03 referred to as the "**Response**") given not more than ninety (90) days after the Notice has been given. If any Offeree fails to so provide a Response within such time period, it shall be deemed to have elected not to purchase any of the Offered Shares. If each Offeree gives a Response indicating it is willing to purchase its Pro Rata share (or other agreed proportion) of the Offered Shares, the transaction of purchase and sale shall be completed in accordance with the terms set out in the Notice and this Article Three and each Offeree shall purchase its Pro Rata share (or other agreed proportion) of the Offered Shares at the Purchase Price.

Notwithstanding any other provision of Section 3.03, if the Third Party referred to in Section 3.03(1) is a Shareholder or a Related Shareholder Purchaser, such Shareholder (or the relevant Shareholder) shall be deemed to have provided a Response to purchase its Pro Rata share of the Offered Shares in accordance with this Section 3.03(3) as well as additional Responses to purchase the maximum number of any Rejected Shares it is permitted to purchase in accordance with Section 3.03(4).

- (4) If any Offeree elects, or is deemed to have elected, not to purchase any of the Offered Shares or offers to purchase less than its Pro Rata share of the Offered Shares, the Offered Shares that it elected or is deemed to have elected not to purchase (hereinafter in this Section 3.03 referred to as the "Rejected Shares") may instead be purchased by the Offerees who did provide a Response in respect of all of their Pro Rata share (or other agreed proportion), on a Pro Rata basis as between such Offerees (or other agreed proportion). Each such Offeree who desires to purchase all or any of the Rejected Shares shall give an additional Response to the Offeror, the Corporation and the other Offerees within ten (10) days after the expiry of the aforesaid ninety (90) day period stating the number of Rejected Shares it wishes to purchase. If any Offeree entitled to give the said additional notice does not do so within such time period, the Rejected Shares that it had been entitled to purchase may instead be purchased by the Offerees who did give such additional Response, and so on from time to time (but subject to Section 3.03(5) until the Offerees are willing to purchase all of the Offered Shares or until they are not willing to purchase any more. If the Offerees are willing to purchase all, but not less than all, of the Offered Shares, the Offeror shall sell and the Offerees shall so purchase the Offered Shares and the transaction of purchase and sale shall be completed in accordance with the terms set out in the Notice and this Article Three at the Purchase Price.
- (5) If the Offeror makes default in transferring the Offered Shares to the Offerees in accordance with the terms set out in the Notice, the Secretary of the Corporation is authorized and directed to receive the purchase money and to thereupon cause the names of the Offerees to be entered in the registers of the Corporation as the holders of the Shares purchasable by them. The said purchase money shall be held in trust by the Corporation on behalf of the Offeror and not commingled with the Corporation's assets, except that any interest thereon shall be for the account of the Corporation. The receipt by the Secretary of the Corporation for the purchase money shall be a good discharge to the Offerees and, after their names have been entered in the registers of the Corporation in exercise of the aforesaid power, the validity of the proceedings shall not be subject to question by any Person. On such registration, the Offeror shall cease to have any right to or in respect of the Offered Shares except the right to receive, without interest, the Purchase Price received by the Secretary of the Corporation.
- (6) If the Offerees do not give a Response in accordance with the provisions of Section 3.03(3) or if the aggregate number of Offered Shares covered by all such Responses is less than all of the Offered Shares (including additional Responses

under Section 3.03(4)), the rights of the Offerees, to purchase the Offered Shares shall forthwith cease and the Offeror may offer to sell and may sell the Offered Shares to any Person (the "Prospective Purchaser") within four (4) months after the expiry of the ninety (90) day period specified in Section 3.03(3) for a price not less than the Purchase Price and on other terms no more favourable to the Prospective Purchaser than those set forth in the Notice, provided that the Prospective Purchaser agrees prior to such transaction to be bound by this Agreement (unless they are already a party to this Agreement) and to become a party hereto in place of the Offeror with respect to the Offered Shares. If the Offered Shares are not sold within such four (4) month period on such terms, the rights of the Offerees pursuant to this Section 3.03 shall again take effect and so on from time to time. The four (4) month period referred to herein may be extended for an additional four (4) month period to permit any required regulatory approvals to be obtained if the Offeror has made, and is making, good faith efforts to obtain such regulatory approvals.

- (7) If (i) the Third Party referred to in Section 3.03(1) is a Related Shareholder Purchaser which wishes to purchase all the Shares of the Offeror, (ii) the Offerees have provided Responses to purchase all the Offered Shares, and (iii) an Offeree which has provided a Response to purchase Offered Shares is not dealing at Arm's Length with such Related Shareholder Purchaser, the Offeree with whom the Related Shareholder Purchaser is not dealing at Arm's Length may transfer all the Shares of the Corporation it holds, including for greater certainty those it has acquired from the Offeror pursuant to Section 3.03, to such Related Shareholder Purchaser provided that such Related Shareholder Purchaser agrees prior to such transfer, to be bound by this Agreement and to become a party hereto in place of both the Offeror and such Offeree with whom it is not dealing at Arm's Length.

Section 3.04 Tag-Along Rights

- (1) If, in compliance with Section 3.03, the Offeror proposes to, or receives an offer to, sell all but not less than all of the Offered Shares to a Third Party (the "Purchaser") the Offeror may complete such sale to the Purchaser only if the Purchaser extends an offer (a "Tag-Along Offer") to all of the Offerees so that each Offeree shall have the option to sell to the Purchaser all, but not less than all, of the Shares held by such Offeree on the same terms (including the same covenants, representations, warranties, indemnities and consideration per Share) and conditions, *mutatis mutandis*, as those specified in the Notice delivered pursuant to Section 3.04(2).
- (2) The Offeror shall forthwith give notice (hereinafter in this Section 3.04 referred to as the "Notice") to the Offerees of any proposed sale to the Purchaser of its Offered Shares, which Notice shall include a true copy of any agreement between the Offeror and such Purchaser and set out, in reasonable detail, (i) information regarding the identity of the Purchaser and the consideration and other material terms and conditions of such sale, (ii) a description of the Tag-Along Rights arising in connection with such sale and (iii) any other information required by

this Section 3.04, and shall contain an offer from the Purchaser to purchase all of each Offeree's Shares on the same terms (including the same covenants, representations, warranties, indemnities and consideration per Share) and conditions, *mutatis mutandis*, as set out in the Notice. The offer from the Purchaser shall be irrevocable and shall be open for acceptance by the Offerees during the period specified in the Notice (the "Tag-Along Exercise Period"), which period shall end not less than thirty (30) days after the date on which the Notice is given to the other Offerees:

- (3) The closing of each such sale shall be conditional on the closing of the sale of Offered Shares by the Offeror and each other Offeree which elects to exercise its Tag-Along Rights.
- (4) The Offeror shall not be responsible for any failure by the Purchaser to complete the transactions contemplated by the Tag-Along Offer, but shall not complete any sale of its Offered Shares unless the sale of each Offeree's Shares is completed concurrently with the sale by the Offeror of its Shares to the Purchaser.

Section 3.05 Call Right

- (1) If:
 - (a) a Shareholder makes an assignment for the benefit of creditors or is the subject of any proceedings under any bankruptcy or insolvency law or takes steps to wind-up or terminate its corporate existence or has the shares in its capital realized upon by an encumbrancer; or
 - (b) a Shareholder, or the applicable Municipal Shareholder, defaults in any material respect in the performance of its obligations hereunder and fails to remedy such default within thirty (30) days of being advised in writing of same by the other Shareholders; or
 - (c) a Shareholder has all or any portion of its Shares realized upon by an encumbrancer;

~~the Shareholders to whom such event has not occurred (hereinafter in this Section 3.05 referred to as the "Offerees" and sometimes individually as an "Offeree") shall have the right, but not the obligation (on a Pro Rata basis), to purchase all, but not less than all, of the Shares beneficially owned by the Shareholder with respect to whom such event has occurred (the "Offeror") (hereinafter in this Section 3.05 referred to as the "Offered Shares").~~

- (2) The Offerees shall be entitled to purchase the Offered Shares at the price to be determined in accordance with the provisions of Section 3.05(4) and in accordance with the terms set out in this Article Three.

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- (3) The right of the Offerees to purchase Shares of the Offeror as a result of a default is without prejudice to any other rights or remedies the purchasing Shareholders may have in equity or at law in respect of such default.
- (4) The price of the Offered Shares shall be equal to 90% of the fair market value of such Shares at the time of acquisition, determined by reference to the assets or earnings of the Corporation, using a discounted cash flow analysis, as determined by the Accountant in accordance with generally accepted accounting principles as at the end of the fiscal quarter of the Corporation immediately preceding the fiscal quarter in which the event referred to in Section 3.05(1) occurred. Such determination shall be made in writing and given to all of the Shareholders and to the Corporation within thirty (30) days after the date of the event referred to in Section 3.05(1) or as soon thereafter as may be reasonably possible.
- (5) The Accountant shall be selected by mutual agreement of all of the Shareholders (including the Offeror), provided that if the Shareholders are unable to agree on an Accountant within 10 days following written notice given by any Shareholder to all of the other Shareholders to so select an Accountant, the Board of the Corporation shall select the Accountant. For the purpose of determining such fair market value, the Accountant may appoint, at the expense of the Corporation, an independent valuer or appraiser to assist the Accountant in such determination. The report of the Accountant, when delivered to the Shareholders and to the Corporation, shall be conclusive and binding upon all parties. The fees and expenses of the Accountant shall be paid by the Corporation.
- (6) Within forty-five (45) days after having been given the Accountant's report of the fair value of the Offered Shares, the Offerees, if they desire to purchase all of the Offered Shares shall give notice to such effect to the Offeror, the other Offerees and the Corporation. If any Offeree fails to so provide such notice within such time period, it shall be deemed to have elected not to purchase any of the Offered Shares. If the Offerees are willing to purchase all, but not less than all, of the Offered Shares, the transaction of purchase and sale shall be completed within thirty (30) Business Days after the expiry of the forty-five (45) day period specified in this Section 3.05(6). The transaction shall be completed at the Corporation's registered office where delivery of the Offered Shares shall be made by the Offeror with good title, free and clear of all liens, charges and encumbrances, against payment by certified cheque or wire transfer by the Offerees.
- (7) If any Offeree elects, or is deemed to have elected, not to purchase any of the Offered Shares or offers to purchase less than its Pro Rata share of the Offered Shares, the Offered Shares that it elected or is deemed to have elected not to purchase (hereinafter in this Section 3.05(7) referred to as the "Rejected Shares") may instead be purchased by the Offerees who did provide notice pursuant to Section 3.05(6) in respect of all of its Pro Rata share (or other agreed proportion), on a Pro Rata basis as between such Offerees (or other agreed proportion). Each such Offeree who desires to purchase all or any of the Rejected Shares shall give an additional notice to the Offeror, the Corporation and the other Offerees within

ten (10) days after the expiry of the aforesaid forty-five (45) day period stating the number of Rejected Shares it wishes to purchase. If any Offeree entitled to give the said additional notice does not do so within such time period, the Rejected Shares that it had been entitled to purchase may instead be purchased by the Offerees who did give such notice, and so on from time to time until the Offerees are willing to purchase all of the Offered Shares or until they are not willing to purchase any more. If the Offerees are willing to purchase all, but not less than all, of the Offered Shares, the Offeror shall sell and the Offerees shall so purchase the Offered Shares and the transaction shall be completed at the Corporation's registered office where delivery of the Offered Shares shall be made by the Offeror with good title, free and clear of all liens, charges and encumbrances, against payment by certified cheque or wire transfer by the Offerees.

- (8) If the Offeror makes default in transferring the Offered Shares to the Offerees as provided for in this Section 3.05, the Secretary of the Corporation is authorized and directed to receive the purchase money and to thereupon cause the names of the Offerees to be entered in the registers of the Corporation as the holder of the Shares purchasable by them. The said purchase money shall be held in trust by the Corporation on behalf of the Offeror or the Person entitled to the same and not commingled with the Corporation's assets, except that any interest accruing thereon shall be for the account of the Corporation. The receipt by the Secretary of the Corporation for the purchase money shall be a good discharge to the Offerees and, after their name has been entered in the register of the Corporation in exercise of the aforesaid power, the validity of the proceedings shall not be subject to question by any Person. On such registration, the Offeror shall cease to have any right to or in respect of the Offered Shares except the right to receive, without interest, the purchase price received by the Secretary of the Corporation.

Section 3.06 Pledge of Shares

No Shareholder or Municipal Shareholder may pledge, charge, mortgage or otherwise specifically encumber its Shares or Holdco Shares, respectively, for the purpose of securing any borrowings by such Shareholder or Municipal Shareholder or any other reason, unless the other Parties first provide their consent thereto, and any such pledgee acknowledges to the Parties to this Agreement in writing that the pledge, charge, mortgage or encumbrance of such Shares or Holdco Shares shall at all times be subject to all the terms and conditions of this Agreement, including the prohibition against pledging, charging or mortgaging or otherwise encumbering such Shares or Holdco Shares contained in Section 3.01 except as permitted pursuant to this Section 3.06.

Section 3.07 Capital Calls

- (1) If authorized by the Shareholders in accordance with Section 2.06(1)(p), the Shareholders shall each contribute additional capital to the Corporation, Pro Rata, by way of subscription for Common Shares or for Class A Common Shares (hereinafter referred to as the "Capital Call"). The price of such Common Shares or of such Class A Common Shares to be issued shall be determined by the Board.

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Common Shares or Class A Common Shares to be issued under a Capital Call shall be taken up and paid for by each Shareholder within thirty (30) Business Days of the subscription date as determined by the Shareholders.

- (2) The failure of a Shareholder to subscribe or pay for Common Shares or Class A Common Shares under a Capital Call shall be deemed not to be a default of its obligations hereunder. However, if a Shareholder so fails to subscribe or pay for its respective portion of Common Shares or Class A Common Shares under a Capital Call (the "Subject Shares"), the other Shareholders who have so paid for their portion of Common Shares or Class A Common Shares under such Capital Call shall be entitled to purchase such Subject Shares from the Corporation on a Pro Rata basis.
- (3) For greater certainty, if any Shareholder fails to subscribe or pay for Common Shares or Class A Common Shares under a Capital Call, any other Shareholder who has not yet subscribed or paid for Common Shares or Class A Common Shares under a Capital Call may elect not to participate in such Capital Call. In such event, such other Shareholder's portion of Common Shares or Class A Common Shares acquired or to be acquired pursuant to such Capital Call shall also be treated as Subject Shares for the purposes of Section 3.07(2).

Section 3.08 Transfer and Other Taxes

- (1) A Shareholder selling Shares to any Person shall, if allowed by the Electricity Act and any other Applicable Law, only claim and credit against any Transfer Tax payable by it, its Pro Rata proportion of the Transfer Tax credits available at such time pursuant to Section 94(4) of the Electricity Act arising from payments in lieu of taxes pursuant to the Electricity Act, or otherwise.
- (2) In the event that any transfer of Shares results in any tax being exigible on the Corporation, whether Transfer Tax, income tax, capital tax or other, all such tax shall be borne by the selling Shareholder, who shall indemnify the Corporation with respect thereto.
- (3) A Shareholder selling Shares or a Municipal Shareholder selling Holdco Shares to any Person shall, if so required by the Electricity Act, or any other Applicable Law, pay all Transfer Tax payable under the Electricity Act in respect of such sale such that the sale shall not be void.

ARTICLE FOUR CONFIDENTIALITY AND NON COMPETITION

Section 4.01 Confidentiality

- (1) Each Shareholder and Municipal Shareholder acknowledges and agrees that:

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- (a) in its capacity as a Shareholder of the Corporation or a Municipal Shareholder, each Shareholder and Municipal Shareholder has acquired, and will have access to and be entrusted with information:
- (i) concerning the names and addresses of the customers of the Corporation; and
 - (ii) relating generally to the Business and the affairs of the Corporation.

All such information, whether provided in oral, written or electronic format being hereinafter collectively referred to as the "Information", provided that "Information" will not include any such information which is or becomes generally available to the public other than through a breach of this Agreement;

- (b) the right to maintain confidential such Information and the right to preserve the Corporation's goodwill constitute proprietary rights which the Corporation is entitled to protect; and
 - (c) disclosure of any of the Information to present or future competitors of the Corporation or to the general public could be highly detrimental to the best interests of the Corporation.
- (2) Accordingly, each Shareholder and Municipal Shareholder covenants and agrees with the Corporation and with each other Shareholder and Municipal Shareholder that:
- (a) it will not, while it is a Shareholder or a Municipal Shareholder, or at any time thereafter without the prior written authorization of the Corporation and every other Shareholder and Municipal Shareholder, which authorization may be unreasonably withheld, disclose any Information to any Person, nor shall it use the same for any purposes other than those of the Corporation. The provisions of this subsection 4.01(2)(a) shall not apply to the communication of any Information to Vaughan, Markham or Barrie where such communication is being conveyed in camera; and
 - (b) during the time it is a Shareholder or a Municipal Shareholder it will not anywhere within the Geographic Footprint, either singly or in partnership or jointly or in conjunction with any Person or Persons, whether as principal, agent, consultant, shareholder, or in any other manner whatsoever, directly or indirectly, carry on or be engaged in or concerned with or interested in, or advise, acquire an interest in, or permit its name or any part thereof to be used or employed by an association, syndicate or corporation engaged in or concerned with or interested in, any activity which requires a licence under Section 57(a) or Section 57(b) of the Ontario Energy Board Act, unless the consent of the other Shareholders

and the Municipal Shareholders has first been obtained, which consent will not be unreasonably withheld.

Section 4.02 Exclusion

- (1) Notwithstanding Section 4.01 each Shareholder and Municipal Shareholder may communicate Information if the disclosure of same is required by Applicable Law, governmental rule or regulation, subpoena or order of any court or Governmental Authority, provided that it shall;
 - (a) promptly notify the other Shareholders and Municipal Shareholders;
 - (b) consult with the other Shareholders and Municipal Shareholders on the advisability of taking steps to resist or narrow such requirement; and
 - (c) if disclosure is required or deemed desirable, cooperate with the other Shareholders and Municipal Shareholders in any attempt to obtain an order or other assurance that such Information will be accorded confidential treatment.

**ARTICLE FIVE
GENERAL**

Section 5.01 Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties.

Section 5.02 Entire Agreement

This Agreement, together with the Merger Agreement and the Subscription Agreement, constitutes the entire agreement between the Parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the Parties with respect thereto, including the Original Shareholders Agreement. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Parties other than as expressly set forth in this Agreement and the Merger Agreement.

Section 5.03 Amendments and Waivers

No amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by all of the Parties. No waiver of any breach of any provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

Section 5.04 Assignment

Except as may be expressly provided in this Agreement and in particular Section 3.01, none of the Parties hereto may assign its rights or obligations under this Agreement without the prior written consent of all of the other Parties.

Section 5.05 Termination

- (1) This Agreement shall terminate upon:
- (a) the written agreement of all of the Shareholders and the Municipal Shareholders;
 - (b) the dissolution or bankruptcy of the Corporation or the making by the Corporation of an assignment under the provisions of the *Bankruptcy and Insolvency Act*; or
 - (c) one Shareholder becoming the beneficial owner of all of the Shares.

Section 5.06 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.

Section 5.07 Notices

Any demand, notice or other communication (hereinafter in this Section 5.07 referred to as a "Communication") to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, by registered mail or by transmittal by facsimile or email transmission addressed to the recipient as follows:

To: Markham 101
Town Centre Boulevard
Markham, Ontario
L3R 9W3

Attention: Town Solicitor

Fax No.: (905) 479 7764
Email: cconrad@markham.ca

To: MEC
8100 Warden Avenue
Markham, Ontario
L3R 8H7

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Attention: Secretary

Fax No.: (905) 513-4134
Email: dtaylor@markham.ca

To: Vaughan
2141 Major Mackenzie Drive
Vaughan, Ontario
L6A 1T1

Attention: City Manager

Fax No. (905) 832-8143
Email: Clayton.Harris@vaughan.ca

To: VHI
2141 Major Mackenzie Drive
Vaughan, Ontario
L6A 1T1

Attention: President and Chief Executive Officer

Fax No.: (905) 832-8591
Email: clayton.harns@vaughan.ca

To: Barrie or BHHI
Clerk's Office
70 Collier Street, P.O. Box 400
Barrie, Ontario
L4M 4T5

Attention: City Clerk

Fax No.: (705) 739-4243
Email: dmcaldpine@barrie.ca

To: The Corporation
161 Cityview Blvd.
Vaughan, Ontario
L4H 0A9

Attention: EVP Corporate Services and Secretary

Fax No.: (905) 532-4616
Email: dennis.nolan@powerstream.ca

or such other address, fax number, email address or individual as may be designated by notice by any Party to the other. Any Communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third Business Day following the deposit thereof in the mail and, if given by facsimile or email transmission, on the day of transmittal thereof. If the Party giving any Communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such Communication shall not be mailed but shall be given by personal delivery or by facsimile transmission.

Section 5.08 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 5.09 Dispute Resolution

All disputes, disagreements, controversies, questions or claims between the Parties arising out of or relating to this Agreement, including with respect to its formation, execution, validity, application, interpretation, performance, breach, termination or enforcement (collectively, "**Disputes**") shall be determined in accordance with Schedule A, which sets out the sole and exclusive procedure for the resolution of Disputes. The resolution of Disputes pursuant to the terms of Schedule A shall be final and binding upon the Parties to this Agreement, and there shall be no appeal therefrom, including, without limitation, any appeal to a court on a question of law, a question of fact, or a question of mixed fact and law.

[signature pages follow]

IN WITNESS WHEREOF the Parties have executed this Agreement.



THE CORPORATION OF THE TOWN OF MARKHAM

Per: Frank Scarpitti
Name: Frank Scarpitti, Mayor

Per: Kimberley Kitteringham
Name: Kimberley Kitteringham, Clerk

MARKHAM ENTERPRISES CORPORATION

Per: _____
Name:

Per: _____
Name:

THE CORPORATION OF THE CITY OF VAUGHAN

Per: _____
Name:

Per: _____
Name:

VAUGHAN HOLDINGS INC.

Per: _____
Name:

Per: _____
Name:

IN WITNESS WHEREOF the Parties have executed this Agreement.

**THE CORPORATION OF THE TOWN OF
MARKHAM**

Per: _____
Name: _____

Per: _____
Name: _____

MARKHAM ENTERPRISES CORPORATION



Per: _____
Name: John Livey, President

Per: _____
Name: Andy Taylor, Vice-President

THE CORPORATION OF THE CITY OF VAUGHAN

Per: _____
Name: _____

Per: _____
Name: _____

VAUGHAN HOLDINGS INC.

Per: _____
Name: _____

Per: _____
Name: _____

IN WITNESS WHEREOF the Parties have executed this Agreement.

**THE CORPORATION OF THE TOWN OF
MARKHAM**

Per: _____
Name:

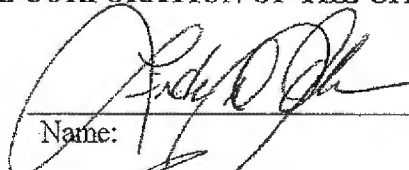
Per: _____
Name:

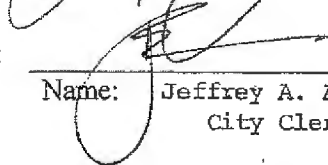
MARKHAM ENTERPRISES CORPORATION

Per: _____
Name:

Per: _____
Name:

THE CORPORATION OF THE CITY OF VAUGHAN

Per:  _____ **LINDA D. JACKSON**
Name: _____ **MAYOR**

Per:  _____
Name: Jeffrey A. Abrams
City Clerk

VAUGHAN HOLDINGS INC.

Per: _____
Name:

Per: _____
Name:

CITY OF VAUGHAN
APPROVED BY COUNCIL
DATE Dec. 9/09
BY-LAW -
ITEM Min No. 237
INITIAL QA

IN WITNESS WHEREOF the Parties have executed this Agreement.

**THE CORPORATION OF THE TOWN OF
MARKHAM**

Per: _____
Name:

Per: _____
Name:

MARKHAM ENTERPRISES CORPORATION

Per: _____
Name:

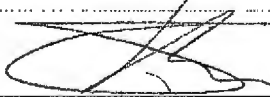
Per: _____
Name:

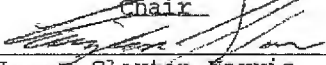
THE CORPORATION OF THE CITY OF VAUGHAN

Per: _____
Name:

Per: _____
Name:

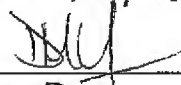
VAUGHAN HOLDINGS INC

Per: 
Name: Sandra Yeung Racco,
Chair

Per: 
Name: Clayton Harris,
President

THE CORPORATION OF THE CITY OF BARRIE

Per: 
Name: D. Aspdon - Mayor

Per: 
Name: Dawn A. McAlpine - City Clerk

BARRIE HYDRO HOLDINGS INC.

Per: _____
Name:

Per: _____
Name:

POWERSTREAM INC.

Per: _____
Name:

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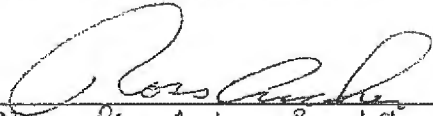
Authorization by By-law No. 2009-201
passed by The Council of the Corporation
of the City of Barrie on December 14, 2009


THE CORPORATION OF THE CITY OF BARRIE

Per: _____
Name:

Per: _____
Name:

BARRIE HYDRO HOLDINGS INC.

Per: 
Name: Ross Archer, Board Chair

Per: 
Name: Dawn McAlpine, Corporate Secretary

POWERSTREAM INC.

Per: _____
Name:

Per: _____
Name:

THE CORPORATION OF THE CITY OF BARRIE

Per: _____
Name:


Per: _____
Name:


BARRIE HYDRO HOLDINGS INC.

Per: _____
Name:

Per: _____
Name:

POWERSTREAM INC.

Per: 
Name: BRYAN BENTE

Per: 
Name: DENNIS NOLAN

SCHEDULE "A"
DISPUTE RESOLUTION
(SECTION 5.09)

Arbitration

1. Any Dispute between the Parties, as contemplated by Section 5.09 shall be subject to arbitration pursuant to the *Arbitrations Act, 1991* (Ontario) and as provided in this Schedule and the decision of the arbitral tribunal shall be final and binding as between the Parties and shall not be subject to appeal.
2. Any arbitration to be carried out under Section 5.09 shall be subject to the following provisions, namely:
 - (a) The Party desiring arbitration shall nominate one arbitrator and shall notify the other Parties hereto of such nomination. Such notice shall set forth a brief description of the matter submitted for arbitration (and, if appropriate, the paragraph of the Agreement pursuant to which such matter is so submitted). Such other Parties who are affected by the Dispute or otherwise desire to participate in such Dispute shall, within thirty (30) days after receiving such notice, each nominate an arbitrator and subject to subsection (d) such arbitrators shall select an additional person as an arbitrator and as chairman of the arbitral tribunal to act jointly with them. If said arbitrators shall be unable to agree on the selection of such chairman, the chairman shall be appointed by a Judge of the Superior Ontario Court of Justice upon the application of any Party.
 - (b) The arbitration shall take place in either the Town of Markham, the City of Vaughan or the City of Barrie and the chairman shall fix the time and place for the purpose of hearing such evidence and representations as the Parties to the Dispute may present and, subject to the provisions hereof, the decisions of the arbitrators and chairman or of any majority of them in writing shall be binding upon all the Parties to the Dispute both in respect of procedure and the conduct of the Parties to the Dispute during the arbitration proceedings and the final determination of the issues therein. Said arbitrators and chairman shall, after hearing any evidence and representations that the Parties to the Dispute may submit, make their decision and reduce the same to writing and deliver one copy thereof to each of the Parties to the Agreement. The majority of the chairman and arbitrators may determine any matters of procedure for the arbitration not specified herein. If there is an equal number of arbitrators the chairman shall have a casting vote in all instances.
 - (c) If any of the Parties receiving the notice of the nomination of an arbitrator by the Party desiring arbitration fail within the said thirty (30) days to nominate an arbitrator, then, subject to subsection (d), the arbitrator(s) nominated by the Party desiring arbitration and nominated by the other Parties who have nominated an arbitrator may proceed to determine the Dispute in such manner and at such time

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as he or they shall think fit and his or their decision shall, subject to the provisions hereof, be binding upon all Parties to the Dispute.

- (d) Notwithstanding the foregoing (but subject to subsection (e)) if there are more than two Parties who are affected by the Dispute who wish to nominate an arbitrator (including the Party initiating the arbitration), unless each of the Parties to the Dispute otherwise agrees within thirty (30) days after receiving the notice referred to in Section 2(a), the arbitration shall be carried out by a single arbitrator appointed by a Judge of the Superior Court of Justice upon application by any Party.
 - (e) Notwithstanding the foregoing, the arbitration may be carried out by a single arbitrator if all of the Parties to the Dispute so agree, in which event the provisions of this paragraph shall apply, *mutatis mutandis*.
 - (f) The cost of the arbitration shall be borne by the Parties to the Dispute as may be determined by the arbitrators.
 - (g) Insofar as it does not conflict with the provisions of this Schedule, the *Arbitrations Act, 1991* (Ontario) shall be applicable to arbitration held under this Schedule and the arbitrators shall have jurisdiction to do all acts and make such orders as provided in such Act.
3. Submission to arbitration pursuant to the provisions of this Schedule and the obtaining of the decision of the arbitration tribunal on the matters and claims in dispute shall be a condition precedent to the bringing of any action at law or suit in equity with respect to this Agreement.
4. For certainty, the failure or refusal of a director to give his or her approval to any matter or proposal coming before the Board, as well as the failure or refusal of a Shareholder to give its approval to any matter or proposal requiring its approval under the Agreement or under the Business Corporations Act, shall not be the subject-matter of arbitration under Section 5.09; except to the extent a director or Shareholder is required not to unreasonably withhold or delay its consent and it is alleged that such director or Shareholder has failed to do so.

SCHEDULE "B"

BY-LAW

BY-LAW 1

A by-law relating generally to the transaction of the business and affairs of POWERSTREAM INC.

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BY-LAW 1

ARTICLE ONE

INTERPRETATION

Section 1.01 Definitions: In this by-law and all other by-laws, unless the context otherwise requires:

- (a) "Act" means the *Business Corporations Act* (Ontario) or any successor statute, as amended from time to time, and the regulations thereunder;
- (b) "BHHI" means Barrie Hydro Holdings Inc.;
- (c) "board" means the board of directors of the Corporation, and includes the sole director when the required number of directors is one;
- (d) "by-laws" means all by-laws of the Corporation from time to time in effect;
- (e) "Business Day" means a day other than a Saturday, Sunday or statutory holiday in Ontario;
- (f) "Corporation" means PowerStream Inc.;
- (g) "Director" means the Director appointed under the Act;
- (h) "directors" means directors of the Corporation;
- (i) "holiday" means Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Ontario) or any successor statute, as amended from time to time;
- (j) "MEC" means Markham Enterprises Corporation;
- (k) "meeting of Shareholders" includes an annual meeting of Shareholders, a special meeting of Shareholders and a meeting of the holders of any class or series of shares of the Corporation;
- (l) "person" includes an individual, body corporate, sole proprietorship, partnership, syndicate, an unincorporated association or organization, joint venture, trust, employee benefit plan, government or any agency or political subdivision thereof, and a natural person acting as trustee, executor, administrator or other legal representative;
- (m) "recorded address" means, with respect to a single Shareholder, its latest address as recorded in the securities register of the Corporation; with respect to joint Shareholders, the first address appearing in the securities register in respect of their joint holding; and with respect to any other person, but subject to the Act, his or her latest address as recorded in the records of the Corporation or otherwise known to the secretary;

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- (n) "Shareholders Agreement" means the amended and restated shareholders agreement dated November _____, 2010 between The Corporation Of The City Of Vaughan, The Corporation Of The Town Of Markham, The Corporation Of The City Of Barrie, Vaughan Holdings Inc., Markham Enterprises Corporation, Barrie Hydro Holdings Inc. and the Corporation;
- (o) "signing officer" means, in relation to any contract or document, any one of the persons authorized to sign the same on behalf of the Corporation by this by-law or by a resolution passed pursuant to it;
- (p) subject to the foregoing, words and expressions that are defined in the Act have the same meanings when used in the by-laws;
- (q) "VHI" means Vaughan Holdings Inc.; and
- (r) words importing the singular include the plural and vice-versa, words importing any gender include the masculine, feminine and neuter genders, and headings are for convenience of reference only and shall not affect the interpretation of the by-laws.

Section 1.02 Shareholders Agreement and Articles Govern: Notwithstanding any provision of this or any other by-law, where any such provision conflicts with the Shareholders Agreement or the articles, the Shareholders Agreement or articles, as the case may be, shall govern.

ARTICLE TWO

BUSINESS OF THE CORPORATION

Section 2.01 Registered Office: The registered office of the Corporation shall be located at the address set out in the Shareholders Agreement.

Section 2.02 Seal: The Corporation may have a seal in such form as the board may determine from time to time.

Section 2.03 Financial Year: The financial year of the Corporation shall be as set out in the Shareholders Agreement.

Section 2.04 Execution of Instruments: Contracts or documents requiring execution by the Corporation may be signed as follows: when only one person is elected or appointed as an officer and as the director of the Corporation, by that person; and when two or more persons are elected or appointed as officers or directors of the Corporation, by any two of the persons holding the office of Chairperson, Vice-Chairperson, President and Chief Executive Officer, Executive Vice President, or by one person holding any one of those offices and by another person holding the office of Secretary, Treasurer, Controller, Assistant Secretary, Assistant Treasurer, or any other office the holder of which has been designated as a signing officer by the board. All contracts or documents so signed shall be binding upon the Corporation without further authorization or formality. However, the board may direct from time to time the manner in which and the person by whom any particular contract or document or class of contracts or

documents may or shall be signed. Any officer of the Corporation may affix the seal, if any, of the Corporation to any contract or document, and may certify a copy of any resolution or of any by-law or contract or document of the Corporation to be a true copy thereof. Subject to the provisions of this by-law relative to share certificates and to the Act, and if authorized by the board, the corporate seal, if any, of the Corporation and the signature of any signing officer may be mechanically or electronically reproduced upon any contracts or documents of the Corporation. Any such facsimile signature shall bind the Corporation notwithstanding that any signing officer whose signature is so reproduced may have ceased to hold office at the date of delivery or issue of such contracts or documents. The term "contracts or documents" shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property (real or personal, immovable or movable, legal or equitable), agreements, releases, receipts and discharges for the payment of money, share certificates and other securities, warrants and all instruments in writing.

Section 2.05 Exercise of Corporation's Voting Rights: Except as otherwise directed by the board, the persons authorized to sign contracts or documents on behalf of the Corporation may execute and deliver instruments of proxy and may arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation and such instruments, certificates or other evidence shall be in favour of such person as may be determined by the signing officers. However, the board may direct from time to time the manner in which and the person by whom any particular voting rights may or shall be exercised.

Section 2.06 Banking Arrangements: The banking business of the Corporation shall be transacted with such banks, trust companies or other persons as the board may designate from time to time and all such banking business shall be transacted on behalf of the Corporation by such persons and to such extent as the board may determine from time to time.

Section 2.07 Charging Power: Without restricting any of its powers, whether derived from the Act or otherwise, the board may from time to time, without further authorization of the Shareholders, mortgage, hypothecate, pledge or otherwise create a security interest in all or any present or future, real or personal, immovable or movable, legal or equitable property of the Corporation (including without limitation its book debts, rights, powers, franchises and undertaking) for any purpose whatsoever.

ARTICLE THREE

DIRECTORS

Section 3.01 Powers of the Board of Directors: Subject to the Shareholders Agreement, the board of directors shall manage or supervise the management of the business and affairs of the Corporation.

Section 3.02 Qualifications: In addition to the requirements set out in the Shareholders Agreement, no person shall be a director if the person is not an individual or is less than 18 years of age or is bankrupt or is found by a court to be of unsound mind. Except as permitted by the Act at least 25% of the directors shall be resident Canadians but when the required number of

directors is less than four, only one of them need be a resident Canadian. Whenever the Corporation has an audit committee, a number of directors being sufficient to form a majority of the committee shall not be officers or employees of the Corporation or its affiliates. Whenever the Corporation is offering its securities to the public, at least one-third of the directors shall not be officers or employees of the Corporation or of any affiliate of the Corporation.

Section 3.03 Number and Quorum of Directors: Subject to the Shareholders Agreement, the number of directors, including the number to be elected at the annual meeting, shall be thirteen (13). The number of directors from time to time required to constitute a quorum for the transaction of business at a meeting of the board shall be seven (7) directors in attendance at a meeting, provided that at least three (3) nominee directors of VHL, two (2) nominee directors of MEC and two (2) nominee directors of BHHI are in attendance. If a quorum of directors is not present within thirty (30) minutes after the time appointed for a meeting, the meeting shall be adjourned to such date, not less than five (5) and not more than fifteen (15) Business Days subsequent to the date originally set for the meeting, as the directors present at the meeting may determine. Such directors shall provide at least two (2) Business Days' prior written notice of the adjourned meeting to the other directors. If a quorum is not present at such adjourned meeting, the Secretary of the Corporation shall promptly give notice to the directors and the Shareholders of a further adjourned meeting to be held on the fifth (5th) Business Day following the date on which the first adjourned meeting was to be held, and the Shareholders shall cause their respective nominee directors to attend such further adjourned meeting. Any seven (7) directors in attendance will constitute a quorum at such further adjourned meeting. Reference is made to sections 3.08 and 3.13.

Section 3.04 Election and Term: Subject to the Act, all directors shall be elected to hold office for an initial term expiring upon the first meeting of the Shareholders held after December 31, 2010 and thereafter, all directors shall be appointed for terms of three (3) years. The chairperson and vice-chairperson of the board shall each be elected for a term of three (3) years, and nominees of one Shareholder shall not hold both positions at any one time. The term of office of a director who is elected for a term that is not expressly stated expires at the close of the third annual meeting of Shareholders following his or her election or when his or her successor is duly elected. The incumbent directors continue in office until their respective term expires, unless their respective offices are earlier vacated.

Section 3.05 Resignation: A director may resign his or her office by delivering or sending his or her resignation in writing to the Corporation and such resignation shall be effective when it is received by the Corporation or at such time as may be specified in the resignation, whichever is later.

Section 3.06 Removal: A director ceases to hold office when he or she dies, resigns, is removed or ceases to be qualified to be a director or when his or her successor is duly elected in accordance with section 3.04. Subject to the Act, each Shareholder shall be entitled at any time in its discretion to cause any of the directors nominated by it to the board to be removed and to nominate and have one or more individuals elected a successor or successors, as required, by providing a direction in writing to the Corporation and to the other Shareholders who shall vote their shares in favour of the appointment of such replacement director or directors.

Section 3.07 Statements: A director who resigns or who learns of a meeting of Shareholders called for the purpose of removing him or her from office or a meeting of Shareholders or directors at which another person is to be elected or appointed a director in his or her stead may submit to the Corporation a written statement giving the reasons for his or her resignation or the reasons why he or she opposes the proposed action. The secretary shall in accordance with the Act send a copy of such statement to every Shareholder entitled to receive notice of meetings of Shareholders and to the Director.

Section 3.08 Vacancies: Subject to the Act, in the event of any vacancy occurring on the board by reason of the death, disqualification, inability to act or resignation of any director (the "Former Director"), the Shareholder that nominated the Former Director shall nominate another individual to replace the Former Director in order to fill such vacancy as soon as reasonably possible, and the Shareholders shall vote their shares in favour of the appointment of such nominee.

Section 3.09 Calling Meetings: Meetings of the board shall be held at least once during each calendar quarter at a time to be determined by the chairperson of the board at the head office of the Corporation or such other locations as the board may determine from time to time. The secretary shall give notice of any such meeting when directed by the person calling it as aforesaid. Additional meetings of the board may be called by any two (2) directors by providing notice in writing to every other director containing the information required and the notice required for a regularly scheduled meeting of the board. A director may waive notice of any meeting of the board by an instrument in writing delivered to the secretary of the Corporation. In any financial year of the Corporation a majority of the meetings of the board may be held within or outside Canada.

Section 3.10 Notice: Notice of the time and of the place or manner of participation for every meeting of the board shall be sent to each director not less than 48 hours (excluding Saturdays and holidays) if the meeting is held in Ontario, or 96 hours (excluding Saturdays and holidays) otherwise, before the time of the meeting. If a quorum is not present at such adjourned meeting, the secretary of the Corporation shall promptly give notice to the directors and the Shareholders of a further adjourned meeting to be held on the fifth (5th) Business Day following the date on which the first adjourned meeting was to be held, and the Shareholders shall cause their respective nominee directors to attend such further adjourned meeting. Reference is made to Article Ten.

Section 3.11 First Meeting of New Board: Each newly constituted board may hold its first meeting without notice for routine organizational purposes on the same day as the meeting of Shareholders at which such board is elected.

Section 3.12 Regular Meetings: The board may appoint a day or days in any months for regular meetings of the board to be held at a place or by communications facilities and at an hour to be named. ~~A copy of any resolution of the board fixing the time and place or manner of participation for such regular meetings shall be sent to each director forthwith after being passed and to each director elected or appointed thereafter, but no other notice shall be required for any such regular meeting.~~

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Section 3.13 Canadian Majority: No business other than the filling of a vacancy on the board shall be transacted at a meeting of the board unless at least 25% of the directors present are resident Canadians, except as permitted by the Act or where a resident Canadian director who is unable to be present approves in writing or by telephone or other communication facilities the business transacted at the meeting and a majority of resident Canadian directors would have been present had that director been present at the meeting.

Section 3.14 Meetings by Telephone: Any one or more of the directors may participate in a meeting of the board by a telephonic or video device that permits all participants in the meeting to communicate with each other simultaneously and instantaneously, and such participation shall be deemed to constitute attendance at the meeting, and each director participating in such a meeting by such means shall be deemed to be present at the meeting.

Section 3.15 Chairperson: The chairperson and vice-chairperson of the board shall be designated by the directors and nominees of one Shareholder shall not hold both positions at any one time. The chairperson of the board, or in his or her absence the vice-chairperson, or in his or her absence the president if a director, or in their absence a vice-president who is a director, shall be chairperson of any meeting of the board. If no such officer is present, the directors present shall choose one of their number to be chairperson of the meeting.

Section 3.16 Voting: At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairperson of the meeting shall not be entitled to a second or casting vote.

Section 3.17 Signed Resolutions: When there is a quorum of directors in office, a resolution in writing signed by all the directors entitled to vote thereon at a meeting of the board or any committee thereof is as valid as if passed at such meeting. Any such resolution may be signed in counterparts.

Section 3.18 Remuneration: Directors may be paid such remuneration for their respective services as directors and such sums in respect of reimbursement for reasonable and documented out-of-pocket expenses incurred in connection with his or her attendance at meetings, or otherwise being engaged in the business of the board, as the Shareholders holding a majority of the then issued and outstanding shares consent to such action by an instrument or instruments in writing may determine from time to time. Any remuneration or expenses so payable shall be in addition to any other amount payable to any director acting in another capacity.

ARTICLE FOUR

COMMITTEES OF THE BOARD

Section 4.01 Audit Committee: The board may and where required by the Act shall appoint from among its number an audit committee composed of such number of directors, being not less than three, as the board may determine from time to time. Except as permitted by the Act a majority of the members of the audit committee shall not be officers or employees of the Corporation or of any affiliate of the Corporation. The audit committee shall review the annual financial statements of the Corporation and report thereon to the board of directors before such

financial statements are approved by the board, and may exercise any other powers lawfully delegated to it by the board under the Act.

Section 4.02 Other Committees: From time to time the board may also appoint from among its number one or more other committees. Each committee may exercise those powers lawfully delegated to it by the board under the Act.

Section 4.03 Procedure: The members of each committee shall hold office while directors during the pleasure of the board or until their successors shall have been appointed. The board may fill any vacancy in a committee from among the directors. Unless otherwise determined by the board, each committee may fix its quorum, elect its chairperson and adopt rules to regulate its procedure. Subject to the foregoing, the procedure of each committee shall be governed by the provisions of this by-law which govern proceedings of the board so far as the same can apply except that a meeting of a committee may be called by any member thereof (or by any member or the auditor, in the case of the audit committee), notice of any such meeting shall be given to each member of the committee (or each member and the auditor, in the case of the audit committee) and the meeting shall be chaired by the chairperson of the committee or, in his or her absence, some other member of the committee. Each committee shall keep records of its proceedings and transactions and shall report all such proceedings and transactions to the board in a timely manner.

ARTICLE FIVE

OFFICERS

Section 5.01 Appointment of Officers: From time to time the board may appoint a chairperson of the board, a vice-chairperson, a president and chief executive officer, one or more executive vice presidents, one or more vice presidents, a chief operating officer, a corporate services officer and secretary, a chief financial officer, a smart grid and new systems technologies officer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. One person may hold more than one office. Except for the chairperson of the board, the officers so appointed need not be directors.

Section 5.02 Appointment of Non-Officers: The board may also appoint other persons to serve the Corporation in such other positions and with such titles, powers and duties as the board may determine from time to time.

Section 5.03 Terms of Employment: The board may settle from time to time the terms of employment of the officers and other persons appointed by it and may remove at its pleasure any such person without prejudice to his or her rights, if any, to compensation under any employment contract. Otherwise each such person shall hold his or her office or position until he or she resigns or ceases to be qualified for his or her office or position or until his or her successor is appointed.

Section 5.04 Powers and Duties of Officers: The board may from time to time specify the duties of each officer, delegate to him or her powers to manage any business or affairs of the Corporation (including the power to sub-delegate) and change such duties and powers, all insofar

as not prohibited by the Act. To the extent not otherwise so specified or delegated, and subject to the Act, the duties and powers of the officers of the Corporation shall be as follows:

- (a) Chairperson of the Board: The chairperson of the board shall, when present, preside at all meetings of the board and the Shareholders.
- (b) President and Chief Executive Officer: The president shall exercise the powers and discharge the duties of that office, except that the president shall not preside at a meeting of the board if he or she is not a director. The president shall also be the chief executive officer of the Corporation and shall have, subject to the authority of the board, general management and direction of the operations of the Corporation.
- (c) Executive Vice-President: Each vice-president shall exercise such powers and discharge such duties as the chief executive officer may prescribe from time to time. During the absence or disability of the president and when no president is appointed his or her powers may be exercised and his or her duties may be discharged by the executive vice-president, or if there are more than one, by an executive vice-president in order of seniority (as determined by the board), except that no executive vice-president shall preside at a meeting of the board if he or she is not a director.
- (d) Vice-President: Each Vice-President shall have, subject to the authority of the board and the supervision of the president and chief executive officer, general supervision of the business and affairs of the Corporation related to his or her function and the power to appoint and remove any and all employees and agents of the Corporation related to his or her function who are not appointed by the board and to settle the terms of their employment and remuneration. In addition he or she shall exercise such other powers and discharge such other duties as the chief executive officer may prescribe from time to time.
- (e) Corporate Services and Secretary: The secretary shall attend and act as secretary of all meetings of the board, its committees and Shareholders. He or she shall send or cause to be sent all notices and documents the Corporation is required to send to Shareholders, directors, the auditor, the Director and governmental or regulatory bodies or agencies. He or she shall prepare or cause to be prepared all lists of Shareholders and all registers and records (other than accounting records) required under the Act and shall be the custodian of all books, papers, records, documents and other instruments belonging to the Corporation except to the extent that some other person has been appointed for that purpose, and of the stamp used for affixing the corporate seal, if any, of the Corporation. He or she shall also exercise such other powers and discharge such other duties as the chief executive officer may prescribe from time to time.
- (f) Chief Financial Officer: The chief financial officer, under the direction of the board, shall control the deposit of money, the safekeeping of securities and the disbursement of funds of the Corporation. Whenever required he or she shall render to the board an account of his or her transactions as treasurer and report to

and advise the board on the financial position and requirements of the Corporation and the results of its operations. During the absence or disability of the controller and when no controller has been appointed, the treasurer shall exercise the powers and discharge the duties of that office. He or she shall have charge of and cause to be kept adequate accounting records in which shall be recorded all receipts and disbursements of the Corporation in accordance with all applicable laws. He or she shall also exercise such other powers and discharge such other duties as the chief executive officer may prescribe from time to time.

- (g) Controller: The controller shall have charge of and cause to be kept adequate accounting records in which shall be recorded all receipts and disbursements of the Corporation in accordance with all applicable laws. He or she shall advise the board on the accounting procedures and methods used by the Corporation and shall exercise such other powers and discharge such other duties as the chief executive officer may prescribe from time to time.
- (h) Other Officers: The powers and duties of all other officers of the Corporation shall be such as the terms of their engagement call for or as the chief executive officer may prescribe from time to time. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and discharged by such assistant, unless the board or the chief executive officer otherwise directs.

Section 5.05 Agents and Attorneys: The board or any officer designated by it may from time to time appoint agents or attorneys for the Corporation in or out of Canada with such lawful powers (including the power to sub-delegate) as may be thought fit.

ARTICLE SIX

CONDUCT OF DIRECTORS AND OFFICERS AND INDEMNITY

Section 6.01 Standard of Care: Every director and officer of the Corporation in exercising his or her powers and discharging his or her duties shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Section 6.02 Disclosure of Interest: A director or officer who now or in future is a party to, or is a director or officer of or has an interest in another person who is a party to, any existing or proposed material contract or transaction with the Corporation shall in accordance with the Act disclose in writing to the Corporation or request to have entered in the minutes of meetings of the board the nature and extent of his or her interest. Except as permitted by the Act a director so interested shall not vote on any resolution to approve such contract or transaction. A general notice to the board by a director or officer that he or she is a director or officer of or has a material interest in a person and is to be regarded as interested in any contract made or transaction entered into with that person is a sufficient disclosure of interest in relation to any contract or transaction so made or entered into.

Section 6.03 Effect of Disclosure: Where the Corporation enters into a material contract or transaction with a director or officer (or with another person of which a director or officer is a

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director or officer or in which he or she has a material interest) the director or officer is not accountable to the Corporation or the Shareholders for any profit or gain realized from the contract or transaction and the contract or transaction is neither void nor voidable, by reason only of that relationship (or by reason only that the director is present at or is counted to determine the presence of a quorum at the meeting of directors that authorized the contract or transaction), if the director or officer disclosed his or her interest in the manner referred to above and the contract or transaction was reasonable and fair to the Corporation at the time it was so authorized.

Notwithstanding the foregoing, a director or officer, acting honestly and in good faith, is not accountable to the Corporation or the Shareholders for any profit or gain realized from any such contract or transaction by reason only of his or her holding the office of director or officer, and the contract or transaction, if it was reasonable and fair to the Corporation at the time it was approved, is not by reason only of the director's or officer's interest therein void or voidable, if the contract or transaction is confirmed or approved by at least two-thirds of the votes cast at a special meeting of the Shareholders duly called for that purpose and the nature and extent of the director's or officer's interest in the contract or transaction are disclosed in reasonable detail in the notice calling the meeting or in an information circular relating thereto, or if the contract or transaction is confirmed or approved by a signed special resolution of the Shareholders and the nature and extent of the director's or officer's interest in the contract or transaction are disclosed in reasonable detail to the Shareholders signing such resolution before it is signed.

Section 6.04 Indemnity: Every person who at any time is or has been a director or officer of the Corporation or who at any time acts or has acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a Shareholder or creditor, and the heirs and legal representatives of every such person, shall at all times be indemnified by the Corporation in every circumstance where the Act so permits or requires. In addition and without prejudice to the foregoing and subject to the limitations in the Act regarding indemnities in respect of derivative actions, every person who at any time is or has been a director or officer of the Corporation or properly incurs or has properly incurred any liability on behalf of the Corporation or who at any time acts or has acted at the Corporation's request (in respect of the Corporation or any other person), and his or her heirs and legal representatives, shall at all times be indemnified by the Corporation against all costs, charges and expenses, including an amount paid to settle an action or satisfy a fine or judgment, reasonably incurred by him or her in respect of or in connection with any civil, criminal or administrative action, proceeding or investigation (apprehended, threatened, pending, under way or completed) to which he or she is or may be made a party, or in which he or she is or may become otherwise involved, by reason of being or having been such a director or officer or by reason of so incurring or having so incurred such liability or by reason of so acting or having so acted (or by reason of anything alleged to have been done, omitted or acquiesced in by him or her in any such capacity or otherwise in respect of any of the foregoing), and all appeals therefrom, if:

- (a) he or she acted honestly and in good faith with a view to the best interests of the Corporation; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing his or her conduct was lawful.

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Nothing in this section shall affect any other right to indemnity to which any person may be or become entitled by contract or otherwise, and no settlement or plea of guilty in any action or proceeding shall alone constitute evidence that a person did not meet a condition set out in clause (a) or (b) of this section or any corresponding condition in the Act. From time to time the board may determine that this section shall also apply to the employees of the Corporation who are not directors or officers of the Corporation or to any particular one or more or class of such employees, either generally or in respect of a particular occurrence or class of occurrences and either prospectively or retroactively. From time to time thereafter the board may also revoke, limit or vary such application of this section.

Section 6.05 Limitation of Liability: So long as he or she acts honestly and in good faith with a view to the best interests of the Corporation, no person referred to in section 6.04 (including, to the extent it is then applicable to them, any employees referred to therein) shall be liable for any damage, loss, cost or liability sustained or incurred by the Corporation, except where so required by the Act.

Section 6.06 Insurance: Subject to the Act, the Corporation may purchase liability insurance for the benefit of any person referred to in section 6.04.

ARTICLE SEVEN

SHARES

Section 7.01 Issue: Subject to the articles and the Shareholders Agreement, the board may issue all or from time to time any of the authorized and unissued shares in the capital of the Corporation to such persons and for such consideration as the board shall determine. No share shall be issued until the Corporation has received the requisite consideration for it in compliance with the Act.

Section 7.02 Commissions: From time to time the board may authorize the Corporation to pay a reasonable commission to any person in consideration of his or her purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or in consideration of his or her procuring or agreeing to procure purchasers for such shares.

Section 7.03 Share Certificates: Every Shareholder is entitled at his or her option to a share certificate that complies in the Act and states the number, class and series designation, if any, of shares held by him or her as appears on the records of the Corporation, or a non-transferable written acknowledgement of his or her right to obtain such a share certificate. However, the Corporation is not bound to issue more than one share certificate or acknowledgement in respect of shares held jointly by several persons, and delivery of such certificate or acknowledgement to one of such persons is sufficient delivery to all of them. Share certificates shall be endorsed as required by the Shareholders Agreement and acknowledgements shall be in such forms the board shall approve from time to time and, unless otherwise ordered by the board, shall be signed like a contract or document and need not be under corporate seal. However, certificates representing shares in respect of which a transfer agent has been appointed shall be signed manually by or on behalf of such transfer agent and other share certificates and acknowledgements shall be signed manually by at least one signing officer.

Section 7.04 Replacement of Share Certificates: Subject to the Shareholders Agreement the board may prescribe either generally or in a particular case the conditions, in addition to those provided in the Act, upon which a new share certificate may be issued in place of any share certificate which is claimed to have been lost, destroyed or wrongfully taken, or which has become defaced.

Section 7.05 Transfer Agent: From time to time the board may appoint or remove a trustee, transfer agent or other agent to keep the securities register and the register of transfers, one or more persons or agents to keep branch registers, and a registrar, trustee or agent to maintain a record of issued security certificates and warrants. Subject to the Act, one person may be appointed for purposes of the foregoing in respect of all securities and warrants of the Corporation or any class thereof.

Section 7.06 Registration of Transfer: No transfer of shares need be recorded in the register of transfers except upon presentation of the certificate representing such shares endorsed by the appropriate person under the Act, together with reasonable assurance that the endorsement is genuine and effective, and upon compliance with such restrictions on transfer, if any, as are authorized by the articles and effective against the transferee, upon satisfaction of any debt for which the Corporation has a lien on the shares that is effective against the transferee, and upon compliance with all other conditions set out in the Act.

Section 7.07 Lien for Indebtedness: Except when the Corporation has shares listed on a stock exchange recognized by the Ontario Securities Commission and subject to the Shareholders Agreement, the Corporation shall have a lien on the shares registered in the name of a Shareholder or his or her legal representative for any debt of the Shareholder to the Corporation. Subject to the Act, the Corporation may enforce such lien without notice or liability by (i) refusing to register a transfer of any such shares until the debt is paid, (ii) setting off against the debt any dividends or other distributions payable on any such shares, (iii) redeeming any such shares, if redeemable, and applying the redemption price less costs of redemption to the debt, (iv) purchasing any such shares and applying the purchase price, less any taxes thereon and costs of purchase, to the debt, (v) selling any such shares as if the Corporation were the owner thereof, at any time and place and to any person and on any commercially reasonable terms, and applying to the debt the cash proceeds of the sale, less any taxes thereon and all reasonable expenses incurred in connection with the sale, or (vi) cancelling such shares in satisfaction of the debt, or by any other method permitted by law or by any combination of any of the foregoing.

Section 7.08 Dealings with Registered Shareholder: Subject to the Act and the Shareholders Agreement, the Corporation may treat the registered owner of a share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payment in respect of the share and otherwise to exercise all the rights and powers of a holder of the share. The Corporation may, however, and where required by the Act shall treat as the registered Shareholder any executor, administrator, heir, legal representative, guardian, committee, trustee, curator, tutor, liquidator or trustee in bankruptcy who furnishes appropriate evidence to the Corporation establishing his or her authority to exercise the rights relating to a share of the Corporation.

ARTICLE EIGHT

DIVIDENDS AND RIGHTS

Section 8.01 Dividends: Subject to the Act, the articles and the Shareholders Agreement, the board may from time to time declare dividends payable to the Shareholders according to their respective rights and interests in the Corporation and in accordance with the Shareholders Agreement.

Section 8.02 Dividend Cheques: Subject to the Shareholders Agreement, a dividend payable to any Shareholder in money may be paid by cheque payable to the order of the Shareholder and shall be mailed to the Shareholder by prepaid mail addressed to him or her at his or her recorded address unless he or she directs otherwise. In the case of joint holders the cheque shall be made payable to the order of all of them, unless such joint holders direct otherwise in writing. The mailing of a cheque as aforesaid, unless it is not paid on due presentation, shall discharge the Corporation's liability for the dividend to the extent of the amount of the cheque plus the amount of any tax thereon which the Corporation has properly withheld. If any dividend cheque sent is not received by the payee, the Corporation shall issue to such person a replacement cheque for a like amount on such reasonable terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board or any person designated by it may require.

Section 8.03 Record Date for Dividends and Rights: Subject to the Shareholders Agreement, the board may fix in advance a date preceding by not more than 50 clear days the date for the payment of any dividend or the making of any distribution or for the issue of any warrant or other evidence of right to acquire securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or distribution or to receive such right. In every such case only the persons who are holders of record of the relevant shares at the close of business on the date so fixed shall be entitled to receive payment of such dividend or distribution or to receive such right. Notice of any such record date fixed by the board shall be given as and when required by the Act. Where no such record date is fixed by the board, the record date for the determination of the persons entitled to receive payment of such dividend or distribution or to receive such right shall be the close of business on the day on which the board passes the resolution relating thereto.

ARTICLE NINE

MEETINGS OF SHAREHOLDERS

Section 9.01 Annual Meeting: The annual meeting of the Shareholders shall be held on such day and at such time as the board may, subject to the Act, determine from time to time, for the purpose of receiving the financial statements and reports required by the Act to be placed before ~~each annual meeting of Shareholders, electing directors (if required), appointing the auditor (if required) and fixing or authorizing the board to fix his or her remuneration and transacting such other business as may properly be brought before the meeting.~~

Section 9.02 Special Meeting: From time to time the board may call a special meeting of the Shareholders to be held on such day and at such time as the board may determine. The holders of not less than 25% of the issued shares of the Corporation carrying the right to vote at the

meeting sought to be held may requisition a special meeting of Shareholders. Any special meeting of Shareholders may be combined with an annual meeting.

Section 9.03 Place of Meetings: Meetings of Shareholders shall be held at the head office of the Corporation or such other location as the board may determine from time to time.

Section 9.04 Record Date: The board may fix in advance a record date, preceding the date of any meeting of Shareholders by not more than 50 clear days nor less than 21 clear days, for the determination of the Shareholders entitled to notice of the meeting, and where no such record date for notice is fixed by the board, the record date for notice shall be the close of business on the day immediately preceding the day on which notice is given. Notice of any such record date fixed by the board shall be given as and when required by the Act.

Section 9.05 Shareholder List: For each meeting of Shareholders the secretary shall prepare or cause to be prepared an alphabetical list of Shareholders entitled to receive notice of the meeting showing the number of shares entitled to be voted at the meeting and held by each such Shareholder. The list shall be prepared (i) if a record date for such notice is fixed by the board, not later than 10 clear days thereafter, (ii) if no such record date is fixed by the board, at the close of business on the day immediately preceding the day on which notice of the meeting is given, or (iii) if no notice is given, on the day on which the meeting is held. The list shall be available for examination by any Shareholder prior to the meeting during usual business hours at the registered office of the Corporation or at the place where the securities register is kept, and at the meeting. Where a separate list is not prepared, the names of the Shareholders entitled to receive notice of the meeting and the number of shares entitled to be voted thereat and held by them, respectively, as they appear in the securities register at the requisite time (excluding shares not entitled to be voted at the meeting), shall constitute the list prepared in accordance with this section.

Section 9.06 Notice: Notice in writing of the time, place and purpose for holding each meeting of Shareholders shall be sent not less than 10 clear days, and not more than 50 clear days, before the date on which the meeting is to be held, to each director, the auditor (if any) of the Corporation and each person who on the record date for notice appears in the securities register of the Corporation as the holder of one or more shares carrying the right to vote at the meeting or as the holder of one or more shares the holders of which are otherwise entitled to receive notice of the meeting. Notice of a meeting of Shareholders shall state or be accompanied by a statement of the nature of all special business to be transacted at the meeting, in sufficient detail to permit the Shareholder to form a reasoned judgment thereon, and the text of any special resolution or by-law to be submitted to the meeting. For this purpose all business transacted at a special meeting of Shareholders and all business transacted at an annual meeting of Shareholders, except consideration of the minutes of an earlier meeting, the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor, is "special business". Reference is made to Article Ten.

Section 9.07 Financial Statements: Not less than 10 clear days, before each annual meeting of Shareholders or before the signing of a resolution in lieu thereof, the secretary shall send a copy of the annual financial statements and reports required by the Act to be placed before the annual meeting to each Shareholder who has not informed the Corporation in writing that he or she does not want such documents.

Section 9.08 Shareholder Proposal: Any Shareholder entitled to vote at a meeting of Shareholders may submit to the Corporation notice of any proposal that he or she wishes to raise at the meeting and may discuss at the meeting any matter in respect of which he or she would have been entitled under the Act to submit a proposal. Where so required by the Act, the management information circular prepared in respect of the meeting shall set out or be accompanied by the proposal.

Section 9.09 Persons Entitled to be Present: The only persons entitled to attend a meeting of Shareholders shall be those persons entitled to notice thereof and others who although not entitled to notice are entitled or required under any provision of the Act or the by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairperson of the meeting or with the consent of the meeting.

Section 9.10 Chairperson, Secretary and Scrutineer: The chairperson of the board, or in his or her absence, the president, or in their absence a vice-president, shall be chairperson of any meeting of Shareholders. If no such officer is present within 15 minutes after the time appointed for the holding of the meeting, the persons present and entitled to vote shall choose one of their number to be chairperson. If the secretary is absent, the chairperson shall appoint some person, who need not be a Shareholder, to act as secretary of the meeting. One or more scrutineers, who need not be Shareholders, may be appointed by the chairperson or by a resolution of the Shareholders.

Section 9.11 Quorum: Subject to the approvals set out in the Shareholders Agreement, the quorum for the transaction of business at any meeting of Shareholders shall be two persons present and entitled to vote not less than 25% of the shares entitled to be voted at the meeting. If a quorum is present at the opening of the meeting the Shareholders may proceed with the business of the meeting notwithstanding that a quorum is not present throughout. If a quorum is not present within such reasonable time after the time appointed for the holding of the meeting as the persons present and entitled to vote may determine, they may adjourn the meeting to a fixed time and place.

Section 9.12 Persons Entitled to Vote: Without prejudice to any other right to vote, every Shareholder recorded on the Shareholder list prepared in accordance with section 9.05 is entitled, at the meeting to which the list relates, to vote the shares shown thereon opposite his or her name, except to the extent that the Shareholder transfers ownership of any such shares after the record date for notice of the meeting and the transferee establishes that he or she owns the shares and requests not later than seven clear days before the meeting that his or her name be included in the list (in which case the transferee is entitled to vote such shares at the meeting). However, where two or more persons hold the same shares jointly, any one of them may in the absence of the others vote in respect of such shares but if more than one of such persons are present or represented and vote, they shall vote together as one on the shares jointly held by them or not at all.

Section 9.13 Proxies: Every Shareholder entitled to vote at a meeting of Shareholders may by means of a proxy appoint a proxyholder or alternate proxyholders, who need not be Shareholders, as his or her nominee to attend and act at the meeting in the manner, to the extent and with the authority conferred by the proxy. A proxy shall be in writing and signed by the Shareholder or his

or her attorney authorized in writing or, if the Shareholder is a body corporate, by an officer or attorney thereof duly authorized. A proxy shall conform to the requirements of the Act.

Section 9.14 Time for Deposit of Proxies: The board may specify in the notice calling a meeting of Shareholders a time, not exceeding 48 hours (excluding Saturdays and holidays) preceding the meeting or any adjournment thereof, before which proxies must be deposited with the Corporation or its agent. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, where no such time is specified in such notice, if it has been received by the secretary of the Corporation or the chairperson of the meeting or any adjournment thereof before the time of voting.

Section 9.15 Revocation of Proxies: In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing signed in the same manner as a proxy and deposited either at the registered office of the Corporation at any time up to and including the last day (excluding Saturdays and holidays) preceding the date of the meeting or any adjournment thereof at which the proxy is to be used, or with the chairperson of such meeting or any adjournment thereof before the time of voting.

Section 9.16 Authorized Representatives: In accordance with the Shareholders Agreement, a Shareholder that is a body corporate, shall designate a single individual from time to time as its authorized (legal) representative for purposes of providing any consent or approval required by the Act. Such Shareholder shall designate its authorized representative by proxy duly completed in accordance with the Act as its representative to attend and vote at any meeting of the Shareholders.

Section 9.17 Voting: At each meeting of Shareholders every question shall be decided by a majority of the votes duly cast thereon, unless otherwise provided by the Act, the articles, the by-laws or the Shareholders Agreement. In case of an equality of votes the chairperson of the meeting shall not be entitled to a casting vote.

Section 9.18 Show of Hands: At each meeting of Shareholders voting shall be by show of hands unless a ballot is required or demanded as hereinafter provided. Upon a show of hands every person present and entitled to vote on the show of hands shall have one vote. Whenever a vote by show of hands has been taken upon a question, unless a ballot thereon be so required or demanded and such requirement or demand is not withdrawn, a declaration by the chairperson of the meeting that the vote upon the question was carried or carried by a particular majority or not carried or not carried by a particular majority, and an entry to that effect in the minutes of the meeting, shall be prima facie evidence of the result of the vote without proof of the number or proportion of votes cast for or against.

Section 9.19 Ballots: On any question proposed for consideration at a meeting of Shareholders a ballot may be required by the chairperson or demanded by any person present and entitled to vote, either before or after any vote by show of hands. If a ballot is so required or demanded and such requirement or demand is not withdrawn, a poll upon the question shall be taken in such manner as the chairperson of the meeting shall direct. Subject to the articles, upon a ballot each

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person present shall be entitled to one vote in respect of each share which he or she is entitled to vote at the meeting on the question.

Section 9.20 Adjournment: The chairperson of a meeting of Shareholders may terminate the meeting following the conclusion of all business which may properly come before the meeting or, subject to such conditions as the meeting may decide, may adjourn the meeting from time to time and from place to place. If a meeting of Shareholders is adjourned by one or more adjournments for an aggregate of less than 30 clear days, it is not necessary to give notice of the resumption of the meeting if the time and place for resuming the meeting are announced at the earliest meeting that is adjourned.

Section 9.21 One-Shareholder Meeting: Where all the outstanding shares of any class or series of shares of the Corporation are held by one Shareholder, that Shareholder present in person or by proxyholder or by authorized representative constitutes a meeting of the holders of that class or series of shares.

Section 9.22 Signed Resolutions: Subject to the Act, a resolution in writing signed by all the Shareholders entitled to vote thereon at a meeting of Shareholders is as valid as if passed at such a meeting and a resolution in writing dealing with all matters required by the Act to be dealt with at a meeting of Shareholders and signed by all Shareholders entitled to vote thereat satisfies all requirements relating to that meeting. Any such resolution may be signed in counterparts.

ARTICLE TEN

NOTICES

Section 10.01 To Shareholders, Directors: Any notice or document required or permitted to be sent by the Corporation to a Shareholder or director may be mailed by registered mail in a sealed envelope addressed to, or may be delivered personally to, such person at his or her recorded address, or by transmittal by facsimile or email transmission or may be sent by any other means permitted under the Act. If so mailed, the notice or document shall be deemed to have been received by the addressee on the fifth clear day after mailing. If notices or documents so mailed to a Shareholder are returned on three consecutive occasions because he or she cannot be found, the Corporation need not send any further notices or documents to such Shareholder until he or she informs the Corporation in writing of his or her new address.

Section 10.02 To Others: Any notice or document required or permitted to be sent by the Corporation to any other person may be (i) delivered personally to such person, (ii) addressed to such person and delivered to his or her recorded address, (iii) mailed by registered mail in a sealed envelope addressed to such person at his or her recorded address or (iv) addressed to such person and sent to his or her recorded address by facsimile or email, electronic communication, or any other means of legible communication then in business use in Canada. A notice or document so mailed or sent shall be deemed to have been received by the addressee when deposited in a post office or public letter box (if mailed) or when transmitted by the Corporation on its equipment or delivered to the appropriate communication agency or its representative for dispatch, as the case may be (if sent by facsimile or email, electronic communication, or other means of legible communication).

Section 10.03 Changes in Recorded Address: The secretary may change the recorded address of any person in accordance with any information the secretary believes to be reliable.

Section 10.04 Computation of Days: In computing any period of days or clear days under the by-laws or the Act, the period shall be deemed to commence on the day following the event that begins the period and shall be deemed to end at midnight on the last day of the period except that if the last day of the period falls on a holiday, the period shall end at midnight of the day next following that is not a holiday.

Section 10.05 Omissions and Errors: The accidental omission to give any notice to any person, or the non-receipt of any notice by any person or any immaterial error in any notice shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

Section 10.06 Unregistered Shareholders: Subject to the Act, every person who becomes entitled to any share shall be bound by every notice in respect of such share which was duly given to any predecessor in title prior to such person's name and address being entered on the securities register of the Corporation.

Section 10.07 Waiver of Notice: Any person entitled to attend a meeting of Shareholders or directors or a committee thereof may in any manner and at any time waive notice thereof, and attendance of any Shareholder or his or her proxyholder or authorized representative or of any other person at any meeting is a waiver of notice thereof by such Shareholder or other person except where the attendance is for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. In addition, where any notice or document is required to be given under the articles or by-laws or the Act, the notice may be waived or the time for sending the notice or document may be waived or abridged at any time with the consent in writing of the person entitled thereto. Any meeting may be held without notice or on shorter notice than that provided for in the by-laws if all persons not receiving the notice to which they are entitled waive notice of or accept short notice of the holding of such meeting.

DATED as of the day of , 200

Brian Bentz
President and Chief Executive Officer

Dennis Nolan
Executive Vice President, Corporate
Services and Secretary

SCHEDULE "C"

SHARED SERVICES AGREEMENTS

There exists two draft unexecuted shared services agreement between (i) PowerStream Inc. (the predecessor to the Corporation) and the City of Vaughan and (ii) between PowerStream Inc. (the predecessor to the Corporation) and the Town of Markham, both which are expected to be finalized in the 4th quarter of 2008. PowerStream Inc. (the predecessor to the Corporation) has been operating under the terms and conditions of these agreements since January 1, 2008:

(i) The shared services agreement between PowerStream and the City of Vaughan provide for PowerStream to provide payroll services, cashier services, water meter reading and water billing and remittance services. The City of Vaughan shall provide to PowerStream facilities services, information technology and fuel services charge.

(ii) The shared services agreement between PowerStream and the Town of Markham provide for PowerStream to provide water meter reading and water billing and remittance services and streetlighting maintenance services. The Town of Markham shall provide to PowerStream facilities services and cashier services.

A shared services agreement between Barrie Hydro Distribution Inc. Inc. (the predecessor to the Corporation) and Barrie Hydro Energy Services Inc., dated June 26, 2003.

(i) The shared services agreement provides billing and collecting on behalf of Barrie Hydro Energy Services Inc. (BHESI) for water meter reading and water and sewer billing for the City of Barrie and the Town of Bradford West Gwillimbury and provides water heater rental billing but no longer provides streetlight maintenance for BHESI.

SCHEDULE "D"

DIVIDEND POLICIES

COMMON SHARES DIVIDEND POLICY

Purpose

Consistent with the Objectives and Guiding Principles set forth in Section 2.07, the Corporation will endeavor to earn the maximum rate of return allowable by the OEB. The purpose of this policy is to provide Shareholders with a steady income stream from dividends while providing the Corporation with an appropriate capital structure and working capital level in order to operate as a viable business.

Determination of Dividends

Dividends on the Common Shares will be determined as follows:

- The Corporation shall pay a minimum of 50% of net income, excluding the Permitted Generation Business income, with consideration given to the following:
 - Cash position at the beginning of the current year;
 - Working capital requirements for the current year; and
 - Net capital expenditures required for the current year.

Criteria for Determination of Dividends

Dividends will be declared after due consideration is given to the following:

- All financial covenants on any debt issued by the Corporation
- Qualifications to meet external bond rating services to maintain an "A" rating
- Cash requirements of the Corporation to meet working capital requirements and short-term (2 year) plans of capital expenditures

CLASS A COMMON SHARES DIVIDEND POLICY

PowerStream Permitted Generation Business Unit Dividend Policy for Class A Common Shares

Definitions used in respect of the Class A Common Shares Dividend Policy include:

"Post-Construction Period" for each Solar PV project, for purposes of determination of dividends on Class A Common Shares, starts on the Commercial Operation date of the project under the terms of the contract between the Corporation and the Ontario Power Authority in respect of that project. For reporting purposes related to projects in the construction and Post-Construction Period, the Corporation shall provide to the Shareholders on a semi-annual basis a status report of Solar PV projects for which the Corporation has entered into a contract with the Ontario Power Authority, showing: date of contract; generation capacity of the project; estimated

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capital cost; projected completion date; actual capital cost (if completed); completion date (if completed); and Commercial Operation date. Such status report shall be due sixty (60) days following the end of each six-month financial period, commencing with the first period in which funds are drawn down under the Shareholders' subscription agreements, and continuing until such time as the Shareholders agree to dispense with project status reporting.

"Working Capital Requirements", for purposes of determination of dividends on Class A Common Shares for a financial year of the Permitted Generation Business Unit, shall mean fifteen percent (15%) of the sum of: the Permitted Generation Business Unit's operations, maintenance, administrative and general expenses, capital expenditures, interest expense and repayment of debt, and cash taxes or payments in lieu of taxes for such year. For clarity, "operations, maintenance, administrative and general expenses" includes without limitation, leasing expense, development expense, management expense, operating expense, insurance and on-going legal expenses, but excludes depreciation expenses. For purposes of the dividend declaration that follows receipt of the unaudited financial statements for the Permitted Generation Business at year-end, the operations, maintenance, administrative and general expenses, interest expense and repayment of debt, and cash taxes or payments in lieu of taxes shall be the amounts reported in the most recent unaudited financial statements for the Permitted Generation Business. For purposes of the dividend declaration that follows receipt of the unaudited financial statements for the Permitted Generation Business at mid-year, such amounts shall be the greater of:

- the amounts reported in the most recent unaudited year-end financial statements for the Permitted Generation Business, or
- the sum of fifty percent (50%) of the amounts reported in the most recent unaudited year-end financial statements for the Permitted Generation Business plus 100% of the amounts reported in the most recent unaudited mid-year financial statements for the Permitted Generation Business (i.e. for a six-month period).

For each year, the capital expenditure component shall be the greatest of:

- the amount of actual capital expenditures reported in the most recent unaudited year-end financial statements for the Permitted Generation Business; or
- the amount of actual capital expenditures reported in the most recent unaudited mid-year financial statements for the Permitted Generation Business (i.e. for a six-month period), multiplied by two (2); or
- seventy-five percent (75%) of the capital cost, as estimated by the Corporation, of solar PV projects for which the Corporation has entered into a contract with the Ontario Power Authority under the Feed-In Tariff Program but for which the Commercial Operation Date has not yet been reached at the date of the dividend declaration.

"Net Free Cash Flow" means for purposes of computation of amount payable to the holders of the Class A Common Shares in the Post-Construction Period, "net free cash flow" in respect of Period "n" shall be 95% of the amount computed as follows:

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Cash balance at beginning of Period n	
Plus:	Cash flow from operations in Period n
Less:	Dividend(s) paid in Period n in respect of Period n-1 or any prior period
Less:	Repayment of debt in Period n
Less:	A portion of the balance of deferred taxes at the end of Period n, such that the debt ratio of the Permitted Generation Business Unit remains consistently between 59% and 61%.

The Corporation shall provide to the Shareholders on a semi-annual basis the associated calculations that were used to derive the amount payable to the holders of Class A Common Shares.

Until such time as no further Solar PV projects are under development or planned for development by the Corporation, the above balances will be related to the Permitted Generation Business, with amounts determined on the basis of projects in their Post-Construction Period. Thereafter, the balances used will be taken from the most recent unaudited financial statements for the Permitted Generation Business.

Criteria for Determination of Dividends

Dividends will be declared by the Corporation's Board of Directors after due consideration is given to the following:

- All financial covenants on any debt issued by the Corporation.
- Qualifications to meet external bond rating criteria and ensure no adverse impact on the current credit rating of the Corporation. The Corporation will advise the Shareholders of its credit rating from time to time (and at least on an annual basis).
- Cash flow requirements of the Permitted Generation Business Unit of the Corporation to meet working capital requirements and short-term (2 year) plans of capital expenditures.
- The maintenance of the planned 60/40 debt to equity ratio.

Determination of Dividends

Dividends on the Class A Common Shares amounts will be determined as follows:

- The Corporation will target an IRR of 10.5% on the Permitted Generation Business Unit.
- As each project is completed by the Permitted Generation Business Unit, the Corporation expects to make distributions calculated with reference to the Class A Common Shares equity injections made by the Shareholders from time to time, provided that the amount of each dividend will be at the discretion of the Board

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and may be greater or lesser than the aforesaid having regard to the financial and operating results of the Corporation as a whole.

- In the Post-Construction Period or earlier as determined by the Board, the net free cash flow will be paid to the holders of the Class A Common Shares subject to the criteria listed herein.

Payment of Dividends

The Board of Directors will make the dividend declaration on the Class A Common Shares semi-annually after receipt of the unaudited financial statements at mid-year, and after receipt of the audited financial statements at year's end. Dividends will normally be paid within 60 days of declaration.

Review of Dividends Policy for Class A Shares

The dividend and distribution policy for Class A Common Shares is being established at the inception of the Permitted Generation Business. The dividend policy for Class A Common Shares will be reviewed on an annual basis by the Board of Directors and Shareholders.

EXHIBIT "D"
CERTIFICATE OF STATUS

Request ID: 014481973
Demande n° :
Transaction ID: 48345488
Transaction n° :
Category ID: CT
Catégorie :

Province of Ontario
Province de l'Ontario
Ministry of Government Services
Ministère des Services gouvernementaux

Date Report Produced: 2012/07/31
Document produit le :
Time Report Produced: 09:29:32
Imprimé à :

CERTIFICATE OF STATUS ATTESTATION DU STATUT JURIDIQUE

This is to certify that according to the records of the Ministry of Government Services

D'après les dossiers du Ministère des Services gouvernementaux, nous attestons que la société

POWERSTREAM INC.

Ontario Corporation Number

Numéro matricule de la société (Ontario)

001787307

is a corporation incorporated, amalgamated or continued under the laws of the Province of Ontario.

est une société constituée, prorogée ou née d'une fusion aux termes des lois de la Province de l'Ontario.

The corporation came into existence on

La société a été fondée le

JANUARY 01 JANVIER, 2009

and has not been dissolved.

et n'est pas dissoute.

Dated

Fait le

JULY 31 JUILLET, 2012



Director
Directrice

EXHIBIT "E"**MINUTES OF MEETING**

"RESOLVED THAT Management be authorized to submit a bid for COLLUS Power, in consultation with the Audit & Finance Committee, according to the parameters presented at this meeting;

AND IT WAS FURTHER RESOLVED THAT Management be directed to seek Shareholder approval to submit a bid for COLLUS Power, and proceed to take all actions necessary to finalize a resulting transaction, subject to the parameters approved by PowerStream's Board of Directors, or as amended by its Audit & Finance Committee."

EXHIBIT "F"**RESOLUTIONS****Markham Enterprises Corporation:**

"WHEREAS PowerStream has advised its Shareholders, Markham Enterprises Corporation ("Markham"), Vaughan Holdings Inc. ("Vaughan") and Barrie Hydro Holdings Inc. ("Barrie"), collectively the "Shareholders", that it intends to submit a bid in response to a Request For Proposal, issued by COLLUS seeking a strategic partnership, which involves a purchase of up to 50% of the Common Shares of COLLUS;

AND WHEREAS the PowerStream Board of Directors has approved Management submitting a proposal to purchase 50% of the Common Shares of COLLUS;

AND WHEREAS the proposal will include a provision for a pre-closing recapitalization resulting in a Special Dividend paid to the Town of Collingwood in the range of approximately \$5M to \$7M, which PowerStream will assist with arranging as necessary.

AND WHEREAS PowerStream's proposal will include an offer to purchase 50% of the Common Shares of COLLUS for a sum in the range of \$6M to \$8M to be determined by PowerStream Management;

AND WHEREAS PowerStream's proposal shall be conditional upon the inclusion of a Dividend Policy consistent with that of PowerStream's; buy/sell provisions, and maintaining a capital structure consistent with the Ontario Energy Board's deemed capital structure of 60/40 (debt to deemed rate base);

AND WHEREAS PowerStream will fund the purchase of COLLUS Shares, and any other costs associated with the proposed transaction, internally without requiring additional Shareholder equity;

AND WHEREAS pursuant to the Terms of the Shareholder Agreement, the transaction requires Unanimous Shareholder Approval;

AND WHEREAS the proposed transaction is consistent with the Objectives and the Guiding Principles of the Corporation and the Corporation's Strategic Plan;

NOW THEREFORE, BE IT RESOLVED THAT:

1. Markham Enterprises Corporation approves the proposed transaction, subject to the President being satisfied with the results of the peer review of the financial evaluation by BDR, for the purchase of up to 50% of COLLUS Power, at a purchase price determined by the PowerStream Management within a range of \$6M to \$8M, and authorizes PowerStream to proceed to take all actions necessary to finalize the transaction if successful in the RFP process."

Vaughan Holdings Inc.:

“WHEREAS PowerStream has advised its Shareholders Vaughan Holdings Inc. (“Vaughan”), Markham Enterprises Corporation (“Markham”), and Barrie Hydro Holdings Inc. (“Barrie”), collectively the “Shareholders”, that it intends to submit a bid in response to a Request For Proposal, issued by COLLUS seeking a strategic partnership, which involves a purchase of up to 50% of the Common Shares of COLLUS;

AND WHEREAS the PowerStream Board of Directors has approved Management submitting a proposal, which involves the purchase of 50% of the Common Shares of COLLUS;

AND WHEREAS the proposal will include a provision for a pre-closing recapitalization resulting in a Special Dividend paid to the Town of Collingwood in the range of approximately \$5M to \$7M, which PowerStream will assist with arranging as necessary.

AND WHEREAS PowerStream’s proposal will include an offer to purchase 50% of the Common Shares of COLLUS for a sum in the range of \$6M to \$8M;

AND WHEREAS PowerStream’s proposal shall be conditional upon the inclusion of a Dividend Policy consistent with that of PowerStream’s; buy/sell provisions, and maintaining a capital structure consistent with the OEB’s deemed capital structure of 60/40 (debt to deemed rate base);

AND WHEREAS PowerStream will fund the resulting purchase of COLLUS Shares, and any other costs associated with the proposed transaction, internally without requiring additional Shareholder equity;

AND WHEREAS pursuant to the Terms of the Shareholder Agreement, the transaction requires Unanimous Shareholder Approval;

AND WHEREAS the proposed transaction is consistent with the Objectives and the Guiding Principles of the Corporation and the Corporation’s Strategic Plan;

NOW THEREFORE, BE IT RESOLVED THAT:

1. That the Vaughan Holdings Inc. Board of Directors approve PowerStream’s proposed purchase of COLLUS Power, which includes the purchase of 50% of COLLUS within a price range of \$6M to \$8M, provided that the comments of the peer reviewer regarding the financial analysis are satisfactory to the President & CEO;
2. That the President & Chief Executive Officer or the Vice-President, Finance & Treasurer and the Chair of Vaughan Holdings Inc. or the Vice Chair be authorized to take all actions necessary to give effect to this resolution, including but not limited to the execution of any required documents.”

EXHIBIT "G"**INCUMBENCY**

The individuals listed below are the duly elected and appointed officers of the Corporation and each such officer holds the office set forth opposite her/his name.

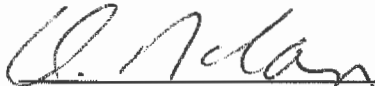


<u>Name</u>	<u>Title(s)</u>	<u>Signatures</u>
Dennis Nolan	EVP Corporate Services & Secretary	
John Glicksman	EVP & Chief Financial Officer	
Brian Bentz	President and CEO	_____

EXHIBIT "G"**INCUMBENCY**

The individuals listed below are the duly elected and appointed officers of the Corporation and each such officer holds the office set forth opposite her/his name.

<u>Name</u>	<u>Title(s)</u>	<u>Signatures</u>
Dennis Nolan	EVP Corporate Services & Secretary	_____
John Glicksman	EVP & Chief Financial Officer	_____
Brian Bentz	President and CEO	

OFFICER'S CERTIFICATE

TO: POWERSTREAM INC.

AND TO: GOWLING LAFLEUR HENDERSON LLP

AND TO: AIRD & BERLIS LLP ("A&B")

RE: Purchase of 2,550,820 shares in Collingwood Utility Services Corp. by PowerStream Inc. (the "Purchaser") from The Corporation of the Town of Collingwood (the "Vendor") pursuant to the share purchase agreement, dated the 6th day of March, 2012 (the "Share Purchase Agreement")

Capitalized terms used herein have the meanings ascribed thereto in the Share Purchase Agreement.

I, **EDWIN HOUGHTON**, President and Chief Executive Officer of Collingwood Utility Services Corp. (the "**Corporation**"), hereby certify on behalf of the Corporation, without personal liability, as follows:

1. The undersigned holds the office specified above and as such is familiar with the business and affairs of the Corporation.
2. This certificate is given with the knowledge, among other things, that it will be relied upon by A&B for the purposes of an opinion (the "**Opinion**") to be delivered by A&B in connection with the execution and delivery of the Share Purchase Agreement and such other documents as contemplated thereunder (all of the foregoing shall be collectively referred to as the "**Documents**").
3. I have read and am familiar with the provisions of the Documents.
4. The Corporation has been incorporated under the *Business Corporations Act* (Ontario) (the "**Act**") and has not been dissolved under the Act or any other statute, and the Corporation has not received any notice of any action or proceeding, threatened or otherwise, which could have the effect of, or which might result in, the winding-up, dissolution or any other termination of the existence of the Corporation. The Corporation is up-to-date in the filing of all returns required by governmental authorities, including under corporate and tax legislation, and has not received any notice or letter or other document stating that the Corporation is in default with respect to any filings, registrations, declarations, consents, orders or approvals required to be made or obtained by it.
5. As of the date hereof, the Corporation has not:
 - (a) committed an act of bankruptcy, or proposed a compromise or arrangement to its creditors generally;

- 2 -

- (b) had any petition for a receiving order in bankruptcy filed against it;
- (c) made a voluntary assignment in bankruptcy; or
- (d) taken any proceeding to have itself declared bankrupt.

6. No proceedings have been taken or are pending (i) to amend the constating documents of the Corporation; (ii) to terminate its existence; or (iii) to change its corporate existence in any way, nor is the Corporation in the course of being continued, amalgamated, reorganized, liquidated, wound-up or dissolved.

7. The Corporation is not in default in complying with any material provisions of tax laws applicable to it nor has it received notice of any proceedings to cancel its certificate of incorporation or otherwise to terminate its existence. The Corporation is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).

8. I have either executed or witnessed the execution of all of the Documents to which the Corporation is a party, and all of the Documents have been duly signed by an authorized signing person of the Corporation. The Documents have been unconditionally delivered to the other parties thereto with the intention of the Corporation being to create a binding agreement between the Corporation, as the case may be, and the other parties to the Documents pursuant to which the Corporation intends to be bound thereby.

9. There is no litigation, arbitration or other judicial or regulatory proceeding pending or threatened by or against the Corporation or its assets or the officers or directors of the Corporation (in such capacity) before any court or any governmental authority.

10. Attached hereto as Exhibit "A" is a true and complete copy of the articles of incorporation and articles of amendment of the Corporation (together, the "Articles"), which Articles have not been further amended, modified or supplemented and are in full force and effect as of the date hereof.

11. Attached hereto as Exhibit "B" is a true and complete copy of the by-laws of the Corporation (the "By-laws"). The By-laws comprise all of the by-laws of the Corporation which have not been repealed. As of the date hereof, the By-laws are in full force and effect, have not been amended and neither the directors nor the shareholders of the Corporation has passed, confirmed or consented to any resolutions amending or varying the By-laws.

12. Attached hereto as Exhibit "C" is a true and complete copy of a certificate of status certifying as to the status of the Corporation, dated as of the date hereof.

13. Attached hereto as Exhibit "D" is a true and correct copy of the resolution of the board of directors of the Corporation, relating to the Share Purchase Agreement, including any ancillary documents contemplated by the Share Purchase Agreement, and as of the date hereof, such resolution is in full force and effect unamended. There are no shareholders directions or agreements, resolutions, or other agreements to which the Corporation is a party or to which the Corporation is subject, or, to the best of my knowledge and belief, laws, rules or regulations, to which the Corporation is subject, that limits or restricts the Corporation's capacity or ability to

enter into the transactions contemplated by the Share Purchase Agreement or the Shareholders Agreement.

14. Attached hereto as Exhibit "E" is an incumbency certificate containing genuine specimen signatures of the officers authorized to execute the Share Purchase Agreement, Shareholders Agreement and any ancillary documents related thereto. The persons whose names appear in Exhibit "E" are duly elected directors or appointed officers of the Corporation, holding the office or offices set forth opposite their names, and the signatures set forth opposite the names of such persons, as applicable, are their genuine signatures.

15. The Corporation has the corporate power and capacity to own property and assets, to carry on business and to execute, deliver and perform its obligations under the Share Purchase Agreement and the Shareholders Agreement.

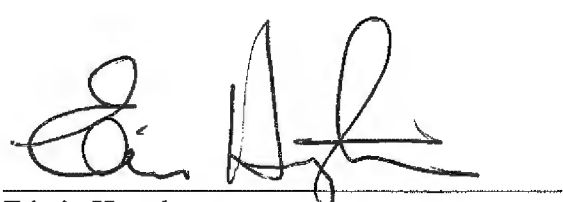
16. The Corporation has taken all necessary corporate action to authorize the execution and delivery by it of each of the Share Purchase Agreement and the Shareholders Agreement and the performance of its obligations under the Share Purchase Agreement and the Shareholders Agreement.

17. No authorization, consent, permit, exemption or approval of, or filing with or notice to, any governmental agency or authority, or any regulatory body, court, tribunal having legal jurisdiction in Ontario is required in connection with the execution and delivery by the Corporation of the Share Purchase Agreement or the Shareholders Agreement or the consummation of the transactions contemplated by the Share Purchase Agreement or the Shareholders Agreement, other than the approval of the Ontario Energy Board, and those set forth in Schedule 4.1(1)(c) of the Share Purchase Agreement, which have been obtained, made or waived in accordance with the terms of the Share Purchase Agreement.

18. The execution and delivery by the Corporation, and the consummation of the transactions contemplated by, the Share Purchase Agreement and the Shareholders Agreement do not breach or result in a default under the constating documents of the Corporation or, to the best of my knowledge and belief, any laws, statues or regulations applicable in Ontario to which the Corporation is subject.

[The rest of this page has been intentionally left blank.]

DATED the 31st day of July, 2012.



Edwin Houghton

EXHIBIT "A"

ARTICLES

For Ministry Use Only
 À l'usage exclusif du ministère



Ministry of
 Consumer and
 Commercial Relations

CERTIFICATE

This is to certify that these
 articles are effective on

APRIL 13 AVRIL 2000

Ministère de
 la Consommation
 et du Commerce

CERTIFICAT

Ceci certifie que les présents
 statuts ont pris en vigueur le

Ontario Corporation Number
 Numéro de la compagnie en Ontario

1402918

[Signature] (19)

Director / Directeur
 Business Corporations Act / Loi sur les sociétés par actions

**ARTICLES OF INCORPORATION
 STATUTS CONSTITUTIFS**

Form 1
 Business
 Corporations
 Act

Formule
 numéro 1
 Loi sur les
 compagnies

1. The name of the corporation is: *Dénomination sociale de la compagnie:*

C	O	L	L	I	N	G	W	O	O	D		U	T	I	L	I	T	Y		S	E	R	V	I	C	E	S		
C	O	R	P	,																									

2. The address of the registered office is: *Adresse du siège social:*

43 STEWART ROAD, P.O. BOX 189

(Street & Number or R.R. Number & if Multi-Office Building give Room No.)
 (Rue et numéro ou numéro de la R.R. et, s'il s'agit d'un édifice à bureaux, numéro du bureau)

COLLINGWOOD, ONTARIO

L | 9 | Y | 3 | Z | 5

(Name of Municipality or Post Office)
 (Nom de la municipalité ou du bureau de poste)

(Postal Code/Code postal)

3. Number (or minimum and maximum number) of directors is: *Nombre (ou nombres minimal et maximal) d'administrateurs:*

Minimum of one (1) and a maximum of seven (7).

4. The first director(s) is/are:

Premier(s) administrateur(s):

First Name, initials and surname
Prénom, initiales et nom de famille

Address for service, giving Street & No. or R.R. No.,
 Municipality and Postal Code
Domicile élu, y compris la rue et le numéro, le numéro de la R.R., ou le nom de la municipalité et le code postal

Resident
 Canadian
 State
 Yes or No
*Résident
 Canadien
 Oui/Non*

TERRY WAYNE GEDDES

TIMOTHY JAMES MCNABB

SANDRA LYNN COOPER

CHRISTOPHER JOHN CARRIER

CARMAN KEITH MORRISON

ROBERT ARTHUR DAVEY

DOUGLAS ORVILLE GARBUTT

Yes

Yes

Yes

Yes

Yes

Yes

Yes

5. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise. *Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la compagnie.* 2.

None.

Form 1
Business
Corporations
Act

Formule
numéro 1
Loi sur les
compagnies

6. The classes and any maximum number of shares that the corporation is authorized to issue: *Catégories et nombre maximal, s'il y a lieu, d'actions que la compagnie est autorisée à émettre:*

The Corporation is authorized to issue an unlimited number of common shares.

7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: 3.

Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série.

A. Voting Rights

The holders of the common shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the corporation, and each such share shall confer the right to one vote in person or by proxy at all meetings of shareholders of the corporation.

B. Dividends

The holders of the common shares shall be entitled to receive dividends as and when declared by the directors from time to time out of moneys of the corporation properly applicable to the payment of dividends, and the amount per share of such dividend shall be determined by the directors of the corporation at the time of declaration.

C. Return of Capital

In the event of the liquidation, dissolution or winding up of the corporation or other distribution of its assets among the shareholders by way of repayment capital, whether voluntary or involuntary, the holders of the common shares shall be entitled to receive the remaining property of the corporation.

Form 1
Business
Corporations
Act

Formule
numéro 1
Loi sur les
compagnies

8. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows: *L'émission, le transfert ou la propriété d'actions est/n'est pas restreinte. Les restrictions, s'il y a lieu, sont les suivantes:* 4.

No share or shares of the corporation shall at any time be issued or transferred to any person without (a) the consent of the directors to be signified by a resolution passed by the board or by an instrument or instruments in writing signed by a majority of the directors, and (b) the consent of the shareholders of the corporation to be signified by resolution passed by the shareholders or by an instrument or instruments in writing signed by the holders of the shares of the corporation representing a majority of the votes attributable to all of the issued and outstanding shares of the corporation.

Form 1
Business
Corporations
Act

Formule
numéro 1
Loi sur les
compagnies

9. Other provisions, (if any, are):

Autres dispositions, s'il y a lieu:

1. That the number of shareholders of the corporation, exclusive of persons who are in its employment and exclusive of persons who, having been formerly in the employment of the corporation, were, while in that employment, and have continued after the termination of that employment to be shareholders of the corporation, is limited to not more than fifty (50), two (2) or more persons who are the joint registered owners of one (1) or more shares being counted as one (1) shareholder.

2. Any invitation to the public to subscribe for securities of the corporation is prohibited.

3. Subject to any borrowing power restrictions in a unanimous shareholder agreement, as defined in the *Business Corporations Act (Ontario)*, the board of directors may from time to time on behalf of the corporation, in such amounts and on such terms as it deems expedient:

a) borrow money on the credit of the corporation;

b) issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness or guarantee of the corporation, whether secured or unsecured;

c) to the extent permitted by the *Business Corporations Act*, give a guarantee on behalf of the corporation to secure performance of any present or future indebtedness, liability or obligation of any person; and

d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable, property of the corporation including book debts, rights, powers, franchises and undertakings, to secure any such bonds, debentures, notes or other evidences of indebtedness, liability or obligation of the corporation.

4. The board of directors may from time to time delegate to such one or more of the directors or officers of the corporation as may be designated by the board all or any of the powers conferred on the board above to such extent and in such manner as the board shall determine at the time of each such delegation.

5. The corporation is incorporated pursuant to section 142(1) of the *Electricity Act, 1998 (Ontario)*.

Form 1
Business
Corporations
Act

Formule
numéro 1
Loi sur les
compagnies

10. The names and addresses of the incorporators are
Nom et adresse des fondateurs
First name, initials and last name or corporate name
Prénom, initiale et nom de famille ou dénomination sociale

Full address for service or address of registered office or of principal place of business giving Street & No. or R.R. No., municipality and postal code
Domicile élu, adresse du siège social ou adresse de l'établissement principal, y compris la rue et le numéro, le numéro de la R.R., le nom de la municipalité et le code postal

TERRY WAYNE GEDDES

TIMOTHY JAMES MCNABB

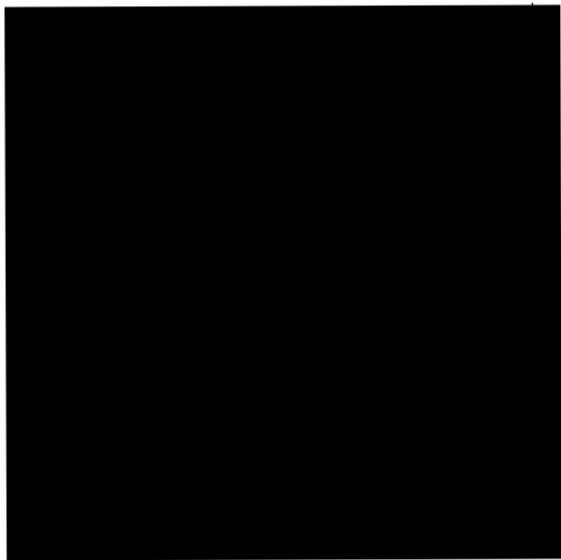
SANDRA LYNN COOPER

CHRISTOPHER JOHN CARRIER

CARMAN KEITH MORRISON

ROBERT ARTHUR DAVEY

DOUGLAS ORVILLE GARBUTT



Form 1
Business
Corporations
Act

Formule
numéro 1
Loi sur les
compagnies

These articles are signed in duplicate.

Les présents statuts sont signés en double exemplaire.

Signatures of incorporators / Signatures des fondateurs

TERRY WAYNE GEDDES

CARMAN KEITH MORRISON

TIMOTHY JAMES MCNABB

ROBERT ARTHUR DAVEY

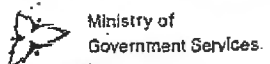
SANDRA LYNN COOPER

DOUGLAS ORVILLE GARBUTT

CHRISTOPHER JOHN CARRIER

For Ministry Use Only
À l'usage exclusif du ministère

Ontario Corporation Number
Numéro de la société en Ontario



Ministère des
Services gouvernementaux

1402918

Ontario
CERTIFICATE
This is to certify that these articles
are effective on

CERTIFICAT
Ceci certifie que les présents statuts
entrent en vigueur le

FEBRUARY 28 FÉVRIER, 2012

K. [Signature]
Director / Directrice

Business Corporations Act / Loi sur les sociétés par actions

Form 3
Business
Corporations
Act

Formule 3
Loi sur les
sociétés par
actions

**ARTICLES OF AMENDMENT
STATUTS DE MODIFICATION**

1. The name of the corporation is: (Set out in BLOCK CAPITAL LETTERS)
Dénomination sociale actuelle de la société (écrire en LETTRES MAJUSCULES SEULEMENT):

C	O	L	L	I	N	G	W	O	O	U	T	I	L	I	T	Y	S	E	R	V	I	C	E	S	C
O	R	P	.																						

2. The name of the corporation is changed to (if applicable): (Set out in BLOCK CAPITAL LETTERS)
Nouvelle dénomination sociale de la société (s'il y a lieu) (écrire en LETTRES MAJUSCULES SEULEMENT):

3. Date of Incorporation/amalgamation:
Date de la constitution ou de la fusion:

2000/04/13

(Year, Month, Day)
(année, mois, jour)

4. Complete only if there is a change in the number of directors or the minimum / maximum number of directors.
Il faut remplir cette partie seulement si le nombre d'administrateurs ou si le nombre minimal ou maximal d'administrateurs a changé.

Number of directors is/are: minimum and maximum number of directors is/are:
Nombre d'administrateurs: nombres minimum et maximum d'administrateurs:

Number minimum and maximum
Nombre minimum et maximum
 or 1 20

5. The articles of the corporation are amended as follows:
Les statuts de la société sont modifiés de la façon suivante:

See Page 1A attached hereto and forming part hereof.

1A

BY ADDING to the Articles the following provisions with respect to the number of directors of the Corporation:

The number (or minimum and maximum number) of directors is:

"a minimum of 1 and a maximum of 20".

- 6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la *Loi sur les sociétés par actions*.
- 7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

2012/01/23

(Year, Month, Day)
(années, mois, jour)

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

COLLINGWOOD UTILITY SERVICES CORP.

(Print name of corporation from Article 1 on page 1)
(Veuillez écrire le nom de la société de l'article un à la page une).

By/
Par : 

(Signature)
(Signature)

Edwin Houghton

President

(Description of Office)
(Fonction)

- 4 -

EXHIBIT "B"

BY-LAWS

BY-LAW NO. 1

A by-law relating generally to the transaction of the business and affairs of

COLLINGWOOD UTILITY SERVICES CORP.

(herein called the "Corporation").

BE IT PASSED and made as a by-law of the Corporation as follows:

1. Definitions and Interpretation**1.01 Definitions**

- (1) In this by-law, unless there is something in the subject-matter or context inconsistent therewith,
 - (a) "Act" means the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended or re-enacted from time to time, and includes the regulations made pursuant thereto;
 - (b) "affiliate" means an affiliated body corporate, and one body corporate shall be deemed to be affiliated with another body corporate if, but only if, one of them is the subsidiary of the other or both are subsidiaries of the same body corporate or each of them is controlled by the same person;
 - (c) "Articles" means the following as are from time to time in effect in respect of the Corporation, namely, the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of arrangement, articles of continuance, articles of dissolution, articles of reorganization, articles of revival, letters patent, supplementary letters patent, a special Act and any other instrument by which the Corporation is incorporated;
 - (d) "Auditor" means the auditor of the Corporation;
 - (e) "Board" means the board of directors of the Corporation;
 - (f) "by-law" means a by-law of the Corporation;
 - (g) "Chairman of the Board", "President", "Vice-Chair", "Secretary", "Treasurer", or any other officer means such officer of the Corporation;
 - (h) "Committee" means a committee appointed pursuant to Section 4.01 of this by-law;

- 2 -

- (i) "director" means a director of the Corporation;
- (j) "day" means a clear day and a period of days shall be deemed to commence the day following the event that began the period and shall be deemed to terminate at midnight of the last day of the period except that if the last day of the period falls on a Sunday or holiday the period shall terminate at midnight of the day next following that is not a Sunday or holiday;
- (k) "employee" means an employee of the Corporation;
- (l) "number of directors" means the number of directors set out in any unanimous shareholder direction;
- (m) "officer" means an officer of the Corporation;
- (n) "person" includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his capacity as trustee, executor, administrator or other legal representative;
- (o) "resident Canadian" means an individual who is,
 - (i) a Canadian citizen ordinarily resident in Canada,
 - (ii) a Canadian citizen not ordinarily resident in Canada who is a member of a class of persons prescribed by the Act for the purposes of the definition of "resident Canadian", or
 - (iii) a permanent resident within the meaning of the *Immigration Act*, R.S.C. 1985, c. I-2, and ordinarily resident in Canada;
- (p) "shareholder" means a shareholder of the Corporation;
- (q) "special resolution" means a resolution that is
 - (i) submitted to a special meeting of the shareholders of the Corporation duly called for the purpose of considering the resolution and passed, with or without amendment, at such meeting by at least two-thirds of the votes cast, or
 - (ii) consented to in writing by each shareholder of the Corporation entitled to vote at such a meeting or his attorney authorized in writing;

- 3 -

- (r) "subsidiary" means in relation to another body corporate, a body corporate which
 - (i) is controlled by
 - (A) that other,
 - (B) that other and one or more bodies corporate each of which is controlled by that other, or
 - (C) two or more bodies corporate each of which is controlled by that other, or
 - (ii) is a subsidiary of a body corporate that is that other's subsidiary;
 - (s) "Unanimous shareholder direction" means any written direction from the shareholders or among all the shareholders that restricts in whole or in part the powers of the directors to manage or supervise the management of the business and affairs of the Corporation, and includes the following:
 - (i) The Shareholders Direction adopted by Council of the Town of Collingwood on May 29, 2000;
 - (ii) The Approval of Remuneration adopted by Council of the Town of Collingwood on June 12, 2000.
- (2) Subject to the foregoing, the words and expressions herein contained shall have the same meaning as corresponding words and expressions in the Act.

1.02 Interpretation

In each by-law and resolution, unless there is something in the subject-matter or context inconsistent therewith, the singular shall include the plural and the plural shall include the singular and the masculine shall include the feminine. Wherever reference is made in this or any other by-law or in any special resolution to any statute or section thereof, such reference shall be deemed to extend and refer to any amendment to or re-enactment of such statute or section, as the case may be.

1.03 Headings and table of contents

The headings and table of contents in this by-law are inserted for convenience of reference only and shall not affect the construction or interpretation of the provisions of this by-law.

2. General

2.01 Registered office

The Corporation may by resolution of the directors change the location of its registered office within the municipality or geographic township specified in the Articles.

2.02 Corporate Seal

The Corporation may have a corporate seal which shall be adopted and may be changed by resolution of the directors.

2.03 Financial Year

The directors may by resolution fix the financial year end of the Corporation and the directors may from time to time by resolution change the financial year end of the Corporation.

2.04 Execution of Documents

- (1) Instruments in writing requiring execution by the Corporation may be signed on behalf of the Corporation by any two of the Chairman, the Vice-Chairman/Secretary, the President and the Treasurer, and all instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board may from time to time by resolution appoint any officer or officers or any other person or persons on behalf of the Corporation either to sign instruments in writing generally or to sign specific instruments in writing.
- (2) The corporate seal of the Corporation (if any) may be affixed to instruments in writing signed as aforesaid by any person authorized to sign the same or at the direction of any such person.
- (3) The term "instruments in writing" as used herein shall include deeds, contracts, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, cheques, promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money, conveyances, transfers and assignments of shares, instruments of proxy, powers of attorney, stocks, bonds, debentures or other securities or any paper writings.
- (4) Subject to the provisions of Section 11.04, the signature or signatures of an officer or director, person or persons appointed as aforesaid by resolution of the directors, may, if specifically authorized by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon all instruments in writing executed or issued by or on behalf of the Corporation and all instruments in writing on which the signature or signatures of any of the foregoing officers, directors or persons shall be so reproduced, by authorization of a resolution of the directors, shall be deemed to have been manually signed by such officers or persons whose signature or signatures is or are so reproduced and shall be as valid as if they had been signed manually and notwithstanding that the officers, directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such instruments in writing.

2.05 Resolutions in writing

- (1) A resolution in writing, signed by all the directors entitled to vote on that resolution at a meeting of directors or a committee of directors, is as valid as if it had been passed at a meeting of directors or such committee of directors.

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- (2) Subject to the Act, a resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders.
- (3) Where the Corporation has only one shareholder, or only one holder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting.

3. Directors

3.01 General

- (1) The management of the business and affairs of the Corporation shall be managed by the Board pursuant to the Act, the Articles, any unanimous shareholders directions and the by-laws. Where there is conflict between the foregoing, the Board shall be governed by any unanimous shareholders direction.
- (2) The Board shall consist of seven directors of which two shall be members of the Council of the Town of Collingwood, one of whom shall be the Mayor or his or her designate from Council and the other shall be appointed by Council.

3.02 Qualification

- (1) The following persons are disqualified from being a director:
 - (a) a person who is less than eighteen years of age,
 - (b) a person who is of unsound mind and has been so found by a court in Canada or elsewhere,
 - (c) a person who is not an individual,
 - (d) a person who has the status of bankrupt,
 - (e) a person appointed by the Council of the Town of Collingwood who has subsequently ceased to be a member of the said Council, and
 - (f) a person who subsequent to his or her appointment to the Board becomes a member of the Council of the Town of Collingwood.
- (2) A director is not required to hold shares issued by the Corporation.
- (3) A majority of the directors shall be resident Canadians but where the Corporation has only one or two directors, that director or one of the two directors, as the case may be, shall be a resident Canadian.

3.03 Election

Subject to the provisions of the Act and any unanimous shareholders direction, the directors shall be elected at the first meeting of shareholders and at each succeeding annual meeting of the shareholders.

3.04 Term of office

The directors of the Corporation in the first instance shall be elected for the following terms:

- 2 directors - one year
- 2 directors - two years
- 3 directors - three years.

After the expiry of the terms referred to above, each new director shall be appointed for a term of three (3) years;

3.06 Ceasing to Hold Office

A director ceases to hold office when

- (a) he dies or, subject to the Act, he resigns;
- (b) he is removed from office in accordance with the provisions of the Act or the by-laws; or
- (c) he becomes disqualified from being a director under the Act or by-laws.

3.07 Resignation of a Director

Subject to the Act, a director may resign his office as a director by giving to the Corporation his written resignation, which resignation shall become effective at the later of

- (a) the time at which such resignation is received by the Corporation, or
- (b) the time specified in the resignation.

3.08 Removal

Subject to the provisions of the Act and any unanimous shareholders direction, the shareholders may by resolution at an annual or special meeting of shareholders remove any director or directors from office and may by resolution at such meeting elect any person to fill the vacancy created by the removal of such director, failing which the vacancy created by the removal of such director may be filled by the directors.

3.09 Vacancies

- (1) Subject to the provisions of the Act and any unanimous shareholders direction, a quorum of directors may fill a vacancy among the directors, except a vacancy resulting from

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- (a) an increase in the number of directors or in the maximum number of directors, as the case may be, or
 - (b) a failure to elect the number of directors required to be elected at any meeting of shareholders.
- (2) A director appointed or elected to fill a vacancy holds office for the unexpired term of his predecessor.
- (3) If there is not a quorum of directors, or if there has been a failure to elect the number of directors required by the Articles or by Section 3.04, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.
- (4) Subject to the Articles, where there is a vacancy or vacancies on the board, the remaining directors may exercise all the powers of the board so long as a quorum of the board remains in office.

3.10 Remuneration

Subject to the articles and any unanimous shareholder direction, the directors may fix the remuneration of the directors, officers and employees of the Corporation.

3.11 Power to borrow

Unless the Articles or a unanimous shareholder agreement otherwise provide, the directors may without authorization of the shareholders from time to time

- (a) borrow money upon the credit of the Corporation;
- (b) issue, reissue, sell or pledge debt obligations of the Corporation;
- (c) subject to the Act, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation owned or subsequently acquired, to secure any obligation of the Corporation.

3.12 Delegation of power to borrow

Unless the Articles or a unanimous shareholder agreement otherwise provide, the directors may by resolution delegate any or all of the powers referred to in Section 3.11 of this by-law to a director, a committee of directors or an officer.

4. Committees

4.01 Appointment

Subject to the Act, the Articles the directors may appoint from their number one or more committees and may by resolution delegate to any such committee any of the powers of the directors.

4.02 Canadian membership

Except as allowed by the Act, a majority of the members of any committee appointed by the directors shall be resident Canadians.

4.03 Provisions applicable

The following provisions shall apply to any committee appointed by the directors:

- (a) unless otherwise provided by resolution of the directors, each member of a committee shall continue to be a member thereof until the expiration of his term of office as a director;
- (b) the directors may from time to time by resolution specify which member of a committee shall be the chairman thereof and, subject to the provisions of Section 4.01 of this by-law, may by resolution modify, dissolve or reconstitute a committee and make such regulations with respect to and impose such restrictions upon the exercise of the powers of a committee as the directors think expedient;
- (c) the meetings and proceedings of a committee shall be governed by the provisions of the by-laws of the Corporation for regulating the meetings and proceedings of the board so far as the same are applicable thereto and are not superseded by any regulations or restrictions made or imposed by the directors pursuant to the foregoing provisions hereof;
- (d) subject to subsection (e), no business shall be transacted at any meeting of a committee unless a majority of the members of such committee present are resident Canadians;
- (e) business may be transacted at any meeting of a committee where a majority of resident Canadian directors is not present if,
 - (i) a resident Canadian director who is unable to be present approves in writing or by telephone or other communications facilities the business transacted at the meeting; and
 - (ii) a majority of resident Canadian directors would have been present had that director been present at the meeting;

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- (f) the members of a committee as such shall be entitled to such remuneration for their services as members of a committee as may be fixed by resolution of the directors, who are hereby authorized to fix such remuneration;
- (g) unless otherwise provided by resolution of the board, the Secretary of the Corporation shall be the secretary of any committee;
- (h) subject to the provisions of Section 4.02 of this by-law, the directors shall fill vacancies in a committee by appointment from among their number; and
- (i) unless otherwise provided by resolution of the board, meetings of a committee may be convened by the direction of any member thereof.

5. Meetings of Directors

5.01 Place of meetings

Meetings of the board and of any committee may be held at any place inside or outside Ontario. In any financial year of the Corporation, a majority of the meetings of the board and a majority of the meetings of any committee need not be held within Canada.

5.02 Calling of meetings

A meeting of the board may be called at any time by the Chairman of the Board, the Vice-Chairman or any two of the directors, and the secretary shall cause notice of a meeting of directors to be given when so directed by any such person or persons.

5.03 Notice of meetings

- (1) Notice of any meeting of the board specifying the time and, except where the meeting is to be held as provided for in Section 5.06 of this by-law, the place for the holding of such meeting shall be given in accordance with the terms of Section 15.01 to every director not less than two days before the date of the meeting.
- (2) Notice of an adjourned meeting of the board is not required to be given if the time and place of the adjourned meeting is announced at the original meeting.
- (3) Meetings of the board may be held at any time without formal notice if all the directors are present or if all the directors who are not present, in writing or by cable, telegram or any form of transmitted or recorded communication, waive notice or signify their consent to the meeting being held without formal notice. Notice of any meeting or any irregularity in any meeting or in the notice thereof may be waived by any director either before or after such meeting. Attendance of a director at a meeting of the board is a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

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5.04 Regular meetings

The board may by resolution fix a day or days in any month or months for the holding of regular meetings at a time and place specified in such resolution. A copy of any resolution of the board specifying the time and place for the holding of regular meetings of the board shall be sent to each director at least two days before the first of such regular meetings and no other notice shall be required for any of such regular meetings.

5.05 First meeting of new board

For the first meeting of the board to be held immediately following the election of directors at an annual or other meeting of the shareholders or for a meeting of the board at which a director is appointed to fill a vacancy in the board, no notice need be given to the newly elected or appointed director or directors.

5.06 Participation by telephone

If all the directors present at or participating in the meeting consent, a meeting of the board or of a committee may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such a meeting by such means is deemed to be present in person at that meeting for the purposes of the Act and this by-law.

5.07 Chairman

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and who is present at the meeting: Chairman of the Board, or the Vice-Chairman. If neither officer is present, the directors present shall choose one of their number to be chairman.

5.08 Quorum

A majority of the number of directors, which shall include one director who is a Council representative of the Town of Collingwood, constitutes a quorum at any meeting of the board.

5.09 Voting

All questions arising at any meeting of the board shall be decided by a majority of votes. In case of an equality of votes, the chairman of the meeting shall not have, in addition to his original vote, a second or casting vote.

5.10 Auditor

The auditor shall be entitled to attend at the expense of the Corporation and be heard at meetings of the board on matters relating to his duties as auditor.

6. Standard of Care of Directors and Officers**6.01 Standard of care**

Every director and officer, in exercising his powers and discharging his duties, shall,

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- (a) act honestly and in good faith with a view to the best interests of the Corporation; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

6.02 Liability for acts of others

Subject to the provisions of Section 6.01 of this by-law, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for any loss, damage, or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by order of the board for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person, firm or corporation with whom or which any moneys, securities or effects of the Corporation shall be lodged or deposited or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatsoever which may happen in the execution of the duties of his respective office or trust or in relation thereto, unless the same are occasioned by his own wilful neglect or default; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

7. For the Protection of Directors and Officers

7.01 Indemnification by Corporation

- (1) The Corporation shall indemnify a director or officer, a former director or officer or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or such body corporate, if
 - (a) he acted honestly and in good faith with a view to the best interests of the Corporation; and
 - (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The Corporation may from time to time enter into agreements pursuant to which the Corporation agrees to indemnify one or more persons in accordance with the provisions of this section.

- (2) The Corporation shall, subject to the approval of the Superior Court of Justice, indemnify a person referred to in subsection 7.01(1) of this by-law in respect of an action by or on behalf of the Corporation or body corporate to procure a judgment in its favour, to which he is made a party by reason of being or having been a director or an officer of the Corporation or body corporate, against all costs, charges and expenses reasonably incurred by him in connection with such action if he fulfills the conditions set out in clauses 7.01(1)(a) and 7.01(1)(b) of this by-law.
- (3) Notwithstanding anything in this Article, a person referred to in subsection 7.01(1) of this by-law is entitled to indemnity from the Corporation in respect of all costs, charges and expenses reasonably incurred by him in connection with the defence of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or body corporate, if the person seeking indemnity
- (a) was substantially successful on the merits in his defence of the action or proceeding, and
 - (b) fulfills the conditions set out in clauses 7.01(1)(a) and 7.01(1)(b) of this by-law.

7.02 Insurance

The Corporation may purchase and maintain insurance for the benefit of any person referred to in subsection 7.01(1) of this by-law against any liability incurred by him

- (a) in his capacity as a director or officer, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the Corporation, or
- (b) in his capacity as a director or officer of another body corporate where he acts or acted in that capacity at the Corporation's request, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the body corporate.

7.03 Directors' expenses

The directors shall be reimbursed for their out-of-pocket expenses incurred in attending board, committee or shareholders' meetings or otherwise in respect of the performance by them of their duties and no confirmation by the shareholders of any such reimbursement shall be required.

7.04 Performance of services for Corporation

Subject to Article 8 of this by-law, if any director or officer shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Corporation, the fact of his being a director or officer shall not disentitle such director or officer or such firm or company, as the case may be, from receiving proper remuneration for such services.

8. Interest of Directors and Officers in Contracts

8.01 Disclosure of interest

A director or officer who,

- (a) is a party to a material contract or transaction or proposed material contract or transaction with the Corporation; or
- (b) is a director or an officer of, or has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Corporation,

shall disclose in writing to the Corporation or request to have entered in the minutes of meetings of directors the nature and extent of his interest.

8.02 Time of disclosure by director

The disclosure required by Section 8.01 of this by-law shall be made, in the case of a director,

- (a) at the meeting at which a proposed contract or transaction is first considered;
- (b) if the director was not then interested in a proposed contract or transaction, at the first meeting after he becomes so interested;
- (c) if the director becomes interested after a contract is made or a transaction is entered into, at the first meeting after he becomes so interested; or
- (d) if a person who is interested in a contract or transaction later becomes a director, at the first meeting after he becomes a director.

8.03 Time of disclosure by officer

The disclosure required by Section 8.01 of this by-law shall be made, in the case of an officer who is not a director,

- (a) forthwith after he becomes aware that the contract or transaction or proposed contract or transaction is to be considered or has been considered at a meeting of directors;
- (b) if the officer becomes interested after a contract is made or a transaction is entered into, forthwith after he becomes so interested; or
- (c) if a person who is interested in a contract or transaction later becomes an officer, forthwith after he becomes an officer.

8.04 Time of disclosure in extraordinary cases

Notwithstanding Sections 8.02 and 8.03 of this by-law, where Section 8.01 of this by-law applies to a director or officer in respect of a material contract or transaction or proposed material contract or transaction that, in the ordinary course of the Corporation's business, would not require approval by the directors or shareholders, the director or officer shall disclose in writing to the Corporation or request to have entered in the minutes of meetings of directors the nature and extent of his interest forthwith after the director or officer becomes aware of the contract or transaction or proposed contract or transaction.

8.05 Voting by interested director

A director referred to in Section 8.01 of this by-law shall not vote on any resolution to approve the contract or transaction unless the contract or transaction is,

- (a) an arrangement by way of security for money lent to or obligations undertaken by him for the benefit of the Corporation or an affiliate;
- (b) one relating primarily to his remuneration as a director, officer, employee or agent of the Corporation or an affiliate;
- (c) one for indemnity or insurance pursuant to the provisions of the Act; or
- (d) one with an affiliate.

8.06 Nature of disclosure

For the purposes of this Article, a general notice to the directors by a director or officer disclosing that he is a director or officer of or has a material interest in a person and is to be regarded as interested in any contract made or any transaction entered into with that person, is a sufficient disclosure of interest in relation to any contract so made or transaction so entered into.

8.07 Effect of disclosure

Where a material contract is made or a material transaction is entered into between the Corporation and a director or officer of the Corporation, or between the Corporation and another person of which a director or officer of the Corporation is a director or officer or in which he has a material interest,

- (a) the director or officer is not accountable to the Corporation or its shareholders for any profit or gain realized from the contract or transaction; and
- (b) the contract or transaction is neither void nor voidable, by reason only of that relationship or by reason only that the director is present at or is counted to determine the presence of a quorum at the meeting of directors that authorized the contract or transaction, if the director or officer disclosed his interest in accordance with Sections 8.02, 8.03, 8.04 or 8.06 of this by-law, as the case may be, and the contract or transaction was reasonable and fair to the Corporation at the time it was so approved.

8.08 Confirmation by shareholders

Notwithstanding anything in this Article, a director or officer, acting honestly and in good faith, is not accountable to the Corporation or to its shareholders for any profit or gain realized from any such contract or transaction by reason only of his holding the office of director or officer, and the contract or transaction, if it was reasonable and fair to the Corporation at the time it was approved, is not by reason only of the director's or officer's interest therein void or voidable, where,

- (a) the contract or transaction is confirmed or approved by special resolution at a meeting of the shareholders duly called for that purpose; and
- (b) the nature and extent of the director's or officer's interest in the contract or transaction are disclosed in reasonable detail in the notice calling the meeting or in the information circular required pursuant to the provisions of the Act.

9. Officers**9.01 Officers**

Subject to the Articles, by-laws and any unanimous shareholder agreement, the board may, annually or as often as may be required, by resolution appoint a President or Chairman of the Board and a Secretary. In addition, the board may from time to time by resolution appoint such other officers as the board determines to be necessary or advisable in the interests of the Corporation, which officers shall, subject to the Act, have such authority and perform such duties as may from time to time be prescribed by resolution of the board. None of the said officers, other than the Chairman of the Board, need be a member of the board. Any two or more offices of the Corporation may be held by the same person. If the same person holds both the office of Secretary and the office of Treasurer, he may be known as Secretary-Treasurer.

9.02 Appointment of Chairman of the Board and Vice-Chairman and Secretary

At the first meeting of the board after each annual meeting of shareholders, the board shall appoint the Chairman and Vice-Chairman and Secretary of the Board. In default of such appointment, the then incumbent shall hold office until his successor is appointed.

9.03 Remuneration and removal of officers

Subject to any unanimous shareholders direction, the remuneration of all officers shall be determined from time to time by the board. The fact that any officer is a director or shareholder shall not disqualify him from receiving such remuneration as may be so determined. All officers shall be subject to removal by resolution of the board at any time.

9.04 Duties of officers may be delegated

In case of the absence or inability to act of the Chairman of the Board or the President, or any other officer of the Corporation, or for any other reason that the board may deem sufficient, the board may delegate the powers of such officer to any other officer or to any director for the time being.

9.05 Chairman of the Board

The Chairman of the Board shall, if present, preside at all meetings of directors and shareholders. He shall sign all instruments which require his signature and shall perform all duties incident to his office, and shall have such other powers and perform such other duties as may from time to time be prescribed by resolution of the board.

9.06 Vice-Chairman and Secretary

During the Chairman's absence or inability or refusal to act, the Chairman's duties may be performed and his powers may be exercised by the Vice-Chairman. The Vice-President shall also have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

The Vice-Chairman shall also be the Secretary. As Secretary, he shall give, or cause to be given, all notices required to be given to shareholders, directors, auditors and members of any committee. He shall enter or cause to be entered in the books kept for that purpose minutes of all proceedings at meetings of directors and of shareholders. He shall be the custodian of the seal (if any) of the Corporation and of all books, papers, records, documents and other instruments belonging to the Corporation. The Secretary shall have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

9.07 President

The President shall be the Chief Executive Officer of the Corporation and shall exercise general supervision over the affairs of the Corporation. The President shall sign all instruments which require his signature and shall perform all duties incidental to his office, and shall have such other powers and perform such other duties as may from time to time be prescribed by resolution of the board.

9.08 Treasurer

The Treasurer shall be the Chief Financial Officer of the Corporation and shall exercise the general supervision over the financial affairs of the Corporation. The Treasurer shall have the care and custody of all the funds and securities of the Corporation and shall deposit the same in the name of the Corporation in such bank or banks or with such depository or depositories as the board may by resolution direct. He shall at all reasonable times exhibit his books and accounts to any director upon application at the office of the Corporation during business hours. He shall sign or countersign such instruments as require his signature and shall perform all duties incident to his office or that are properly required of him by resolution of the board. He may be required to give such bond for the faithful performance of his duties as the board in its uncontrolled discretion may require but no director shall be liable for failure to require any bond or for the insufficiency of any bond or for any loss by reason of the failure of the Corporation to receive any indemnity thereby provided. The Treasurer shall also have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

9.12 Delegation of board powers

In accordance with the by-laws and subject to the provisions of the Act, the board may from time to time by resolution delegate to any officer or officers power to manage the business and affairs of the Corporation.

9.13 Vacancies

If any office of the Corporation shall for any reason be or become vacant, the directors by resolution may appoint a person to fill such vacancy.

9.14 Variation of powers and duties

Notwithstanding the foregoing, the board may from time to time and subject to the provisions of the Act, add to or limit the powers and duties of an office or of an officer occupying any office.

10. Meetings of Shareholders**10.01 Calling of meetings**

A meeting of shareholders may be called at any time by resolution of the board or by the Chairman of the Board or by the Vice-Chairman and the Secretary shall cause notice of a meeting of shareholders to be given when directed so to do by resolution of the board or by the Chairman of the Board or by the President.

10.02 Annual meeting

Subject to the provisions of the Act, the Corporation shall hold an annual meeting of shareholders not later than eighteen months after the Corporation comes into existence and subsequently not later than fifteen months after holding the last preceding annual meeting for the purpose of considering the financial statements and the auditor's report, electing directors and appointing auditors.

10.03 Special meeting

Subject to the provisions of the Act, a special meeting of shareholders may be called at any time and may be held in conjunction with an annual meeting of shareholders.

10.04 Place of meetings

Subject to the Articles and any unanimous shareholder agreement, a meeting of shareholders shall be held at such place in or outside Ontario as the directors determine or, in the absence of such a determination, at the place where the registered office of the Corporation is located.

10.05 Notice

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in Section 15.01 in this by-law, in the case of an offering Corporation, not less than twenty-one days, and in the case of any other Corporation, not less than ten days, but, in either case, not more than fifty days, before the date of the meeting to each director, to the auditor and to each shareholder entitled to vote at such meeting. A notice of a meeting is not required to be sent to shareholders who were not registered on the records of the Corporation or its transfer agent on the record date

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determined under subsection 10.09(1) of this by-law but failure to receive a notice does not deprive a shareholder of the right to vote at the meeting.

10.06 Contents of notice

- (1) The notice of a meeting of shareholders shall state the day, hour and place of the meeting, and shall state or be accompanied by a statement of
 - (a) the nature of any special business to be transacted at the meeting in sufficient detail to permit a shareholder to form a reasoned judgment thereon, and
 - (b) the text of any special resolution or by-law to be submitted to the meeting.
- (2) For the purposes of this section "special business" includes all business transacted at a special meeting of shareholders and all business transacted at an annual meeting of shareholders, except consideration of the minutes of an earlier meeting, the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor.

10.07 Waiver of notice

A shareholder and any other person entitled to attend a meeting of shareholders may in any manner and at any time waive notice of a meeting of shareholders, and attendance of any such person at a meeting of shareholders is a waiver of notice of the meeting, except where he attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.08 Notice of adjourned meetings

- (1) If a meeting of shareholders is adjourned for less than thirty days, it is not necessary to give notice of the adjourned meeting other than by announcement at the earliest meeting that is adjourned.
- (2) If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty days or more, notice of the adjourned meeting shall be given as for an original meeting.

10.09 Record date for notice

- (1) The directors may by resolution fix in advance a time and date as the record date for the determination of the shareholders entitled to receive notice of a meeting of the shareholders, which record date shall not precede by more than fifty days or by less than twenty-one days the date on which the meeting is to be held. Where no such record date for the determination of the shareholders entitled to notice of a meeting of the shareholders is fixed by the directors as aforesaid, such record date shall be,
 - (a) at the close of business on the day immediately preceding the day on which notice of such meeting is given, or

- (b) if no notice is given, the day on which the meeting is held.
- (2) If a record date is fixed pursuant to subsection (1) of this section, unless notice of the record date is waived in writing by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the directors fix the record date, notice thereof shall be given, not less than seven days before the date so fixed, in accordance with Section 13.03.

10.10 Omission of notice

Subject to the provisions of the Act, the accidental omission to give notice of any meeting of shareholders to any person entitled thereto or the non-receipt of any notice by any such person shall not invalidate any resolution passed or any proceedings taken at any meeting of shareholders.

10.11 List of shareholders

- (1) The Corporation shall prepare a list of shareholders entitled to receive notice of a meeting, arranged in alphabetical order and showing the number of shares held by each shareholder, which list shall be prepared,
- (a) if a record date is fixed under subsection 10.09(1) of this by-law not later than ten days after such record date; or
 - (b) if no record date is fixed,
 - (i) at the close of business on the day immediately preceding the day on which notice is given, or
 - (ii) where no notice is given, on the day on which the meeting is held.
- (2) A shareholder may examine the list of shareholders,
- (a) during usual business hours at the registered office of the Corporation or at the place where its central securities register is maintained, and
 - (b) at the meeting of shareholders for which the list was prepared.

10.12 Shareholders entitled to vote

- (1) Where the Corporation fixes a record date under subsection 10.09(1) of this by-law, a person named in the list prepared under Section 10.11 of this by-law is entitled to vote the shares shown opposite his name at the meeting to which the list relates, except to the extent that,
- (a) the person has transferred any of his shares after the record date; and
 - (b) the transferee of those shares,

-20-

- (i) produces properly endorsed share certificates, or
- (ii) otherwise establishes that he owns the shares, and demands, not later than ten days before the meeting, that his name be included in the list before the meeting,

in which case the transferee is entitled to vote such shares at the meeting.

- (2) Where the Corporation does not fix a record date under subsection 10.09(1) of this by-law a person named in the list prepared under Section 10.11 is entitled to vote the shares shown opposite his name at the meeting to which the list relates, except to the extent that,
 - (a) the person has transferred any of his shares after the date on which the list referred to in Section 10.11 of this by-law is prepared; and
 - (b) the transferee of those shares,
 - (i) produces properly endorsed share certificates, or
 - (ii) otherwise establishes that he owns the shares,

and demands, not later than ten days before the meeting, or such shorter period before the meeting as the by-laws of the Corporation may provide, that his name be included in the list before the meeting, in which case the transferee is entitled to vote such shares at the meeting.

10.13 Persons entitled to be present

The only persons entitled to attend a meeting of shareholders shall be those entitled to vote thereat and the President, the Secretary, the directors, the scrutineer or scrutineers and the auditor and others who, although not entitled to vote, are entitled or required under any provision of the Act or the Articles or the by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

10.14 Proxies

- (1) Every shareholder entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, as his nominee to attend and act at the meeting in the manner, to the extent and with the authority conferred by the proxy.
- (2) A proxy shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized and shall conform with the requirements of the Act.

10.15 Revocation of proxies

A shareholder may revoke a proxy

- (a) by depositing an instrument in writing executed by him or by his attorney authorized in writing,
 - (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or
 - (ii) with the chairman of the meeting on the day of the meeting or an adjournment thereof; or
- (b) in any other manner permitted by law.

10.16 Deposit of proxies

The directors may by resolution fix a time not exceeding forty-eight hours, excluding Saturdays and holidays, preceding any meeting or adjourned meeting of shareholders before which time proxies to be used at that meeting must be deposited with the Corporation or an agent thereof, and any period of time so fixed shall be specified in the notice calling the meeting.

10.17 Joint shareholders

Where two or more persons hold shares jointly, one of those holders present at a meeting of shareholders may in the absence of the others vote the shares, but if two or more of those persons are present, in person or by proxy, they shall vote as one on the shares jointly held by them.

10.18 Chairman and Secretary

- (1) The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: Chairman or Vice-Chairman of the Board. If there is no such officer or if at a meeting none of them is present within fifteen minutes after the time appointed for the holding of the meeting the shareholders present shall choose a person from their number to be the chairman.
- (2) The Secretary shall be the secretary of any meeting of shareholders, but if the Secretary is absent, the chairman shall appoint some person who need not be a shareholder to act as secretary of the meeting.

10.19 Scrutineers

The chairman of any meeting of shareholders may appoint one or more persons to act as scrutineer or scrutineers at such meeting and in that capacity to report to the chairman such information as to attendance, representation, voting and other matters at the meeting as the chairman shall direct.

10.20 Votes to govern

At all meetings of shareholders every question shall, unless otherwise required by law, the Articles, the by-laws, or a unanimous shareholder agreement, be determined by the majority of the votes duly cast on the question. In case of an equality of votes, the chairman presiding at the meeting shall not have a second or casting vote in addition to the vote or votes to which he may be entitled as a shareholder.

10.21 Show of hands

At all meetings of shareholders, every question submitted to the meeting shall be decided by a show of hands unless a ballot thereon is required by the chairman or is demanded by a shareholder or proxyholder present and entitled to vote. Upon a show of hands every person present who is either a shareholder entitled to vote or the duly appointed proxyholder of such a shareholder shall have one vote. Before or after a vote by a show of hands has been taken upon any question, the chairman may require, or any shareholder or proxyholder present and entitled to vote may demand, a ballot thereon. Unless a ballot is demanded, an entry in the minutes of a meeting of shareholders to the effect that the chairman declared a motion to be carried is admissible in evidence as *prima facie* proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the motion.

10.22 Ballots

If a ballot is required by the chairman of the meeting or is duly demanded by any shareholder or proxyholder and the demand is not withdrawn, a ballot upon the question shall be taken in such manner and at such time as the chairman of the meeting shall direct.

10.23 Votes on ballots

Unless the Articles otherwise provide, upon a ballot each shareholder who is present in person or represented by proxy shall be entitled to one vote for each share in respect of which he is entitled to vote at the meeting and the result of the ballot shall be the decision of the meeting.

10.24 Adjournment

The chairman presiding at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting decides, adjourn the meeting from time to time and from place to place and, subject to the provisions of the Act and subsection 10.08(2) of this by-law, no notice of such adjournment or of the adjourned meeting need be given to the shareholders. Subject to the provisions of the Act, any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling such meeting.

10.25 Quorum

At any meeting of shareholders, two individuals present in person, each of whom is either a shareholder entitled to attend and vote at such meeting or the proxyholder of such a shareholder appointed by means of a valid proxy, shall be a quorum for the choice of a chairman (if required) and for the adjournment of the meeting. For all other purposes, a quorum for any meeting of shareholders

(unless a greater number of shareholders and/or a greater number of shares are required by the Act or by the Articles or the by-laws) shall be individuals present in person, not being less than two in number, each of whom is either a shareholder entitled to attend and vote at such meeting or the proxyholder of such a shareholder appointed by means of a valid proxy, holding or representing by proxy in the aggregate not less than [51%] of the total number of the issued shares of the Corporation for the time being enjoying voting rights at such meeting. No business shall be transacted at any meeting of shareholders while the requisite quorum is not present.

10.26 Only one shareholder

Where the Corporation has only one shareholder, or only one holder of any class or series of shares, that shareholder present in person or by proxy constitutes a meeting.

11. Shares and Transfers

11.01 Issuance

Subject to the provisions of the Act, the Articles and any unanimous shareholder agreement, shares of the Corporation may be issued at such time and to such persons and for such consideration as the directors may by resolution determine, but no share shall be issued until it is fully paid in money or in property or past service that is not less in value than the fair equivalent of the money that the Corporation would have received if the share had been issued for money.

11.02 Commissions

The directors may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

11.03 Lien on shares

Subject to the provisions of the Act, the Corporation has a lien on a share registered in the name of a shareholder or his legal representative for a debt of that shareholder to the Corporation. Such lien may be enforced by the Corporation in any manner permitted by law.

11.04 Share certificates

- (1) Every shareholder is entitled at his option to a share certificate or to a non-transferable written acknowledgement of his right to obtain a share certificate from the Corporation, stating the number and class of shares and the designation of any series of shares held by him.
- (2) Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, shall (subject to compliance with the provisions of the Act) be in such form as the directors may from time to time by resolution approve and, unless otherwise provided by resolution of the board, such certificates and acknowledgements shall be signed by

- 24 -

- (a) the Chairman of the Board, the President or a Vice-President, and
- (b) the Secretary or an Assistant Secretary holding office at the time of signing,

and notwithstanding any change in the persons holding such offices between the time of actual signing and the issuance of any certificate or acknowledgement and notwithstanding that the Chairman of the Board, the President, Vice-President, Secretary or Assistant Secretary signing may not have held office at the date of the issuance of such certificate or acknowledgement, any such certificate or acknowledgement so signed shall be valid and binding upon the Corporation.

- (3) Notwithstanding the provisions of Section 2.04 of this by-law, the signature of the Chairman of the Board, the President or a Vice-President may be printed, engraved, lithographed or otherwise mechanically reproduced upon certificates and acknowledgements for shares of the Corporation, and certificates and acknowledgements so signed shall be deemed to have been manually signed by the Chairman of the Board, the President or a Vice-President whose signature is so printed, engraved, lithographed or otherwise mechanically reproduced thereon and shall be as valid as if they had been signed manually. Where the Corporation has appointed a transfer agent pursuant to subsection 11.05(1) of this by-law the signature of the Secretary or Assistant Secretary may also be printed, engraved, lithographed or otherwise mechanically reproduced, and when countersigned by or on behalf of a transfer agent, share certificates and acknowledgements so signed shall be as valid as if they had been signed manually.

11.05 Transfer agent

- (1) For each class of securities and warrants issued by it, the Corporation may, from time to time, appoint or remove
 - (a) a trustee, transfer agent or other agent to keep the securities register and the register of transfers and one or more persons or agents to keep branch registers; and
 - (b) a registrar, trustee or agent to maintain a record of issued security certificates and warrants;

and the person or persons appointed pursuant to this subsection shall be referred to in this by-law as a "transfer agent".

- (2) Subject to compliance with the provisions of the Act, the directors may by resolution provide for the transfer and the registration of transfers of shares of the Corporation in one or more places. A transfer agent shall keep all necessary books and registers of the Corporation for the registration and transfer of such shares of the Corporation. All share certificates issued by the Corporation for shares for which a transfer agent has been appointed as aforesaid shall be countersigned by or on behalf of the said transfer agent.

11.06 Transfer of shares

Subject to the restrictions on transfer set forth in the Articles, shares of the Corporation shall be transferable on the books of the Corporation in accordance with the applicable provisions of the Act.

11.07 Defaced, destroyed, stolen or lost certificates

Where the owner of a share or shares of the Corporation claims that the certificate for such share or shares has been lost, apparently destroyed or wrongfully taken, the Corporation shall issue a new share certificate in place of the original share certificate if such owner

- (a) so requests before the Corporation has notice that shares represented by the original certificate have been acquired by a *bona fide* purchaser;
- (b) files with the Corporation an indemnity bond sufficient in the Corporation's opinion to protect the Corporation and any transfer agent from any loss that it or any of them may suffer by complying with the request to issue a new share certificate; and
- (c) satisfies any other reasonable requirements imposed by the Corporation.

11.08 Joint shareholders

If two or more persons are registered as joint holders of any share or shares, the Corporation is not bound to issue more than one share certificate in respect thereof and delivery of a share certificate to one of such persons is sufficient delivery to all of them.

11.09 Deceased shareholders

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register or register of transfers in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation or any of its transfer agents.

12. Dividends**12.01 Declaration of dividends**

Subject to the provisions of the Act and the Articles and any unanimous shareholders direction, the directors may from time to time declare and the Corporation may pay dividends to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation or options or rights to acquire fully paid shares of the Corporation.

12.02 Joint shareholders

- (1) In case several persons are registered as joint holders of any share or shares of the Corporation, the cheque for any dividend payable to such joint holders shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and if

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more than one address appears on the books of the Corporation in respect of such joint holding, the cheque shall be mailed to the first address so appearing.

- (2) In case several persons are registered as the joint holders of any share or shares of the Corporation, any one of such persons may give effectual receipts for all dividends and payments on account of dividends on such shares and/or payments in respect of the redemption of such shares.

13. Record Dates

13.01 Fixing record dates

For the purpose of determining shareholders

- (a) entitled to receive payment of a dividend;
- (b) entitled to participate in a liquidation or distribution; or
- (c) for any other purpose except the right to receive notice of or to vote at a meeting,

the directors may fix in advance a date as the record date for such determination of shareholders, but such record date shall not precede by more than fifty days the particular action to be taken.

13.02 No record date fixed

If no record date is fixed pursuant to Section 13.01, the record date for the determination of shareholders for any purpose other than to establish a shareholder's right to receive notice of a meeting or to vote shall be at the close of business on the day on which the directors pass the resolution relating thereto.

13.03 Notice of record date

If a record date is fixed, unless notice of the record date is waived in writing by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the directors fix the record date, notice thereof shall be given, not less than seven days before the date so fixed,

- (a) by advertisement in a newspaper published or distributed in the place where the Corporation has its registered office and in each place in Canada where it has a transfer agent or where a transfer of its shares may be recorded; and
- (b) by written notice to each stock exchange in Canada on which the shares of the Corporation are listed for trading.

13.04 Effect of record date

In every case where a record date is fixed pursuant to Section 13.01 in respect of the payment of a

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dividend, the making of a liquidation distribution or the issue of warrants or other rights to subscribe for shares or other securities, only shareholders of record at the record date shall be entitled to receive such dividend, liquidation distribution, warrants or other rights.

14. Corporate Records and Information

14.01 Keeping of corporate records

- (1) The Corporation shall prepare and maintain, at its registered office or at such other place in Ontario designated by the directors:
 - (a) the Articles and the by-laws and all amendments thereto, and a copy of any unanimous shareholder agreement known to the directors;
 - (b) minutes of meetings and resolutions of shareholders;
 - (c) a register of directors in which are set out the names and residence addresses, including the street and number, if any, of all persons who are or have been directors with the several dates on which each became or ceased to be a director;
 - (d) a securities register in which are recorded the securities issued by the Corporation in registered form, showing with respect to each class or series of securities
 - (i) the names, alphabetically arranged, of persons who,
 - (A) are or have been within six years registered as shareholders and the address, including the street and number, if any, of every such person while a holder, and the number and class of shares registered in the name of such holder,
 - (B) are or have been within six years registered as holders of debt obligations of the Corporation and the address, including the street and number, if any, of every such person while a holder, and the class or series and principal amount of the debt obligations registered in the name of such holder, and
 - (ii) the date and particulars of the issue of each security and warrant.
- (2) In addition to the records described in subsection (1) of this section, the Corporation shall prepare and maintain adequate accounting records and records containing minutes of meetings and resolutions of the directors and any committee. The records described in this subsection shall be kept at the registered office of the Corporation or at such other place in Ontario as is designated by the directors and shall be open to examination by any director during normal business hours of the Corporation.

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- (3) The Corporation shall also cause to be kept a register of transfers in which all transfers of securities issued by the Corporation in registered form and the date and other particulars of each transfer shall be set out.

14.02 Access to corporate records

Shareholders and creditors of the Corporation and their agents and legal representatives may examine the records referred to in subsection 14.01(1) of this by-law during the usual business hours of the Corporation and may take extracts therefrom, free of charge. If the Corporation is an offering corporation, any other person may examine such records during the usual business hours of the Corporation and may take extracts therefrom upon payment of a reasonable fee.

14.03 Copies of certain corporate records

A shareholder is entitled upon request and without charge to one copy of the Articles and by-laws and of any unanimous shareholder agreement.

14.04 Report to shareholders

A copy of the financial statements of the Corporation, a copy of the auditor's report, if any, to the shareholders and a copy of any further information respecting the financial position of the Corporation and the results of its operations required by the Articles, the by-laws or any unanimous shareholder agreement which are to be placed before an annual meeting of shareholders pursuant to the Act shall be sent to each shareholder not less than ten days before such annual meeting of shareholders (or, if the Corporation is an offering corporation, not less than twenty-one days) or before the signing of a resolution in accordance with the Act in lieu of such annual meeting, except to a shareholder who has informed the Corporation in writing that he does not wish to receive a copy of those documents.

14.05 No discovery of information

Except as specifically provided for in this Article, and subject to all applicable law, no shareholder shall be entitled to or to require discovery of any information respecting any details or conduct of the Corporation's business which in the opinion of the directors would be inexpedient or inadvisable in the interests of the Corporation to communicate to the public.

14.06 Conditions for inspection

The board may from time to time by resolution determine whether and to what extent and at what times and place and under what conditions or regulations the accounts and books of the Corporation or any of them shall be open to the inspection of shareholders, and no shareholder shall have any right to inspect any account or book or document of the Corporation, except as specifically provided for in this Article or as otherwise provided for by statute or as authorized by resolution of the board.

15. Notices

15.01 Method of giving

Any notice, communication or other document to be sent or given by the Corporation to a

shareholder, director, officer or auditor of the Corporation under any provision of the Act, the Articles or by-laws shall be sufficiently sent and given if delivered personally to the person to whom it is to be given or if delivered to his last address as shown in the records of the Corporation or its transfer agent or if mailed by prepaid ordinary mail or air mail in a sealed envelope addressed to him at his last address as shown on the records of the Corporation or its transfer agent or if sent by any means of wire or wireless or any other form of transmitted or recorded communication. The Secretary may change the address on the records of the Corporation of any shareholder in accordance with any information believed by him to be reliable. A notice, communication or document so delivered shall be deemed to have been sent and given when it is delivered personally or delivered at the address aforesaid. A notice, communication or document so mailed shall be deemed to have been sent and given on the day it is deposited in a post office or public letter box and shall be deemed to be received by the addressee on the fifth day after such mailing. A notice sent by any means of wire or wireless or any other form of transmitted or recorded communication shall be deemed to have been given when delivered to the appropriate communication corporation or agency or its representative for dispatch.

15.02 Shares registered in more than one name

All notices or other documents with respect to any shares of the Corporation registered in the names of two or more persons as joint shareholders shall be addressed to all of such persons and sent to the address or addresses for such persons as shown in the records of the Corporation or its transfer agent but notice to one of such persons shall be sufficient notice to all of them.

15.03 Persons becoming entitled by operation of law

Subject to the provisions of the Act, every person who by operation of law, transfer or by any other means whatsoever shall become entitled to any share or shares of the Corporation shall be bound by every notice or other document in respect of such share or shares which previous to his name and address being entered on the records of the Corporation shall have been duly given to the person or persons from whom he derives his title to such share or shares.

15.04 Deceased shareholder

Any notice or document delivered or sent by mail or left at the address of any shareholder as such address appears on the records of the Corporation shall, notwithstanding that such shareholder is then deceased and whether or not the Corporation has notice of his death, be deemed to have been duly given or served in respect of the shares whether held solely or jointly with other persons by such shareholder until some other person is entered in his stead on the records of the Corporation as the holder or one of the joint holders thereof and such service of such notice shall for all purposes be deemed a sufficient service of such notice or document on his heirs, legal representatives, executors or administrators and on all persons, if any, interested with him in such shares.

15.05 Signature to notice

The signature, if any, to any notice to be given by the Corporation may be written, stamped, typewritten, printed or otherwise mechanically reproduced in whole or in part.

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15.06 Proof of service

A certificate of the Chairman of the Board, the President, a Vice-President, the Secretary or the Treasurer or of any other officer in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of shares of any class of the Corporation as to facts in relation to the delivery or mailing or service of any notice or other document to any shareholder, director, officer or auditor or publication of any notice or other document shall, in the absence of evidence to the contrary, be proof thereof.

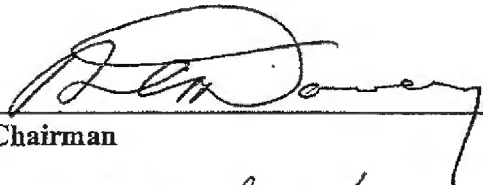
15.07 Computation of time

Where a given number of days' notice or notice extending over any period is required to be given, the number of days or period shall be computed in accordance with the definition of "day" contained in Section 1.01 of this by-law.

15.08 Waiver of notice

Any shareholder (or his duly appointed proxyholder), director, officer, auditor or member of a committee may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provisions of the Act, the Articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board which may be given in any manner.

PASSED AND MADE this 26th day of July, 2000.



Chairman



Vice-Chairman and Secretary

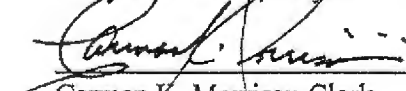
CONFIRMED by the Shareholders the 26th day of July, 2000.

The Corporation of the Town of Collingwood

Per:



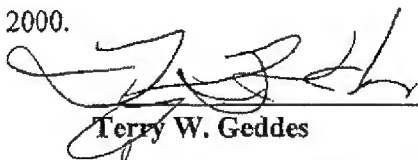
Terry W. Geddes, Mayor

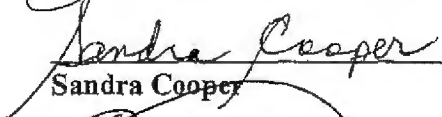


Carman K. Morrison Clerk

Resolved that the foregoing by-law is hereby enacted by the directors of the Corporation, pursuant to the Ontario Business Corporations Act as evidenced by the respective signatures hereto of the directors.

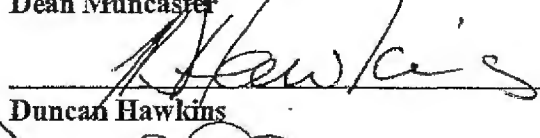
DATED the 26th day of July, 2000.

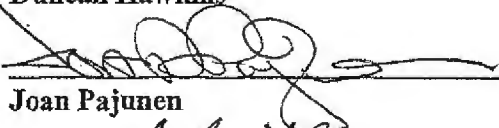

Terry W. Geddes


Sandra Cooper


Robert D'Arcy


Dean Muncaster


Duncan Hawkins

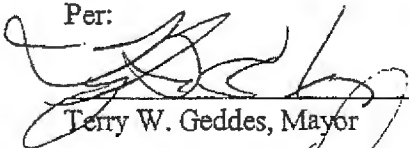

Joan Pajunen

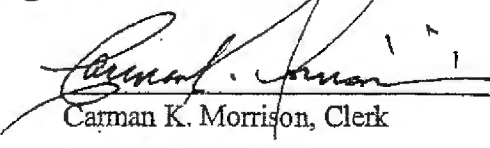

Jack Gartley

In lieu of confirmation at a general meeting of the shareholders, the undersigned, being the sole shareholder of the Corporation entitled to vote at a meeting of shareholders, hereby confirms in writing the foregoing by-law in accordance with the Ontario Business Corporations Act.

DATED the 26th day of July, 2000.

The Corporation of the Town of Collingwood
Per:


Terry W. Geddes, Mayor


Carman K. Morrison, Clerk

BY-LAW NO. 2

A by-law respecting the borrowing of money and the issuing of securities by:

COLLINGWOOD UTILITY SERVICES CORP.

(herein called the "Corporation")

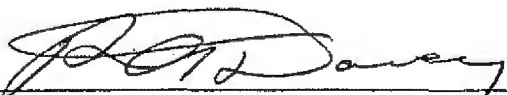
BE IT ENACTED as a by-law of the Corporation as follows:

1. Without limiting the borrowing powers of the Corporation as set forth in the Ontario Business Corporations Act (the "Act"), the Directors of the Corporation may, from time to time without the authorization of the Shareholders:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, re-issue, sell or pledge debt obligations of the Corporation;
- (c) subject to Section 20 of the Act, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) charge, mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

2. The Directors may, from time to time, by resolution delegate any or all of the powers referred to in paragraph 1 of this by-law to a director, a committee of directors or one or more officers of the Corporation.


ENACTED by the Directors and sealed with the Corporation's seal the 26th day of July, 2000


 _____ c/s
 Chairman

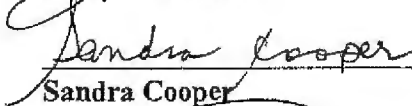

 _____ c/s
 Vice-Chairman and Secretary

Resolved that the foregoing by-law is hereby enacted by the directors of the Corporation, pursuant to the Ontario Business Corporations Act as evidenced by the respective signatures hereto of the directors.

DATED the 26th day of July, 2000.



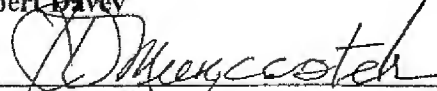
Terry W. Geddes




Sandra Cooper



Robert Davey



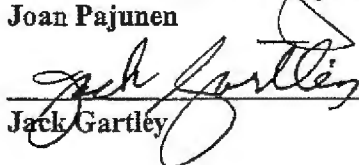
Dean Muncaster



Duncan Hawkins



Joan Pajunen




Jack Gartley

In lieu of confirmation at a general meeting of the shareholders, the undersigned, being the sole shareholder of the Corporation entitled to vote at a meeting of shareholders, hereby confirms in writing the foregoing by-law in accordance with the Ontario Business Corporations Act.

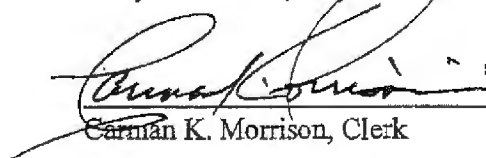
DATED the 26th day of July, 2000.

The Corporation of the Town of Collingwood

Per:



Terry W. Geddes, Mayor



Carman K. Morrison, Clerk

EXHIBIT "C"
CERTIFICATE OF STATUS

Request ID: 014481957
Demande n° :
Transaction ID: 48345418
Transaction n° :
Category ID: CT
Catégorie :

Province of Ontario
Province de l'Ontario
Ministry of Government Services
Ministère des Services gouvernementaux

Date Report Produced: 2012/07/31
Document produit le :
Time Report Produced: 09:28:12
Imprimé à :

CERTIFICATE OF STATUS ATTESTATION DU STATUT JURIDIQUE

This is to certify that according to the records of the Ministry of Government Services

D'après les dossiers du Ministère des Services gouvernementaux, nous attestons que la société

COLLINGWOOD UTILITY SERVICES CORP.

Ontario Corporation Number

Numéro matricule de la société (Ontario)

001402918

is a corporation incorporated, amalgamated or continued under the laws of the Province of Ontario.

est une société constituée, prorogée ou née d'une fusion aux termes des lois de la Province de l'Ontario.

The corporation came into existence on

La société a été fondée le

APRIL 13 AVRIL, 2000

and has not been dissolved.

et n'est pas dissoute.

Dated

Fait le

JULY 31 JUILLET, 2012



Director
Directrice

The issuance of this certificate in electronic form is authorized by the Ministry of Government Services.

Le déjournement du présent certificat sous forme électronique est autorisé par le Ministère des Services gouvernementaux.

EXHIBIT "D"
RESOLUTION

COLLINGWOOD UTILITY SERVICES CORP.
(the "Corporation")

The following resolutions, signed by all the directors of the Corporation, are hereby passed pursuant to the provisions of the *Business Corporations Act* (Ontario) (the "Act"):

WHEREAS The Corporation of the Town of Collingwood (the "Vendor"), is the registered and beneficial owner of 5,101,640 common shares in the capital of the Corporation;

AND WHEREAS all of the issued and outstanding shares of Collus Power Corp. ("Collus"), Collus Solutions Corp. ("Solutions"), and Collus Energy Corp. ("Energy", and together with Collus and Solutions, the "Subsidiaries") are owned by the Corporation;

AND WHEREAS pursuant to a request for proposals issued by Collus on October 4, 2011, the Vendor wishes to enter into a strategic partnership arrangement with PowerStream Inc. (the "Purchaser") whereby the Purchaser will purchase 50% of the issued and outstanding shares in the capital of the Corporation in order to provide the Corporation and its Subsidiaries with cost-effective resources in a range of areas, including engineering, constructions, call center, etc.;

AND WHEREAS the Vendor wishes to sell and the Purchaser wishes to purchase 2,550,820 common shares (the "Purchased Shares") in the capital of the Corporation;

AND WHEREAS it is expedient and in the best interests of the Corporation to enter into a share purchase agreement (the "Share Purchase Agreement") among the Vendor, the Purchaser and the Subsidiaries relating to the sale of the Purchased Shares to the Purchaser;

AND WHEREAS it is also expedient and in the best interests of the Corporation to enter into a unanimous shareholders agreement (the "Shareholders Agreement") with the Vendor and the Purchaser, together with any ancillary transactions contemplated by the Share Purchase Agreement or the Shareholders Agreement;

NOW THEREFORE BE IT RESOLVED THAT:

SHARE PURCHASE AGREEMENT AND TRANSFER OF SHARES

1. The Corporation is hereby authorized to enter into, execute, deliver and perform its obligations under the Share Purchase Agreement among the Corporation, the Vendor, the Purchaser and the Subsidiaries, dated March 6 2012, relating to the sale of the Purchased Shares by the Vendor to the Purchaser, substantially in the form as provided to the directors.
2. The transfer of the Purchased Shares from the Vendor to the Purchaser pursuant to the Share Purchase Agreement be and is hereby approved.

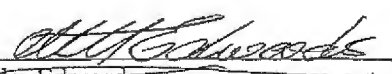
UNANIMOUS SHAREHOLDERS AGREEMENT AND
ANCILLARY TRANSACTIONS

- 3. The Corporation is hereby authorized to enter into, execute, deliver and perform its obligations under the Shareholders Agreement, dated July 31 2012, among the Corporation, the Vendor and the Purchaser, substantially in the form as provided to the directors.
- 4. The Corporation is further authorized and directed to enter into any ancillary transactions contemplated by the Share Purchase Agreement or the Shareholders Agreement.


GENERAL

- 5. Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute (whether under corporate seal or otherwise) and deliver the Share Purchase Agreement and the Shareholders Agreement.
- 6. Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to do all such acts and things and to execute (whether under corporate seal or otherwise) and deliver any and all such further documents, instruments and agreements as that director or officer may in his or her sole discretion determine to be necessary, appropriate or desirable in order to facilitate the completion of the transactions and other matters contemplated by the Share Purchase Agreement and the Shareholders Agreement, the doing of such acts and things and the execution and delivery of all such documents, instruments and agreements being conclusive evidence of such determination.
- 7. These resolutions may be signed in one or more counterparts, and via facsimile, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

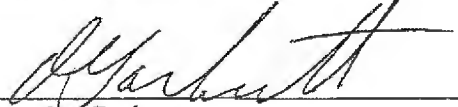
DATED the 1st day of March, 2012.



Mike Edwards

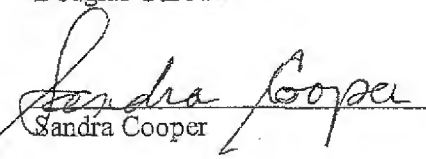


Joan Pajunen



Douglas Garbutt

Dean Muncaster



Sandra Cooper

- 2 -

**UNANIMOUS SHAREHOLDERS AGREEMENT AND
ANCILLARY TRANSACTIONS**

3. The Corporation is hereby authorized to enter into, execute, deliver and perform its obligations under the Shareholders Agreement, dated July 31 2012, among the Corporation, the Vendor and the Purchaser, substantially in the form as provided to the directors.
4. The Corporation is further authorized and directed to enter into any ancillary transactions contemplated by the Share Purchase Agreement or the Shareholders Agreement.

GENERAL

5. Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute (whether under corporate seal or otherwise) and deliver the Share Purchase Agreement and the Shareholders Agreement.
6. Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to do all such acts and things and to execute (whether under corporate seal or otherwise) and deliver any and all such further documents, instruments and agreements as that director or officer may in his or her sole discretion determine to be necessary, appropriate or desirable in order to facilitate the completion of the transactions and other matters contemplated by the Share Purchase Agreement and the Shareholders Agreement, the doing of such acts and things and the execution and delivery of all such documents, instruments and agreements being conclusive evidence of such determination.
7. These resolutions may be signed in one or more counterparts, and via facsimile, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

DATED the 1st day of March 2012.

Mike Edwards

Joan Pajunen

Douglas Garbutt



Dean Muncaster

Sandra Cooper

11836548.3

COLLINGWOOD UTILITY SERVICES CORP.
(the "Corporation")

The following resolutions signed by the sole shareholder of the above corporation entitled to vote thereon, are hereby passed pursuant to the provisions of the *Business Corporations Act* (Ontario):

WHEREAS pursuant to By-law 2012-011 dated January 23, 2012, the sole shareholder of the Corporation, The Corporation of the Town of Collingwood (the "Town" or "Vendor"), approved a transaction (the "Transaction") wherein the Town will sell 50% of its shares in the issued capital of the Corporation to PowerStream Inc. (the "Purchaser");

AND WHEREAS all of the issued and outstanding shares of Collus Power Corp. ("Collus"), Collus Solutions Corp. ("Solutions"), and Collus Energy Corp. ("Energy", and together with Collus and Solutions, the "Subsidiaries") are owned by the Corporation;

AND WHEREAS the Vendor wishes to sell and the Purchaser wishes to purchase 2,550,820 common shares (the "Purchased Shares") in the capital of the Corporation;

AND WHEREAS to facilitate the completion of this Transaction, the Town has, including without limitation, authorized execution of a share purchase agreement (the "Share Purchase Agreement") and a unanimous shareholders agreement (the "Shareholders Agreement"), with such changes as may be considered reasonable, and to execute all documentation necessary to effect the sale of the Purchased Shares to the Purchaser;

NOW THEREFORE BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

SHARE PURCHASE AGREEMENT AND TRANSFER OF SHARES

1. The Corporation is hereby authorized to enter into, execute, deliver and perform its obligations under the Share Purchase Agreement among the Corporation, the Vendor, the Purchaser and the Subsidiaries, dated March 6 2012, relating to the sale of the Purchased Shares by the Vendor to the Purchaser, substantially in the form as provided to the directors.
2. The transfer of the Purchased Shares from the Vendor to the Purchaser pursuant to the Share Purchase Agreement be and is hereby approved.

UNANIMOUS SHAREHOLDERS AGREEMENT AND
ANCILLARY TRANSACTIONS

3. The Corporation is hereby authorized to enter into, execute, deliver and perform its obligations under the Shareholders Agreement, dated July 31 2012, among the Corporation, the Vendor and the Purchaser, substantially in the form as provided to the directors.
4. The Corporation is further authorized and directed to enter into any ancillary transactions contemplated by the Share Purchase Agreement or the Shareholders Agreement.

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GENERAL

5. Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute (whether under corporate seal or otherwise) and deliver the Share Purchase Agreement and the Shareholders Agreement.
6. Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to do all such acts and things and to execute (whether under corporate seal or otherwise) and deliver any and all such further documents, instruments and agreements as that director or officer may in his or her sole discretion determine to be necessary, appropriate or desirable in order to facilitate the completion of the transactions and other matters contemplated by the Share Purchase Agreement and the Shareholders Agreement, the doing of such acts and things and the execution and delivery of all such documents, instruments and agreements being conclusive evidence of such determination.
7. These resolutions may be signed in one or more counterparts, and via facsimile, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

DATED as of the 1st day of March, 2012.

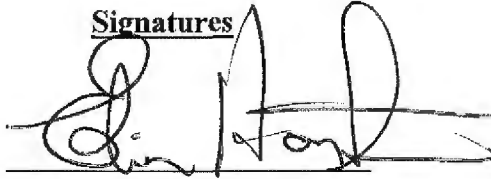


THE CORPORATION OF THE TOWN OF
COLLINGWOOD

By: Sandra Cooper
Name: Sandra Cooper
Title: Mayor

By: Sara Almas
Name: Sara Almas
Title: Clerk

EXHIBIT "E"
INCUMBENCY

The individuals listed below are the duly appointed officers of the Corporation and each such officer holds the office set forth opposite her/his name.

<u>Name</u>	<u>Title(s)</u>	<u>Signatures</u>
Edwin Houghton	President and CEO	
Timothy Fryer	CFO and Treasurer	
Pamela Hogg	Secretary	

OFFICER'S CERTIFICATE

TO: POWERSTREAM INC.

AND TO: GOWLING LAFLEUR HENDERSON LLP

AND TO: AIRD & BERLIS LLP ("A&B")

RE: Purchase of 2,550,820 shares in Collingwood Utility Services Corp. by PowerStream Inc. from The Corporation of the Town of Collingwood (the "Town") pursuant to the share purchase agreement, dated the 6th day of March, 2012 (the "Share Purchase Agreement")

Capitalized terms used herein have the meanings ascribed thereto in the Share Purchase Agreement.

I, **SANDRA COOPER**, Mayor of the Town, hereby certify on behalf of the Town and not in a personal capacity, as follows:

1. The undersigned holds the office specified above and as such is familiar with the business and affairs of the Town.
2. This certificate is given with the knowledge, among other things, that it will be relied upon by A&B for the purposes of an opinion (the "**Opinion**") to be delivered by A&B in connection with the execution and delivery of the Share Purchase Agreement and such other documents as contemplated thereunder (all of the foregoing shall be collectively referred to as the "**Documents**").
3. I have read and am familiar with the provisions of the Documents.
4. The Town has been incorporated under the *Municipal Act* (Ontario) (the "**Act**") and has not been dissolved under the Act or any other statute, and the Town has not received any notice of any action or proceeding, threatened or otherwise, which could have the effect of, or which might result in, the winding-up, dissolution or any other termination of the existence of the Town. The Town is up-to-date in the filing of all returns required by governmental authorities, including under corporate and tax legislation, and has not received any notice or letter or other document stating that the Town is in default with respect to any filings, registrations, declarations, consents, orders or approvals required to be made or obtained by it.
5. As of the date hereof, the Town has not:
 - (a) committed an act of bankruptcy, or proposed a compromise or arrangement to its creditors generally;
 - (b) had any petition for a receiving order in bankruptcy filed against it;

- (c) made a voluntary assignment in bankruptcy; or
- (d) taken any proceeding to have itself declared bankrupt.

6. No proceedings have been taken or are pending (i) to amend the constating documents of the Town; (ii) to terminate its existence; or (iii) to change its corporate existence in any way, nor is the Town in the course of being continued, amalgamated, reorganized, liquidated, wound-up or dissolved.

7. The Town is not in default in complying with any material provisions of tax laws applicable to it nor has it received notice of any proceedings to cancel its certificate of incorporation or otherwise to terminate its existence. The Town is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).

8. I have witnessed the execution of all of the Documents to which the Town is a party, and all of the Documents have been duly signed by an authorized signing person of the Town. The Documents have been unconditionally delivered to the other parties thereto with the intention of the Town being to create a binding agreement between the Town, as the case may be, and the other parties to the Documents pursuant to which the Town intends to be bound thereby.

9. There is no litigation, arbitration or other judicial or regulatory proceeding pending or threatened by or against the Town or its assets or the representatives of the Town (in such capacity) before any court or any governmental authority.

10. Attached hereto as Exhibit "A" is the by-law (the "**By-law**") of the Town, passed by the Council of the Town on the 23rd day of January 2012, relating to the Share Purchase Agreement, including any ancillary documents contemplated by the Share Purchase Agreement, and as of the date hereof, such by-law is in full force and effect unamended. There are no agreements or by-laws to which the Town is a party or to which the Town is subject, nor, to the best of my knowledge and belief, laws, rules or regulations, to which the Town is subject, that limits or restricts the Town's capacity or ability to enter into the transactions contemplated by the Share Purchase Agreement or the Shareholders Agreement.

11. Attached hereto as Exhibit "B" is an incumbency certificate containing genuine specimen signatures of those duly elected or appointed representatives of the Town authorized to execute the Share Purchase Agreement, Shareholders Agreement and undertake any ancillary documents related thereto. The persons whose names appear in Exhibit "B" are duly elected or appointed representatives of the Town, holding the office or offices set forth opposite their names, and the signatures set forth opposite the names of such persons, as applicable, are their genuine signatures.

12. The Town has the municipal and corporate power and capacity to own property and assets, to carry on its mandate and to execute, deliver and perform its obligations under the Share Purchase Agreement and the Shareholders Agreement.

13. The Town has taken all necessary municipal and corporate action to authorize the execution and delivery by it of each of the Share Purchase Agreement and the Shareholders

Agreement and the performance of its obligations under the Share Purchase Agreement and the Shareholders Agreement.

14. The Town has duly executed and delivered each of the Share Purchase Agreement and the Shareholders Agreement.

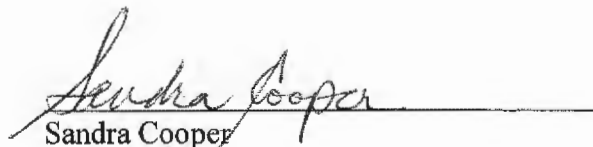
15. No authorization, consent, permit, exemption or approval of, or filing with or notice to, any governmental agency or authority, or any regulatory body, court, tribunal having legal jurisdiction in Ontario is required in connection with the execution and delivery by the Town of the Share Purchase Agreement or the Shareholders Agreement or the consummation of the transactions contemplated by the Share Purchase Agreement or the Shareholders Agreement, other than the approval of the Ontario Energy Board, and those set forth in Schedule 4.1(1)(c) of the Share Purchase Agreement, which have been obtained, made or waived in accordance with the terms of the Share Purchase Agreement.

16. Each of the Share Purchase Agreement and the Shareholders Agreement constitutes a legal, valid and binding obligation of the Town enforceable against it in accordance with its terms.

17. The execution and delivery by the Town, and the consummation of the transactions contemplated by, the Share Purchase Agreement and the Shareholders Agreement do not breach or result in a default under the By-law or any laws, statues or regulations applicable in Ontario to which the Town is subject.

[The rest of this page has been intentionally left blank.]

DATED the 31st day of JULY, 2012.


Sandra Cooper

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EXHIBIT "A"

BY-LAW

**BY-LAW No. 2012-011
OF THE
CORPORATION OF THE TOWN OF COLLINGWOOD**



BEING A BY-LAW TO AUTHORIZE THE ENTERING INTO AND EXECUTION
OF A SHARE PURCHASE AGREEMENT RESPECTING THE SALE OF THE
SHARES OF THE TOWN OF COLLINGWOOD (THE "TOWN") IN
COLLINGWOOD UTILITY SERVICES CORP. ("CUS") TO POWERSTREAM
INC., A SHAREHOLDERS AGREEMENT IN RESPECT OF CUS AND
RELATED MATTERS

WHEREAS CUS is wholly owned by the Town;

AND WHEREAS each of Collus Power Corp. ("Collus"), Collus Energy Corp. ("Energy") and Collus Solutions Corp. ("Solutions") is a wholly owned subsidiary of CUS (collectively, Collus, Energy and Solutions are referred to as the "Subsidiaries");

AND WHEREAS the Town, as the sole shareholder of CUS, wishes to approve a transaction (the "Transaction") wherein the Town will sell 50% of its shares in the issued capital of CUS (the "Shares") to PowerStream Inc. ("PowerStream"), pursuant to a share purchase agreement (the "Share Purchase Agreement") and enter into an agreement respecting the governance, shareholdings and related matters of and regarding CUS (the "Unanimous Shareholders Agreement"), each of the draft Share Purchase Agreement and the Unanimous Shareholder Agreement having been provided to Council and approved by CUS;

AND WHEREAS it is in the interest of the Town and CUS to enter into the Share Purchase Agreement, to approve the Transaction contemplated thereby, and following the fulfillment of and completion of certain conditions precedent set out therein, sell the Shares and enter into the Unanimous Shareholders Agreement,

NOW THEREFORE COUNCIL OF THE CORPORATION OF THE TOWN OF COLLINGWOOD ENACTS AS FOLLOWS:

1. **THAT** Report No. CAO2012-01 be received.
2. **THAT** the Town enter into the Share Purchase Agreement and the Unanimous Shareholders Agreement with PowerStream, once those agreements are in a form and content to the satisfaction of the Mayor.
3. **THAT** the Mayor or the Clerk be authorized, for and on behalf of the Town, to execute the Share Purchase Agreement and the Unanimous Shareholders Agreement, with such changes as they may consider reasonable, and to execute all documentation necessary to effect the sale of the Shares to PowerStream, the Transaction and this By-law, including without limitation approve financing, authorize and file articles of amendment, amend bylaws, amend and enter into service agreements between the Town and CUS or its Subsidiaries, authorize dividends to be declared and paid by CUS and the Subsidiaries and authorize repayment of debt under the outstanding promissory note issued to the Town by Collus.
4. **THAT** this By-law shall come into full force and effect on the date of final passage hereof at which time all By-laws and/or resolutions that are inconsistent with the provisions of this By-law and the same are hereby repealed or rescinded insofar as it is necessary to give effect to the provisions of this By-law.

ENACTED AND PASSED this 23rd day of January, 2012.

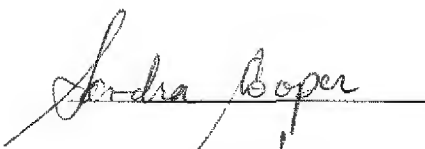
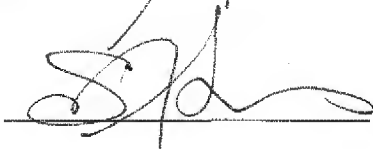
MAYOR

CLERK

11741870.5

EXHIBIT "B"
INCUMBENCY

The individuals listed below are the duly elected and appointed representatives of the Town and each such officer holds the office set forth opposite her/his name.

<u>Name</u>	<u>Title(s)</u>	<u>Signatures</u>
Sandra Cooper	Mayor	
Sara Almas	Clerk	

OFFICER'S CERTIFICATE

TO: POWERSTREAM INC.

AND TO: GOWLING LAFLEUR HENDERSON LLP

AND TO: AIRD & BERLIS LLP

RE: Purchase of 2,550,820 shares in Collingwood Utility Services Corp. by PowerStream Inc. (the "Purchaser") from The Corporation of the Town of Collingwood (the "Vendor") pursuant to the share purchase agreement, dated the 6th day of March, 2012 (the "Share Purchase Agreement")

Capitalized terms used herein have the meanings ascribed thereto in the Share Purchase Agreement.

I, **EDWIN HOUGHTON**, President and Chief Executive Officer of COLLUS Power Corp. (the "**Corporation**"), hereby certify on behalf of the Corporation, without personal liability, as follows:

1. The undersigned holds the office specified above and as such is familiar with the business and affairs of the Corporation.
2. This certificate is given with the knowledge, among other things, that it will be relied upon by A&B for the purposes of an opinion (the "**Opinion**") to be delivered by A&B in connection with the execution and delivery of the Share Purchase Agreement and such other documents as contemplated thereunder (all of the foregoing shall be collectively referred to as the "**Documents**").
3. I have read and am familiar with the provisions of the Documents.
4. The Corporation has been incorporated under the *Business Corporations Act* (Ontario) (the "**Act**") and has not been dissolved under the Act or any other statute, and the Corporation has not received any notice of any action or proceeding, threatened or otherwise, which could have the effect of, or which might result in, the winding-up, dissolution or any other termination of the existence of the Corporation. The Corporation is up-to-date in the filing of all returns required by governmental authorities, including under corporate and tax legislation, and has not received any notice or letter or other document stating that the Corporation is in default with respect to any filings, registrations, declarations, consents, orders or approvals required to be made or obtained by it.
5. As of the date hereof, the Corporation has not:
 - (a) committed an act of bankruptcy, or proposed a compromise or arrangement to its creditors generally;

- 2 -

- (b) had any petition for a receiving order in bankruptcy filed against it;
- (c) made a voluntary assignment in bankruptcy; or
- (d) taken any proceeding to have itself declared bankrupt.

6. No proceedings have been taken or are pending (i) to amend the constating documents of the Corporation; (ii) to terminate its existence; or (iii) to change its corporate existence in any way, nor is the Corporation in the course of being continued, amalgamated, reorganized, liquidated, wound-up or dissolved.

7. The Corporation is not in default in complying with any material provisions of tax laws applicable to it nor has it received notice of any proceedings to cancel its certificate of incorporation or otherwise to terminate its existence. The Corporation is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).

8. I have either executed or witnessed the execution of all of the Documents to which the Corporation is a party, and all of the Documents have been duly signed by an authorized signing person of the Corporation. The Documents have been unconditionally delivered to the other parties thereto with the intention of the Corporation being to create a binding agreement between the Corporation, as the case may be, and the other parties to the Documents pursuant to which the Corporation intends to be bound thereby.

9. There is no litigation, arbitration or other judicial or regulatory proceeding pending or threatened by or against the Corporation or its assets or the officers or directors of the Corporation (in such capacity) before any court or any governmental authority.

10. Attached hereto as Exhibit "A" is a true and complete copy of the articles of incorporation and articles of amendment of the Corporation (together, the "Articles"), which Articles have not been further amended, modified or supplemented and are in full force and effect as of the date hereof.

11. Attached hereto as Exhibit "B" is a true and complete copy of the by-laws of the Corporation (the "By-laws"). The By-laws comprise all of the by-laws of the Corporation which have not been repealed. As of the date hereof, the By-laws are in full force and effect, have not been amended and neither the directors nor the shareholders of the Corporation has passed, confirmed or consented to any resolutions amending or varying the By-laws.

12. Attached hereto as Exhibit "C" is a true and complete copy of a certificate of status certifying as to the status of the Corporation, dated as of the date hereof.

13. Attached hereto as Exhibit "D" is a true and correct copy of the resolution of the board of directors of the Corporation, relating to the Share Purchase Agreement, including any ancillary documents contemplated by the Share Purchase Agreement, and as of the date hereof, such resolution is in full force and effect unamended. There are no shareholders directions or agreements, resolutions, or other agreements to which the Corporation is a party or to which the Corporation is subject, or, to the best of my knowledge and belief, laws, rules or regulations, to which the Corporation is subject, that limits or restricts the Corporation's capacity or ability to

enter into the transactions contemplated by the Share Purchase Agreement or the Shareholders Agreement.

14. Attached hereto as Exhibit "E" is an incumbency certificate containing genuine specimen signatures of the officers authorized to execute the Share Purchase Agreement, Shareholders Agreement and any ancillary documents related thereto. The persons whose names appear in Exhibit "E" are duly elected directors or appointed officers of the Corporation, holding the office or offices set forth opposite their names, and the signatures set forth opposite the names of such persons, as applicable, are their genuine signatures.

15. The Corporation has the corporate power and capacity to own property and assets, to carry on business and to execute, deliver and perform its obligations under the Share Purchase Agreement and the Shareholders Agreement.

16. The Corporation has taken all necessary corporate action to authorize the execution and delivery by it of each of the Share Purchase Agreement and the Shareholders Agreement and the performance of its obligations under the Share Purchase Agreement and the Shareholders Agreement.

17. No authorization, consent, permit, exemption or approval of, or filing with or notice to, any governmental agency or authority, or any regulatory body, court, tribunal having legal jurisdiction in Ontario is required in connection with the execution and delivery by the Corporation of the Share Purchase Agreement or the Shareholders Agreement or the consummation of the transactions contemplated by the Share Purchase Agreement or the Shareholders Agreement, other than the approval of the Ontario Energy Board, and those set forth in Schedule 4.1(1)(c) of the Share Purchase Agreement, which have been obtained, made or waived in accordance with the terms of the Share Purchase Agreement.

18. The execution and delivery by the Corporation, and the consummation of the transactions contemplated by, the Share Purchase Agreement and the Shareholders Agreement do not breach or result in a default under the constating documents of the Corporation or, to the best of my knowledge and belief, any laws, statues or regulations applicable in Ontario to which the Corporation is subject.

[The rest of this page has been intentionally left blank.]

DATED the 3rd day of July, 2012.

A handwritten signature in black ink, appearing to read 'Edwin Houghton', written over a horizontal line.

Edwin Houghton

- 5 -

EXHIBIT "A"

ARTICLES

5. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise. *Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la compagnie.* 2.

None.

Form 1
Business
Corporations
Act

Formule
numéro 1
Loi sur les
compagnies

6. The classes and any maximum number of shares that the corporation is authorized to issue: *Catégories et nombre maximal, s'il y a lieu, d'actions que la compagnie est autorisée à émettre:*

The Corporation is authorized to issue an unlimited number of common shares.

7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series:

Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série:

A. Voting Rights

The holders of the common shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the corporation, and each such share shall confer the right to one vote in person or by proxy at all meetings of shareholders of the corporation.

B. Dividends

The holders of the common shares shall be entitled to receive dividends as and when declared by the directors from time to time out of moneys of the corporation properly applicable to the payment of dividends, and the amount per share of such dividend shall be determined by the directors of the corporation at the time of declaration.

C. Return of Capital

In the event of the liquidation, dissolution or winding up of the corporation or other distribution of its assets among the shareholders by way of repayment capital, whether voluntary or involuntary, the holders of the common shares shall be entitled to receive the remaining property of the corporation.

Form 1
Business
Corporations
Act

Formule
numéro 1
Loi sur les
compagnies

8. The issue, transfer or ownership of shares is/ls not restricted and the restrictions (if any) are as follows: *L'émission, le transfert ou la propriété d'actions est/n'est pas restreinte. Les restrictions, s'il y a lieu, sont les suivantes:*

No share or shares of the corporation shall at any time be issued or transferred to any person without (a) the consent of the directors to be signified by a resolution passed by the board or by an instrument or instruments in writing signed by a majority of the directors, and (b) the consent of the shareholders of the corporation to be signified by resolution passed by the shareholders or by an instrument or instruments in writing signed by the holders of the shares of the corporation representing a majority of the votes attributable to all of the issued and outstanding shares of the corporation.

Form 1
Business
Corporations
Act

Formule
numéro 1
Loi sur les
compagnies

9. Other provisions, (if any, are):

Autres dispositions, s'il y a lieu:

1. That the number of shareholders of the corporation, exclusive of persons who are in its employment and exclusive of persons who, having been formerly in the employment of the corporation, were, while in that employment, and have continued after the termination of that employment to be shareholders of the corporation, is limited to not more than fifty (50), two (2) or more persons who are the joint registered owners of one (1) or more shares being counted as one (1) shareholder.

2. Any invitation to the public to subscribe for securities of the corporation is prohibited.

3. Subject to any borrowing power restrictions in a unanimous shareholder agreement, as defined in the *Business Corporations Act (Ontario)*, the board of directors may from time to time on behalf of the corporation, in such amounts and on such terms as it deems expedient:

- a) borrow money on the credit of the corporation;
- b) issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness or guarantee of the corporation, whether secured or unsecured;
- c) to the extent permitted by the *Business Corporations Act*, give a guarantee on behalf of the corporation to secure performance of any present or future indebtedness, liability or obligation of any person; and
- d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable, property of the corporation including book debts, rights, powers, franchises and undertakings, to secure any such bonds, debentures, notes or other evidences of indebtedness, liability or obligation of the corporation.

4. The board of directors may from time to time delegate to such one or more of the directors or officers of the corporation as may be designated by the board all or any of the powers conferred on the board above to such extent and in such manner as the board shall determine at the time of each such delegation.

5. The corporation is incorporated pursuant to section 142(1) of the *Electricity Act, 1998 (Ontario)*.

Form 1
Business
Corporations
Act

Formule
numéro 1
Loi sur les
compagnies

10. The names and addresses of the incorporators are
Nom et adresse des fondateurs
First name, initials and last name or corporate name
Prénom, initiale et nom de famille ou dénomination sociale

Full address for service or address of registered office or
of principal place of business giving Street & No. or R.R.
No., municipality and postal code
Domicile élu, adresse du siège social ou adresse de l'établissement principal, y compris la rue et le numéro, le numéro de la R.R., le nom de la municipalité et le code postal

TERRY WAYNE GEDDES

CARMAN KEITH MORRISON

ROBERT ARTHUR DAVEY



Form 1
Business
Corporations
Act

Formule
numéro 1
Loi sur les
compagnies

These articles are signed in duplicate.

Les présents statuts sont signés en double exemplaire.

Signatures of incorporators / *Signatures des fondateurs*

TERRY WAYNE GEDDES

CARMAN KEITH MORRISON

ROBERT ARTHUR DAVEY

BY ADDING to the Articles the following provisions with respect to the number of directors of the Corporation:

The number (or minimum and maximum number) of directors is:

"a minimum of 1 and a maximum of 20".

- 6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la *Loi sur les sociétés par actions*.
- 7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

2012/01/23

(Year, Month, Day)
(année, mois, jour)

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

COLLUS POWER CORP.

(Print name of corporation from Article 1 on page 1)
(Veuillez écrire le nom de la société de l'article un à la page une).

By/
Par: 

(Signature)
(Signature)

Edwin Houghton

President

(Description of Office)
(Fonction)

EXHIBIT "B"

BY-LAWS

BY-LAW NO. 1

A by-law relating generally to the transaction of the business and affairs of

COLLUS POWER CORP.

(herein called the "Corporation").

BE IT PASSED and made as a by-law of the Corporation as follows:

1. Definitions and Interpretation

1.01 Definitions

- (1) In this by-law, unless there is something in the subject-matter or context inconsistent therewith,
 - (a) "Act" means the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended or re-enacted from time to time, and includes the regulations made pursuant thereto;
 - (b) "affiliate" means an affiliated body corporate, and one body corporate shall be deemed to be affiliated with another body corporate if, but only if, one of them is the subsidiary of the other or both are subsidiaries of the same body corporate or each of them is controlled by the same person;
 - (c) "Articles" means the following as are from time to time in effect in respect of the Corporation, namely, the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of arrangement, articles of continuance, articles of dissolution, articles of reorganization, articles of revival, letters patent, supplementary letters patent, a special Act and any other instrument by which the Corporation is incorporated;
 - (d) "Auditor" means the auditor of the Corporation;
 - (e) "Board" means the board of directors of the Corporation;
 - (f) "by-law" means a by-law of the Corporation;
 - (g) "Chairman of the Board", "President", "Vice-Chair", "Secretary", "Treasurer", or any other officer means such officer of the Corporation;
 - (h) "Committee" means a committee appointed pursuant to Section 4.01 of this by-law;

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- (i) "director" means a director of the Corporation;
- (j) "day" means a clear day and a period of days shall be deemed to commence the day following the event that began the period and shall be deemed to terminate at midnight of the last day of the period except that if the last day of the period falls on a Sunday or holiday the period shall terminate at midnight of the day next following that is not a Sunday or holiday;
- (k) "employee" means an employee of the Corporation;
- (l) "number of directors" means the number of directors set out in any unanimous shareholder direction;
- (m) "officer" means an officer of the Corporation;
- (m-1) "parent corporation" means Collingwood Utility Services Corp.;
- (n) "person" includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his capacity as trustee, executor, administrator or other legal representative;
- (o) "resident Canadian" means an individual who is,
 - (i) a Canadian citizen ordinarily resident in Canada,
 - (ii) a Canadian citizen not ordinarily resident in Canada who is a member of a class of persons prescribed by the Act for the purposes of the definition of "resident Canadian", or
 - (iii) a permanent resident within the meaning of the *Immigration Act*, R.S.C. 1985, c. I-2, and ordinarily resident in Canada;
- (p) "shareholder" means a shareholder of the Corporation;
- (q) "special resolution" means a resolution that is
 - (i) submitted to a special meeting of the shareholders of the Corporation duly called for the purpose of considering the resolution and passed, with or without amendment, at such meeting by at least two-thirds of the votes cast, or
 - (ii) consented to in writing by each shareholder of the Corporation entitled to vote at such a meeting or his attorney authorized in writing;

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- (r) "subsidiary" means in relation to another body corporate, a body corporate which
 - (i) is controlled by
 - (A) that other,
 - (B) that other and one or more bodies corporate each of which is controlled by that other, or
 - (C) two or more bodies corporate each of which is controlled by that other, or
 - (ii) is a subsidiary of a body corporate that is that other's subsidiary;
 - (s) "Unanimous shareholder direction" means any written direction from the shareholders or among all the shareholders that restricts in whole or in part the powers of the directors to manage or supervise the management of the business and affairs of the Corporation, and includes the following:
 - (i) The Shareholders Direction adopted by Council of the Town of Collingwood on May 29, 2000 to provide direction to the Parent Corporation and its subsidiaries;
 - (ii) The Approval of Remuneration adopted by Council of the Town of Collingwood on June 12, 2000 to provide direction to the Parent Corporation and its subsidiaries.
- (2) Subject to the foregoing, the words and expressions herein contained shall have the same meaning as corresponding words and expressions in the Act.

1.02 Interpretation

In each by-law and resolution, unless there is something in the subject-matter or context inconsistent therewith, the singular shall include the plural and the plural shall include the singular and the masculine shall include the feminine. Wherever reference is made in this or any other by-law or in any special resolution to any statute or section thereof, such reference shall be deemed to extend and refer to any amendment to or re-enactment of such statute or section, as the case may be.

1.03 Headings and table of contents

The headings and table of contents in this by-law are inserted for convenience of reference only and shall not affect the construction or interpretation of the provisions of this by-law.

2. General

2.01 Registered office

The Corporation may by resolution of the directors change the location of its registered office within the municipality or geographic township specified in the Articles.

2.02 Corporate Seal

The Corporation may have a corporate seal which shall be adopted and may be changed by resolution of the directors.

2.03 Financial Year

The directors may by resolution fix the financial year end of the Corporation and the directors may from time to time by resolution change the financial year end of the Corporation.

2.04 Execution of Documents

- (1) Instruments in writing requiring execution by the Corporation may be signed on behalf of the Corporation by any two of the Chairman, the Vice-Chairman/Secretary, the President and the Treasurer, and all instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board may from time to time by resolution appoint any officer or officers or any other person or persons on behalf of the Corporation either to sign instruments in writing generally or to sign specific instruments in writing.
- (2) The corporate seal of the Corporation (if any) may be affixed to instruments in writing signed as aforesaid by any person authorized to sign the same or at the direction of any such person.
- (3) The term "instruments in writing" as used herein shall include deeds, contracts, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, cheques, promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money, conveyances, transfers and assignments of shares, instruments of proxy, powers of attorney, stocks, bonds, debentures or other securities or any paper writings.
- (4) Subject to the provisions of Section 11.04, the signature or signatures of an officer or director, person or persons appointed as aforesaid by resolution of the directors, may, if specifically authorized by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon all instruments in writing executed or issued by or on behalf of the Corporation and all instruments in writing on which the signature or signatures of any of the foregoing officers, directors or persons shall be so reproduced, by authorization of a resolution of the directors, shall be deemed to have been manually signed by such officers or persons whose signature or signatures is or are so reproduced and shall be as valid as if they had been signed manually and notwithstanding that the officers,

directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such instruments in writing.

2.05 Resolutions in writing:

- (1) A resolution in writing, signed by all the directors entitled to vote on that resolution at a meeting of directors or a committee of directors, is as valid as if it had been passed at a meeting of directors or such committee of directors.
- (2) Subject to the Act, a resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders.
- (3) Where the Corporation has only one shareholder, or only one holder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting.

3. Directors

3.01 General

- (1) The management of the business and affairs of the Corporation shall be managed by the Board pursuant to the Act, the Articles, any unanimous shareholders directions and the by-laws. Where there is conflict between the foregoing, the Board shall be governed by any unanimous shareholders direction.
- (2) The Board shall consist of three directors all of whom have been elected by the Parent Corporation.

3.02 Qualification

- (1) The following persons are disqualified from being a director:
 - (a) a person who is less than eighteen years of age,
 - (b) a person who is of unsound mind and has been so found by a court in Canada or elsewhere,
 - (c) a person who is not an individual,
 - (d) a person who has the status of bankrupt,
 - (e) a person appointed by the Parent Corporation who has subsequently ceased to be a Director of the said Parent Corporation, and
 - (f) a person who subsequent to his or her appointment to the Board becomes a Director of the Parent Corporation.

- (2) A director is not required to hold shares issued by the Corporation.
- (3) A majority of the directors shall be resident Canadians but where the Corporation has only one or two directors, that director or one of the two directors, as the case may be, shall be a resident Canadian.

3.03 Election

Subject to the provisions of the Act and any unanimous shareholders direction, the directors shall be elected at the first meeting of shareholders and at each succeeding annual meeting of the shareholders.

3.04 Term of office

The directors of the Corporation in the first instance shall be elected to correspond with his or her term as a Director of the Parent Corporation.

3.06 Ceasing to Hold Office

A director ceases to hold office when

- (a) he dies or, subject to the Act, he resigns;
- (b) he is removed from office in accordance with the provisions of the Act or the by-laws; or
- (c) he becomes disqualified from being a director under the Act or by-laws.

3.07 Resignation of a Director

Subject to the Act, a director may resign his office as a director by giving to the Corporation his written resignation, which resignation shall become effective at the later of

- (a) the time at which such resignation is received by the Corporation, or
- (b) the time specified in the resignation.

3.08 Removal

Subject to the provisions of the Act and any unanimous shareholders direction, the shareholders may by resolution at an annual or special meeting of shareholders remove any director or directors from office and may by resolution at such meeting elect any person to fill the vacancy created by the removal of such director, failing which the vacancy created by the removal of such director may be filled by the directors.

3.09 Vacancies

- (1) Subject to the provisions of the Act and any unanimous shareholders direction, a quorum of directors may fill a vacancy among the directors, except a vacancy resulting from

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- (a) an increase in the number of directors or in the maximum number of directors, as the case may be, or
 - (b) a failure to elect the number of directors required to be elected at any meeting of shareholders.
- (2) A director appointed or elected to fill a vacancy holds office for the unexpired term of his predecessor.
- (3) If there is not a quorum of directors, or if there has been a failure to elect the number of directors required by the Articles or by Section 3.04, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.
- (4) Subject to the Articles, where there is a vacancy or vacancies on the board, the remaining directors may exercise all the powers of the board so long as a quorum of the board remains in office.

3.10 Remuneration

Subject to the articles and any unanimous shareholder direction, the directors may fix the remuneration of the directors, officers and employees of the Corporation.

3.11 Power to borrow

Unless the Articles or a unanimous shareholder agreement otherwise provide, the directors may without authorization of the shareholders from time to time

- (a) borrow money upon the credit of the Corporation;
- (b) issue, reissue, sell or pledge debt obligations of the Corporation;
- (c) subject to the Act, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation owned or subsequently acquired, to secure any obligation of the Corporation.

3.12 Delegation of power to borrow

Unless the Articles or a unanimous shareholder agreement otherwise provide, the directors may by resolution delegate any or all of the powers referred to in Section 3.11 of this by-law to a director, a committee of directors or an officer.

4. Committees

4.01 Appointment

Subject to the Act, the Articles the directors may appoint from their number one or more committees and may by resolution delegate to any such committee any of the powers of the directors.

4.02 Canadian membership

Except as allowed by the Act, a majority of the members of any committee appointed by the directors shall be resident Canadians.

4.03 Provisions applicable

The following provisions shall apply to any committee appointed by the directors:

- (a) unless otherwise provided by resolution of the directors, each member of a committee shall continue to be a member thereof until the expiration of his term of office as a director;
- (b) the directors may from time to time by resolution specify which member of a committee shall be the chairman thereof and, subject to the provisions of Section 4.01 of this by-law, may by resolution modify, dissolve or reconstitute a committee and make such regulations with respect to and impose such restrictions upon the exercise of the powers of a committee as the directors think expedient;
- (c) the meetings and proceedings of a committee shall be governed by the provisions of the by-laws of the Corporation for regulating the meetings and proceedings of the board so far as the same are applicable thereto and are not superseded by any regulations or restrictions made or imposed by the directors pursuant to the foregoing provisions hereof;
- (d) subject to subsection (e), no business shall be transacted at any meeting of a committee unless a majority of the members of such committee present are resident Canadians;
- (e) business may be transacted at any meeting of a committee where a majority of resident Canadian directors is not present if,
 - (i) a resident Canadian director who is unable to be present approves in writing or by telephone or other communications facilities the business transacted at the meeting; and
 - (ii) a majority of resident Canadian directors would have been present had that director been present at the meeting;

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- (f) the members of a committee as such shall be entitled to such remuneration for their services as members of a committee as may be fixed by resolution of the directors, who are hereby authorized to fix such remuneration;
- (g) unless otherwise provided by resolution of the board, the Secretary of the Corporation shall be the secretary of any committee;
- (h) subject to the provisions of Section 4.02 of this by-law, the directors shall fill vacancies in a committee by appointment from among their number; and
- (i) unless otherwise provided by resolution of the board, meetings of a committee may be convened by the direction of any member thereof.

5. Meetings of Directors

5.01 Place of meetings

Meetings of the board and of any committee may be held at any place inside or outside Ontario. In any financial year of the Corporation, a majority of the meetings of the board and a majority of the meetings of any committee need not be held within Canada.

5.02 Calling of meetings

A meeting of the board may be called at any time by the Chairman of the Board, the Vice-Chairman or any two of the directors, and the secretary shall cause notice of a meeting of directors to be given when so directed by any such person or persons.

5.03 Notice of meetings

- (1) Notice of any meeting of the board specifying the time and, except where the meeting is to be held as provided for in Section 5.06 of this by-law, the place for the holding of such meeting shall be given in accordance with the terms of Section 15.01 to every director not less than two days before the date of the meeting.
- (2) Notice of an adjourned meeting of the board is not required to be given if the time and place of the adjourned meeting is announced at the original meeting.
- (3) Meetings of the board may be held at any time without formal notice if all the directors are present or if all the directors who are not present, in writing or by cable, telegram or any form of transmitted or recorded communication, waive notice or signify their consent to the meeting being held without formal notice. Notice of any meeting or any irregularity in any meeting or in the notice thereof may be waived by any director either before or after such meeting. Attendance of a director at a meeting of the board is a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

5.04 Regular meetings

The board may by resolution fix a day or days in any month or months for the holding of regular meetings at a time and place specified in such resolution. A copy of any resolution of the board specifying the time and place for the holding of regular meetings of the board shall be sent to each director at least two days before the first of such regular meetings and no other notice shall be required for any of such regular meetings.

5.05 First meeting of new board

For the first meeting of the board to be held immediately following the election of directors at an annual or other meeting of the shareholders or for a meeting of the board at which a director is appointed to fill a vacancy in the board, no notice need be given to the newly elected or appointed director or directors.

5.06 Participation by telephone

If all the directors present at or participating in the meeting consent, a meeting of the board or of a committee may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such a meeting by such means is deemed to be present in person at that meeting for the purposes of the Act and this by-law.

5.07 Chairman

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and who is present at the meeting: Chairman of the Board, or the Vice-Chairman. If neither officer is present, the directors present shall choose one of their number to be chairman.

5.08 Quorum

Two directors constitute a quorum at any meeting of the board.

5.09 Voting

All questions arising at any meeting of the board shall be decided by a majority of votes. In case of an equality of votes, the chairman of the meeting shall not have, in addition to his original vote, a second or casting vote.

5.10 Auditor

The auditor shall be entitled to attend at the expense of the Corporation and be heard at meetings of the board on matters relating to his duties as auditor.

6. Standard of Care of Directors and Officers**6.01 Standard of care**

Every director and officer, in exercising his powers and discharging his duties, shall,

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- (a) act honestly and in good faith with a view to the best interests of the Corporation; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

6.02 Liability for acts of others

Subject to the provisions of Section 6.01 of this by-law, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for any loss, damage, or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by order of the board for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person, firm or corporation with whom or which any moneys, securities or effects of the Corporation shall be lodged or deposited or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatsoever which may happen in the execution of the duties of his respective office or trust or in relation thereto, unless the same are occasioned by his own wilful neglect or default; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

7. For the Protection of Directors and Officers

7.01 Indemnification by Corporation

- (1) The Corporation shall indemnify a director or officer, a former director or officer or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or such body corporate, if
 - (a) he acted honestly and in good faith with a view to the best interests of the Corporation; and
 - (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The Corporation may from time to time enter into agreements pursuant to which the Corporation agrees to indemnify one or more persons in accordance with the provisions of this section.

- (2) The Corporation shall, subject to the approval of the Superior Court of Justice, indemnify a person referred to in subsection 7.01(1) of this by-law in respect of an action by or on behalf of the Corporation or body corporate to procure a judgment in its favour, to which he is made a party by reason of being or having been a director or an officer of the Corporation or body corporate, against all costs, charges and expenses reasonably incurred by him in connection with such action if he fulfills the conditions set out in clauses 7.01(1)(a) and 7.01(1)(b) of this by-law.
- (3) Notwithstanding anything in this Article, a person referred to in subsection 7.01(1) of this by-law is entitled to indemnity from the Corporation in respect of all costs, charges and expenses reasonably incurred by him in connection with the defence of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or body corporate, if the person seeking indemnity
- (a) was substantially successful on the merits in his defence of the action or proceeding, and
 - (b) fulfills the conditions set out in clauses 7.01(1)(a) and 7.01(1)(b) of this by-law.

7.02 Insurance

The Corporation may purchase and maintain insurance for the benefit of any person referred to in subsection 7.01(1) of this by-law against any liability incurred by him

- (a) in his capacity as a director or officer, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the Corporation, or
- (b) in his capacity as a director or officer of another body corporate where he acts or acted in that capacity at the Corporation's request, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the body corporate.

7.03 Directors' expenses

The directors shall be reimbursed for their out-of-pocket expenses incurred in attending board, committee or shareholders' meetings or otherwise in respect of the performance by them of their duties and no confirmation by the shareholders of any such reimbursement shall be required.

7.04 Performance of services for Corporation

Subject to Article 8 of this by-law, if any director or officer shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Corporation, the fact of his being a director or officer shall not disentitle such director or officer or such firm or company, as the case may be, from receiving proper remuneration for such services.

8. Interest of Directors and Officers in Contracts**8.01 Disclosure of interest**

A director or officer who,

- (a) is a party to a material contract or transaction or proposed material contract or transaction with the Corporation; or
- (b) is a director or an officer of, or has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Corporation,

shall disclose in writing to the Corporation or request to have entered in the minutes of meetings of directors the nature and extent of his interest.

8.02 Time of disclosure by director

The disclosure required by Section 8.01 of this by-law shall be made, in the case of a director,

- (a) at the meeting at which a proposed contract or transaction is first considered;
- (b) if the director was not then interested in a proposed contract or transaction, at the first meeting after he becomes so interested;
- (c) if the director becomes interested after a contract is made or a transaction is entered into, at the first meeting after he becomes so interested; or
- (d) if a person who is interested in a contract or transaction later becomes a director, at the first meeting after he becomes a director.

8.03 Time of disclosure by officer

The disclosure required by Section 8.01 of this by-law shall be made, in the case of an officer who is not a director,

- (a) forthwith after he becomes aware that the contract or transaction or proposed contract or transaction is to be considered or has been considered at a meeting of directors;
- (b) if the officer becomes interested after a contract is made or a transaction is entered into, forthwith after he becomes so interested; or
- (c) if a person who is interested in a contract or transaction later becomes an officer, forthwith after he becomes an officer.

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8.04 Time of disclosure in extraordinary cases

Notwithstanding Sections 8.02 and 8.03 of this by-law, where Section 8.01 of this by-law applies to a director or officer in respect of a material contract or transaction or proposed material contract or transaction that, in the ordinary course of the Corporation's business, would not require approval by the directors or shareholders, the director or officer shall disclose in writing to the Corporation or request to have entered in the minutes of meetings of directors the nature and extent of his interest forthwith after the director or officer becomes aware of the contract or transaction or proposed contract or transaction.

8.05 Voting by interested director

A director referred to in Section 8.01 of this by-law shall not vote on any resolution to approve the contract or transaction unless the contract or transaction is,

- (a) an arrangement by way of security for money lent to or obligations undertaken by him for the benefit of the Corporation or an affiliate;
- (b) one relating primarily to his remuneration as a director, officer, employee or agent of the Corporation or an affiliate;
- (c) one for indemnity or insurance pursuant to the provisions of the Act; or
- (d) one with an affiliate.

8.06 Nature of disclosure

For the purposes of this Article, a general notice to the directors by a director or officer disclosing that he is a director or officer of or has a material interest in a person and is to be regarded as interested in any contract made or any transaction entered into with that person, is a sufficient disclosure of interest in relation to any contract so made or transaction so entered into.

8.07 Effect of disclosure

Where a material contract is made or a material transaction is entered into between the Corporation and a director or officer of the Corporation, or between the Corporation and another person of which a director or officer of the Corporation is a director or officer or in which he has a material interest,

- (a) the director or officer is not accountable to the Corporation or its shareholders for any profit or gain realized from the contract or transaction; and
- (b) the contract or transaction is neither void nor voidable, by reason only of that relationship or by reason only that the director is present at or is counted to determine the presence of a quorum at the meeting of directors that authorized the contract or transaction, if the director or officer disclosed his interest in accordance with Sections 8.02, 8.03, 8.04 or 8.06 of this by-law, as the case may be, and the contract or transaction was reasonable and fair to the Corporation at the time it was so approved.

8.08 Confirmation by shareholders

Notwithstanding anything in this Article, a director or officer, acting honestly and in good faith, is not accountable to the Corporation or to its shareholders for any profit or gain realized from any such contract or transaction by reason only of his holding the office of director or officer, and the contract or transaction, if it was reasonable and fair to the Corporation at the time it was approved, is not by reason only of the director's or officer's interest therein void or voidable, where,

- (a) the contract or transaction is confirmed or approved by special resolution at a meeting of the shareholders duly called for that purpose; and
- (b) the nature and extent of the director's or officer's interest in the contract or transaction are disclosed in reasonable detail in the notice calling the meeting or in the information circular required pursuant to the provisions of the Act.

9. Officers**9.01 Officers**

Subject to the Articles, by-laws and any unanimous shareholder agreement, the board may, annually or as often as may be required, by resolution appoint a President or Chairman of the Board and a Secretary. In addition, the board may from time to time by resolution appoint such other officers as the board determines to be necessary or advisable in the interests of the Corporation, which officers shall, subject to the Act, have such authority and perform such duties as may from time to time be prescribed by resolution of the board. None of the said officers, other than the Chairman of the Board, need be a member of the board. Any two or more offices of the Corporation may be held by the same person. If the same person holds both the office of Secretary and the office of Treasurer, he may be known as Secretary-Treasurer.

9.02 Appointment of Chairman of the Board and Vice-Chairman and Secretary

At the first meeting of the board after each annual meeting of shareholders, the board shall appoint the Chairman and Vice-Chairman and Secretary of the Board. In default of such appointment, the then incumbent shall hold office until his successor is appointed.

9.03 Remuneration and removal of officers

Subject to any unanimous shareholders direction, the remuneration of all officers shall be determined from time to time by the board. The fact that any officer is a director or shareholder shall not disqualify him from receiving such remuneration as may be so determined. All officers shall be subject to removal by resolution of the board at any time.

9.04 Duties of officers may be delegated

In case of the absence or inability to act of the Chairman of the Board or the President, or any other officer of the Corporation, or for any other reason that the board may deem sufficient, the board may delegate the powers of such officer to any other officer or to any director for the time being.

9.05 Chairman of the Board

The Chairman of the Board shall, if present, preside at all meetings of directors and shareholders. He shall sign all instruments which require his signature and shall perform all duties incident to his office, and shall have such other powers and perform such other duties as may from time to time be prescribed by resolution of the board.

9.06 Vice-Chairman and Secretary

During the Chairman's absence or inability or refusal to act, the Chairman's duties may be performed and his powers may be exercised by the Vice-Chairman. The Vice-President shall also have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

The Vice-Chairman shall also be the Secretary. As Secretary, he shall give, or cause to be given, all notices required to be given to shareholders, directors, auditors and members of any committee. He shall enter or cause to be entered in the books kept for that purpose minutes of all proceedings at meetings of directors and of shareholders. He shall be the custodian of the seal (if any) of the Corporation and of all books, papers, records, documents and other instruments belonging to the Corporation. The Secretary shall have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

9.07 President

The President shall be the Chief Executive Officer of the Corporation and shall exercise general supervision over the affairs of the Corporation. The President shall sign all instruments which require his signature and shall perform all duties incidental to his office, and shall have such other powers and perform such other duties as may from time to time be prescribed by resolution of the board.

9.08 Treasurer

The Treasurer shall be the Chief Financial Officer of the Corporation and shall exercise the general supervision over the financial affairs of the Corporation. The Treasurer shall have the care and custody of all the funds and securities of the Corporation and shall deposit the same in the name of the Corporation in such bank or banks or with such depository or depositories as the board may by resolution direct. He shall at all reasonable times exhibit his books and accounts to any director upon application at the office of the Corporation during business hours. He shall sign or countersign such instruments as require his signature and shall perform all duties incident to his office or that are properly required of him by resolution of the board. He may be required to give such bond for the faithful performance of his duties as the board in its uncontrolled discretion may require but no director shall be liable for failure to require any bond or for the insufficiency of any bond or for any loss by reason of the failure of the Corporation to receive any indemnity thereby provided. The Treasurer shall also have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

9.12 Delegation of board powers

In accordance with the by-laws and subject to the provisions of the Act, the board may from time to time by resolution delegate to any officer or officers power to manage the business and affairs of the Corporation.

9.13 Vacancies

If any office of the Corporation shall for any reason be or become vacant, the directors by resolution may appoint a person to fill such vacancy.

9.14 Variation of powers and duties

Notwithstanding the foregoing, the board may from time to time and subject to the provisions of the Act, add to or limit the powers and duties of an office or of an officer occupying any office.

10. Meetings of Shareholders**10.01 Calling of meetings**

A meeting of shareholders may be called at any time by resolution of the board or by the Chairman of the Board or by the Vice-Chairman and the Secretary shall cause notice of a meeting of shareholders to be given when directed so to do by resolution of the board or by the Chairman of the Board or by the President.

10.02 Annual meeting

Subject to the provisions of the Act, the Corporation shall hold an annual meeting of shareholders not later than eighteen months after the Corporation comes into existence and subsequently not later than fifteen months after holding the last preceding annual meeting for the purpose of considering the financial statements and the auditor's report, electing directors and appointing auditors.

10.03 Special meeting

Subject to the provisions of the Act, a special meeting of shareholders may be called at any time and may be held in conjunction with an annual meeting of shareholders.

10.04 Place of meetings

Subject to the Articles and any unanimous shareholder agreement, a meeting of shareholders shall be held at such place in or outside Ontario as the directors determine or, in the absence of such a determination, at the place where the registered office of the Corporation is located.

10.05 Notice

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in Section 15.01 in this by-law, in the case of an offering Corporation, not less than twenty-one days, and in the case of any other Corporation, not less than ten days, but, in either case, not more than fifty days, before the date of the meeting to each director, to the auditor and to each shareholder entitled to vote at such meeting. A notice of a meeting is not required to be sent to shareholders who were not registered on the records of the Corporation or its transfer agent on the record date

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determined under subsection 10.09(1) of this by-law but failure to receive a notice does not deprive a shareholder of the right to vote at the meeting.

10.06 Contents of notice

- (1) The notice of a meeting of shareholders shall state the day, hour and place of the meeting, and shall state or be accompanied by a statement of
 - (a) the nature of any special business to be transacted at the meeting in sufficient detail to permit a shareholder to form a reasoned judgment thereon, and
 - (b) the text of any special resolution or by-law to be submitted to the meeting.
- (2) For the purposes of this section "special business" includes all business transacted at a special meeting of shareholders and all business transacted at an annual meeting of shareholders, except consideration of the minutes of an earlier meeting, the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor.

10.07 Waiver of notice

A shareholder and any other person entitled to attend a meeting of shareholders may in any manner and at any time waive notice of a meeting of shareholders, and attendance of any such person at a meeting of shareholders is a waiver of notice of the meeting, except where he attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.08 Notice of adjourned meetings

- (1) If a meeting of shareholders is adjourned for less than thirty days, it is not necessary to give notice of the adjourned meeting other than by announcement at the earliest meeting that is adjourned.
- (2) If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty days or more, notice of the adjourned meeting shall be given as for an original meeting.

10.09 Record date for notice

- (1) The directors may by resolution fix in advance a time and date as the record date for the determination of the shareholders entitled to receive notice of a meeting of the shareholders, which record date shall not precede by more than fifty days or by less than twenty-one days the date on which the meeting is to be held. Where no such record date for the determination of the shareholders entitled to notice of a meeting of the shareholders is fixed by the directors as aforesaid, such record date shall be,
 - (a) at the close of business on the day immediately preceding the day on which notice of such meeting is given, or

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- (b) if no notice is given, the day on which the meeting is held.
- (2) If a record date is fixed pursuant to subsection (1) of this section, unless notice of the record date is waived in writing by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the directors fix the record date, notice thereof shall be given, not less than seven days before the date so fixed, in accordance with Section 13.03.

10.10 Omission of notice

Subject to the provisions of the Act, the accidental omission to give notice of any meeting of shareholders to any person entitled thereto or the non-receipt of any notice by any such person shall not invalidate any resolution passed or any proceedings taken at any meeting of shareholders.

10.11 List of shareholders

- (1) The Corporation shall prepare a list of shareholders entitled to receive notice of a meeting, arranged in alphabetical order and showing the number of shares held by each shareholder, which list shall be prepared,
- (a) if a record date is fixed under subsection 10.09(1) of this by-law not later than ten days after such record date; or
 - (b) if no record date is fixed,
 - (i) at the close of business on the day immediately preceding the day on which notice is given, or
 - (ii) where no notice is given, on the day on which the meeting is held.
- (2) A shareholder may examine the list of shareholders,
- (a) during usual business hours at the registered office of the Corporation or at the place where its central securities register is maintained, and
 - (b) at the meeting of shareholders for which the list was prepared.

10.12 Shareholders entitled to vote

- (1) Where the Corporation fixes a record date under subsection 10.09(1) of this by-law, a person named in the list prepared under Section 10.11 of this by-law is entitled to vote the shares shown opposite his name at the meeting to which the list relates, except to the extent that,
- (a) the person has transferred any of his shares after the record date; and
 - (b) the transferee of those shares,

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- (i) produces properly endorsed share certificates, or
- (ii) otherwise establishes that he owns the shares, and demands, not later than ten days before the meeting, that his name be included in the list before the meeting,

in which case the transferee is entitled to vote such shares at the meeting.

- (2) Where the Corporation does not fix a record date under subsection 10.09(1) of this by-law a person named in the list prepared under Section 10.11 is entitled to vote the shares shown opposite his name at the meeting to which the list relates, except to the extent that,
 - (a) the person has transferred any of his shares after the date on which the list referred to in Section 10.11 of this by-law is prepared; and
 - (b) the transferee of those shares,
 - (i) produces properly endorsed share certificates, or
 - (ii) otherwise establishes that he owns the shares,

and demands, not later than ten days before the meeting, or such shorter period before the meeting as the by-laws of the Corporation may provide, that his name be included in the list before the meeting, in which case the transferee is entitled to vote such shares at the meeting.

10.13 Persons entitled to be present

The only persons entitled to attend a meeting of shareholders shall be those entitled to vote thereat and the President, the Secretary, the directors, the scrutineer or scrutineers and the auditor and others who, although not entitled to vote, are entitled or required under any provision of the Act or the Articles or the by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

10.14 Proxies

- (1) Every shareholder entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, as his nominee to attend and act at the meeting in the manner, to the extent and with the authority conferred by the proxy.
- (2) A proxy shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized and shall conform with the requirements of the Act.

10.15 Revocation of proxies

A shareholder may revoke a proxy

- (a) by depositing an instrument in writing executed by him or by his attorney authorized in writing,
 - (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or
 - (ii) with the chairman of the meeting on the day of the meeting or an adjournment thereof; or
- (b) in any other manner permitted by law.

10.16 Deposit of proxies

The directors may by resolution fix a time not exceeding forty-eight hours, excluding Saturdays and holidays, preceding any meeting or adjourned meeting of shareholders before which time proxies to be used at that meeting must be deposited with the Corporation or an agent thereof, and any period of time so fixed shall be specified in the notice calling the meeting.

10.17 Joint shareholders

Where two or more persons hold shares jointly, one of those holders present at a meeting of shareholders may in the absence of the others vote the shares, but if two or more of those persons are present, in person or by proxy, they shall vote as one on the shares jointly held by them.

10.18 Chairman and Secretary

- (1) The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: Chairman or Vice-Chairman of the Board. If there is no such officer or if at a meeting none of them is present within fifteen minutes after the time appointed for the holding of the meeting the shareholders present shall choose a person from their number to be the chairman.
- (2) The Secretary shall be the secretary of any meeting of shareholders, but if the Secretary is absent, the chairman shall appoint some person who need not be a shareholder to act as secretary of the meeting.

10.19 Scrutineers

The chairman of any meeting of shareholders may appoint one or more persons to act as scrutineer or scrutineers at such meeting and in that capacity to report to the chairman such information as to attendance, representation, voting and other matters at the meeting as the chairman shall direct.

10.20 Votes to govern

At all meetings of shareholders every question shall, unless otherwise required by law, the Articles, the by-laws, or a unanimous shareholder agreement, be determined by the majority of the votes duly cast on the question. In case of an equality of votes, the chairman presiding at the meeting shall not have a second or casting vote in addition to the vote or votes to which he may be entitled as a shareholder.

10.21 Show of hands

At all meetings of shareholders, every question submitted to the meeting shall be decided by a show of hands unless a ballot thereon is required by the chairman or is demanded by a shareholder or proxyholder present and entitled to vote. Upon a show of hands every person present who is either a shareholder entitled to vote or the duly appointed proxyholder of such a shareholder shall have one vote. Before or after a vote by a show of hands has been taken upon any question, the chairman may require, or any shareholder or proxyholder present and entitled to vote may demand, a ballot thereon. Unless a ballot is demanded, an entry in the minutes of a meeting of shareholders to the effect that the chairman declared a motion to be carried is admissible in evidence as *prima facie* proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the motion.

10.22 Ballots

If a ballot is required by the chairman of the meeting or is duly demanded by any shareholder or proxyholder and the demand is not withdrawn, a ballot upon the question shall be taken in such manner and at such time as the chairman of the meeting shall direct.

10.23 Votes on ballots

Unless the Articles otherwise provide, upon a ballot each shareholder who is present in person or represented by proxy shall be entitled to one vote for each share in respect of which he is entitled to vote at the meeting and the result of the ballot shall be the decision of the meeting.

10.24 Adjournment

The chairman presiding at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting decides, adjourn the meeting from time to time and from place to place and, subject to the provisions of the Act and subsection 10.08(2) of this by-law, no notice of such adjournment or of the adjourned meeting need be given to the shareholders. Subject to the provisions of the Act, any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling such meeting.

10.25 Quorum

At any meeting of shareholders, two individuals present in person, each of whom is either a shareholder entitled to attend and vote at such meeting or the proxyholder of such a shareholder appointed by means of a valid proxy, shall be a quorum for the choice of a chairman (if required) and for the adjournment of the meeting. For all other purposes, a quorum for any meeting of shareholders

(unless a greater number of shareholders and/or a greater number of shares are required by the Act or by the Articles or the by-laws) shall be individuals present in person, not being less than two in number, each of whom is either a shareholder entitled to attend and vote at such meeting or the proxyholder of such a shareholder appointed by means of a valid proxy, holding or representing by proxy in the aggregate not less than [51%] of the total number of the issued shares of the Corporation for the time being enjoying voting rights at such meeting. No business shall be transacted at any meeting of shareholders while the requisite quorum is not present.

10.26 Only one shareholder

Where the Corporation has only one shareholder, or only one holder of any class or series of shares, that shareholder present in person or by proxy constitutes a meeting.

11. Shares and Transfers

11.01 Issuance

Subject to the provisions of the Act, the Articles and any unanimous shareholder agreement, shares of the Corporation may be issued at such time and to such persons and for such consideration as the directors may by resolution determine, but no share shall be issued until it is fully paid in money or in property or past service that is not less in value than the fair equivalent of the money that the Corporation would have received if the share had been issued for money.

11.02 Commissions

The directors may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

11.03 Lien on shares

Subject to the provisions of the Act, the Corporation has a lien on a share registered in the name of a shareholder or his legal representative for a debt of that shareholder to the Corporation. Such lien may be enforced by the Corporation in any manner permitted by law.

11.04 Share certificates

- (1) Every shareholder is entitled at his option to a share certificate or to a non-transferable written acknowledgement of his right to obtain a share certificate from the Corporation, stating the number and class of shares and the designation of any series of shares held by him.
- (2) Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, shall (subject to compliance with the provisions of the Act) be in such form as the directors may from time to time by resolution approve and, unless otherwise provided by resolution of the board, such certificates and acknowledgements shall be signed by

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- (a) the Chairman of the Board, the President or a Vice-President, and
- (b) the Secretary or an Assistant Secretary holding office at the time of signing,

and notwithstanding any change in the persons holding such offices between the time of actual signing and the issuance of any certificate or acknowledgement and notwithstanding that the Chairman of the Board, the President, Vice-President, Secretary or Assistant Secretary signing may not have held office at the date of the issuance of such certificate or acknowledgement, any such certificate or acknowledgement so signed shall be valid and binding upon the Corporation.

- (3) Notwithstanding the provisions of Section 2.04 of this by-law, the signature of the Chairman of the Board, the President or a Vice-President may be printed, engraved, lithographed or otherwise mechanically reproduced upon certificates and acknowledgements for shares of the Corporation, and certificates and acknowledgements so signed shall be deemed to have been manually signed by the Chairman of the Board, the President or a Vice-President whose signature is so printed, engraved, lithographed or otherwise mechanically reproduced thereon and shall be as valid as if they had been signed manually. Where the Corporation has appointed a transfer agent pursuant to subsection 11.05(1) of this by-law the signature of the Secretary or Assistant Secretary may also be printed, engraved, lithographed or otherwise mechanically reproduced, and when countersigned by or on behalf of a transfer agent, share certificates and acknowledgements so signed shall be as valid as if they had been signed manually.

11.05 Transfer agent

- (1) For each class of securities and warrants issued by it, the Corporation may, from time to time, appoint or remove
 - (a) a trustee, transfer agent or other agent to keep the securities register and the register of transfers and one or more persons or agents to keep branch registers; and
 - (b) a registrar, trustee or agent to maintain a record of issued security certificates and warrants;

and the person or persons appointed pursuant to this subsection shall be referred to in this by-law as a "transfer agent".

- (2) Subject to compliance with the provisions of the Act, the directors may by resolution provide for the transfer and the registration of transfers of shares of the Corporation in one or more places. A transfer agent shall keep all necessary books and registers of the Corporation for the registration and transfer of such shares of the Corporation. All share certificates issued by the Corporation for shares for which a transfer agent has been appointed as aforesaid shall be countersigned by or on behalf of the said transfer agent.

11.06 Transfer of shares

Subject to the restrictions on transfer set forth in the Articles, shares of the Corporation shall be transferable on the books of the Corporation in accordance with the applicable provisions of the Act.

11.07 Defaced, destroyed, stolen or lost certificates

Where the owner of a share or shares of the Corporation claims that the certificate for such share or shares has been lost, apparently destroyed or wrongfully taken, the Corporation shall issue a new share certificate in place of the original share certificate if such owner

- (a) so requests before the Corporation has notice that shares represented by the original certificate have been acquired by a *bona fide* purchaser;
- (b) files with the Corporation an indemnity bond sufficient in the Corporation's opinion to protect the Corporation and any transfer agent from any loss that it or any of them may suffer by complying with the request to issue a new share certificate; and
- (c) satisfies any other reasonable requirements imposed by the Corporation.

11.08 Joint shareholders

If two or more persons are registered as joint holders of any share or shares, the Corporation is not bound to issue more than one share certificate in respect thereof and delivery of a share certificate to one of such persons is sufficient delivery to all of them.

11.09 Deceased shareholders

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register or register of transfers in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation or any of its transfer agents.

12. Dividends**12.01 Declaration of dividends**

Subject to the provisions of the Act and the Articles and any unanimous shareholders direction, the directors may from time to time declare and the Corporation may pay dividends to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation or options or rights to acquire fully paid shares of the Corporation.

12.02 Joint shareholders

- (1) In case several persons are registered as joint holders of any share or shares of the Corporation, the cheque for any dividend payable to such joint holders shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and if

more than one address appears on the books of the Corporation in respect of such joint holding, the cheque shall be mailed to the first address so appearing.

- (2) In case several persons are registered as the joint holders of any share or shares of the Corporation, any one of such persons may give effectual receipts for all dividends and payments on account of dividends on such shares and/or payments in respect of the redemption of such shares.

13. Record Dates

13.01 Fixing record dates

For the purpose of determining shareholders

- (a) entitled to receive payment of a dividend;
- (b) entitled to participate in a liquidation or distribution; or
- (c) for any other purpose except the right to receive notice of or to vote at a meeting,

the directors may fix in advance a date as the record date for such determination of shareholders, but such record date shall not precede by more than fifty days the particular action to be taken.

13.02 No record date fixed

If no record date is fixed pursuant to Section 13.01, the record date for the determination of shareholders for any purpose other than to establish a shareholder's right to receive notice of a meeting or to vote shall be at the close of business on the day on which the directors pass the resolution relating thereto.

13.03 Notice of record date

If a record date is fixed, unless notice of the record date is waived in writing by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the directors fix the record date, notice thereof shall be given, not less than seven days before the date so fixed,

- (a) by advertisement in a newspaper published or distributed in the place where the Corporation has its registered office and in each place in Canada where it has a transfer agent or where a transfer of its shares may be recorded; and
- (b) by written notice to each stock exchange in Canada on which the shares of the Corporation are listed for trading.

13.04 Effect of record date

In every case where a record date is fixed pursuant to Section 13.01 in respect of the payment of a

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dividend, the making of a liquidation distribution or the issue of warrants or other rights to subscribe for shares or other securities, only shareholders of record at the record date shall be entitled to receive such dividend, liquidation distribution, warrants or other rights.

14. Corporate Records and Information

14.01 Keeping of corporate records

- (1) The Corporation shall prepare and maintain, at its registered office or at such other place in Ontario designated by the directors:
 - (a) the Articles and the by-laws and all amendments thereto, and a copy of any unanimous shareholder agreement known to the directors;
 - (b) minutes of meetings and resolutions of shareholders;
 - (c) a register of directors in which are set out the names and residence addresses, including the street and number, if any, of all persons who are or have been directors with the several dates on which each became or ceased to be a director;
 - (d) a securities register in which are recorded the securities issued by the Corporation in registered form, showing with respect to each class or series of securities
 - (i) the names, alphabetically arranged, of persons who,
 - (A) are or have been within six years registered as shareholders and the address, including the street and number, if any, of every such person while a holder, and the number and class of shares registered in the name of such holder,
 - (B) are or have been within six years registered as holders of debt obligations of the Corporation and the address, including the street and number, if any, of every such person while a holder, and the class or series and principal amount of the debt obligations registered in the name of such holder, and
 - (ii) the date and particulars of the issue of each security and warrant.
- (2) In addition to the records described in subsection (1) of this section, the Corporation shall prepare and maintain adequate accounting records and records containing minutes of meetings and resolutions of the directors and any committee. The records described in this subsection shall be kept at the registered office of the Corporation or at such other place in Ontario as is designated by the directors and shall be open to examination by any director during normal business hours of the Corporation.

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- (3) The Corporation shall also cause to be kept a register of transfers in which all transfers of securities issued by the Corporation in registered form and the date and other particulars of each transfer shall be set out.

14.02 Access to corporate records

Shareholders and creditors of the Corporation and their agents and legal representatives may examine the records referred to in subsection 14.01(1) of this by-law during the usual business hours of the Corporation and may take extracts therefrom, free of charge. If the Corporation is an offering corporation, any other person may examine such records during the usual business hours of the Corporation and may take extracts therefrom upon payment of a reasonable fee.

14.03 Copies of certain corporate records

A shareholder is entitled upon request and without charge to one copy of the Articles and by-laws and of any unanimous shareholder agreement.

14.04 Report to shareholders

A copy of the financial statements of the Corporation, a copy of the auditor's report, if any, to the shareholders and a copy of any further information respecting the financial position of the Corporation and the results of its operations required by the Articles, the by-laws or any unanimous shareholder agreement which are to be placed before an annual meeting of shareholders pursuant to the Act shall be sent to each shareholder not less than ten days before such annual meeting of shareholders (or, if the Corporation is an offering corporation, not less than twenty-one days) or before the signing of a resolution in accordance with the Act in lieu of such annual meeting, except to a shareholder who has informed the Corporation in writing that he does not wish to receive a copy of those documents.

14.05 No discovery of information

Except as specifically provided for in this Article, and subject to all applicable law, no shareholder shall be entitled to or to require discovery of any information respecting any details or conduct of the Corporation's business which in the opinion of the directors would be inexpedient or inadvisable in the interests of the Corporation to communicate to the public.

14.06 Conditions for inspection

The board may from time to time by resolution determine whether and to what extent and at what times and place and under what conditions or regulations the accounts and books of the Corporation or any of them shall be open to the inspection of shareholders, and no shareholder shall have any right to inspect any account or book or document of the Corporation, except as specifically provided for in this Article or as otherwise provided for by statute or as authorized by resolution of the board.

15. Notices

15.01 Method of giving

Any notice, communication or other document to be sent or given by the Corporation to a

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shareholder, director, officer or auditor of the Corporation under any provision of the Act, the Articles or by-laws shall be sufficiently sent and given if delivered personally to the person to whom it is to be given or if delivered to his last address as shown in the records of the Corporation or its transfer agent or if mailed by prepaid ordinary mail or air mail in a sealed envelope addressed to him at his last address as shown on the records of the Corporation or its transfer agent or if sent by any means of wire or wireless or any other form of transmitted or recorded communication. The Secretary may change the address on the records of the Corporation of any shareholder in accordance with any information believed by him to be reliable. A notice, communication or document so delivered shall be deemed to have been sent and given when it is delivered personally or delivered at the address aforesaid. A notice, communication or document so mailed shall be deemed to have been sent and given on the day it is deposited in a post office or public letter box and shall be deemed to be received by the addressee on the fifth day after such mailing. A notice sent by any means of wire or wireless or any other form of transmitted or recorded communication shall be deemed to have been given when delivered to the appropriate communication corporation or agency or its representative for dispatch.

15.02 Shares registered in more than one name

All notices or other documents with respect to any shares of the Corporation registered in the names of two or more persons as joint shareholders shall be addressed to all of such persons and sent to the address or addresses for such persons as shown in the records of the Corporation or its transfer agent but notice to one of such persons shall be sufficient notice to all of them.

15.03 Persons becoming entitled by operation of law

Subject to the provisions of the Act, every person who by operation of law, transfer or by any other means whatsoever shall become entitled to any share or shares of the Corporation shall be bound by every notice or other document in respect of such share or shares which previous to his name and address being entered on the records of the Corporation shall have been duly given to the person or persons from whom he derives his title to such share or shares.

15.04 Deceased shareholder

Any notice or document delivered or sent by mail or left at the address of any shareholder as such address appears on the records of the Corporation shall, notwithstanding that such shareholder is then deceased and whether or not the Corporation has notice of his death, be deemed to have been duly given or served in respect of the shares whether held solely or jointly with other persons by such shareholder until some other person is entered in his stead on the records of the Corporation as the holder or one of the joint holders thereof and such service of such notice shall for all purposes be deemed a sufficient service of such notice or document on his heirs, legal representatives, executors or administrators and on all persons, if any, interested with him in such shares.

15.05 Signature to notice

The signature, if any, to any notice to be given by the Corporation may be written, stamped, typewritten, printed or otherwise mechanically reproduced in whole or in part.

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15.06 Proof of service

A certificate of the Chairman of the Board, the President, a Vice-President, the Secretary or the Treasurer or of any other officer in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of shares of any class of the Corporation as to facts in relation to the delivery or mailing or service of any notice or other document to any shareholder, director, officer or auditor or publication of any notice or other document shall, in the absence of evidence to the contrary, be proof thereof.

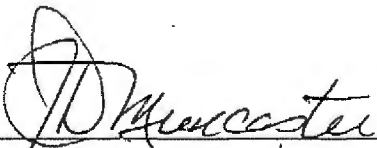
15.07 Computation of time

Where a given number of days' notice or notice extending over any period is required to be given, the number of days or period shall be computed in accordance with the definition of "day" contained in Section 1.01 of this by-law.


15.08 Waiver of notice

Any shareholder (or his duly appointed proxyholder), director, officer, auditor or member of a committee may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provisions of the Act, the Articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board which may be given in any manner.

PASSED AND MADE this 3rd day of August, 2000.



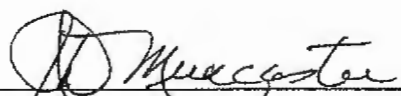
Dean Muncaster
Chair



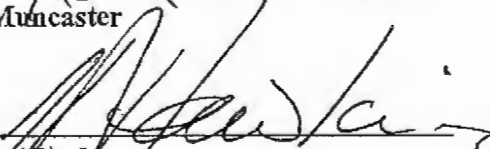
Duncan Hawkins
Vice-Chair

Resolved that the foregoing by-law is hereby enacted by the directors of the Corporation, pursuant to the Ontario Business Corporations Act as evidenced by the respective signatures hereto of the directors.

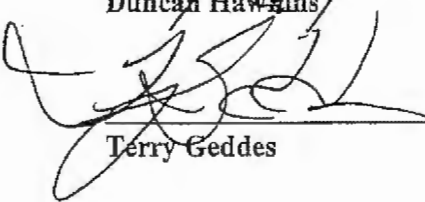
DATED the 3rd day of August, 2000.



Dean Muncaster



Duncan Hawkins



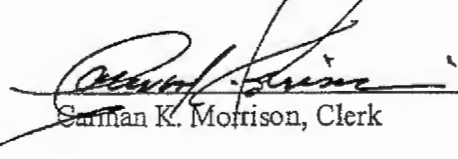
Terry Geddes

In lieu of confirmation at a general meeting of the shareholders, the undersigned, being the sole shareholder of the Corporation entitled to vote at a meeting of shareholders, hereby confirms in writing the foregoing by-law in accordance with the Ontario Business Corporations Act.

DATED the 3rd day of August, 2000.

The Corporation of the Town of Collingwood
Per:

Terry W. Geddes, Mayor



Sarman K. Morrison, Clerk

BY-LAW NO. 2

A by-law respecting the borrowing of money and the issuing of securities by:

COLLUS POWER CORP.

(herein called the "Corporation")

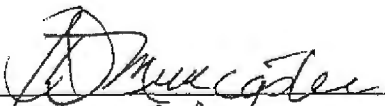
BE IT ENACTED as a by-law of the Corporation as follows:

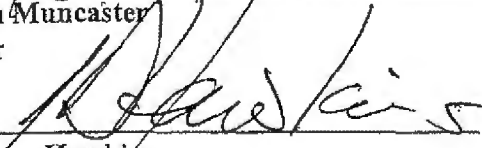
1. Without limiting the borrowing powers of the Corporation as set forth in the Ontario Business Corporations Act (the "Act"), the Directors of the Corporation may, from time to time without the authorization of the Shareholders:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, re-issue, sell or pledge debt obligations of the Corporation;
- (c) subject to Section 20 of the Act, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) charge, mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

2. The Directors may, from time to time, by resolution delegate any or all of the powers referred to in paragraph 1 of this by-law to a director, a committee of directors or one or more officers of the Corporation.

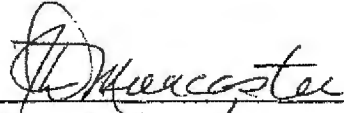
ENACTED by the Directors and sealed with the Corporation's seal the 3rd day of August, 2000.


 _____ c/s
 Dean Muncaster
 Chair

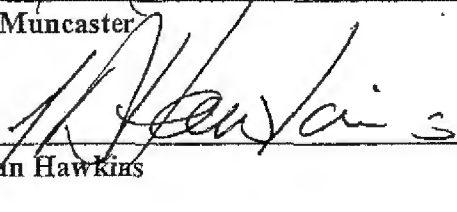

 _____ c/s
 Duncan Hawkins
 Vice-Chair

Resolved that the foregoing by-law is hereby enacted by the directors of the Corporation, pursuant to the Ontario Business Corporations Act as evidenced by the respective signatures hereto of the directors.

DATED the 3rd day of August, 2000.



Dean Muncaster



Duncan Hawkins

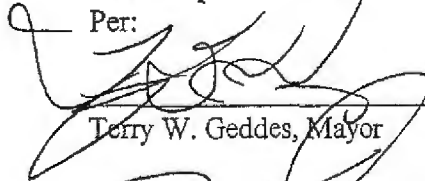
Terry Geddes

In lieu of confirmation at a general meeting of the shareholders, the undersigned, being the sole shareholder of the Corporation entitled to vote at a meeting of shareholders, hereby confirms in writing the foregoing by-law in accordance with the Ontario Business Corporations Act.

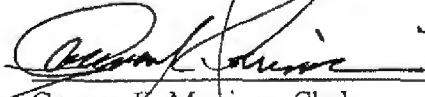
DATED the 3rd day of August, 2000.

The Corporation of the Town of Collingwood

Per:



Terry W. Geddes, Mayor



Carman K. Morrison, Clerk

EXHIBIT "C"
CERTIFICATE OF STATUS

Request ID: 014481976
Demande n° :
Transaction ID: 48345504
Transaction n° :
Category ID: CT
Catégorie :

Province of Ontario
Province de l'Ontario
Ministry of Government Services
Ministère des Services gouvernementaux

Date Report Produced: 2012/07/31
Document produit le :
Time Report Produced: 09:30:04
Imprimé à :

CERTIFICATE OF STATUS ATTESTATION DU STATUT JURIDIQUE

This is to certify that according to the records of the Ministry of Government Services

D'après les dossiers du Ministère des Services gouvernementaux, nous attestons que la société

COLLUS POWER CORP.

Ontario Corporation Number

Numéro matricule de la société (Ontario)

001402919

is a corporation incorporated, amalgamated or continued under the laws of the Province of Ontario.

est une société constituée, prorogée ou née d'une fusion aux termes des lois de la Province de l'Ontario.

The corporation came into existence on

La société a été fondée le

APRIL 13 AVRIL, 2000

and has not been dissolved.

et n'est pas dissoute.

Dated

Fait le

JULY 31 JUILLET, 2012



Director
Directrice

EXHIBIT "D"
RESOLUTION

COLLUS POWER CORP.
(the "Corporation")

The following resolutions, signed by all the directors of the Corporation, are hereby passed pursuant to the provisions of the *Business Corporations Act* (Ontario) (the "Act");

WHEREAS The Corporation of the Town of Collingwood (the "Vendor"), is the registered and beneficial owner of 5,101,640 common shares in the capital of Collingwood Utility Services Corp. ("CUS");

AND WHEREAS all of the issued and outstanding shares of the Corporation, Collus Solutions Corp. ("Solutions") and Collus Energy Corp. ("Energy", and together with the Corporation and Solutions, the "Subsidiaries") are owned by CUS;

AND WHEREAS pursuant to a request for proposals issued by the Corporation on October 4, 2011, the Vendor wishes to enter into a strategic partnership arrangement with PowerStream Inc. (the "Purchaser") whereby the Purchaser will purchase 50% of the issued and outstanding shares in the capital of CUS in order to provide CUS and its Subsidiaries with cost-effective resources in a range of areas, including engineering, constructions, call center, etc.;

AND WHEREAS the Vendor wishes to sell and the Purchaser wishes to purchase 2,550,820 common shares (the "Purchased Shares") in the capital of CUS;

AND WHEREAS it is expedient and in the best interests of the Corporation to enter into a share purchase agreement (the "Share Purchase Agreement") among the Vendor, the Purchaser, CUS and the Subsidiaries relating to the sale of the Purchased Shares to the Purchaser;

NOW THEREFORE BE IT RESOLVED THAT:

SHARE PURCHASE AGREEMENT

1. The Corporation is hereby authorized to enter into, execute, deliver and perform its obligations under the Share Purchase Agreement among the Vendor, the Purchaser, CUS and the Subsidiaries, dated March 6 2012, relating to the sale of the Purchased Shares by the Vendor to the Purchaser, substantially in the form as provided to the directors.

ANCILLARY TRANSACTIONS


2. The Corporation is further authorized and directed to enter into any ancillary transactions contemplated by the Share Purchase Agreement.

- 2 -

GENERAL

3. Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute (whether under corporate seal or otherwise) and deliver the Share Purchase Agreement.
4. Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to do all such acts and things and to execute (whether under corporate seal or otherwise) and deliver any and all such further documents, instruments and agreements as that director or officer may in his or her sole discretion determine to be necessary, appropriate or desirable in order to facilitate the completion of the transactions and other matters contemplated by the Share Purchase Agreement, the doing of such acts and things and the execution and delivery of all such documents, instruments and agreements being conclusive evidence of such determination.
5. These resolutions may be signed in one or more counterparts, and via facsimile, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

DATED the 1st day of March, 2012.



David Muncaster

David McFadden

Sandra Cooper

11840594.3

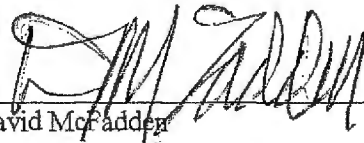
- 2 -

GENERAL

3. Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute (whether under corporate seal or otherwise) and deliver the Share Purchase Agreement.
4. Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to do all such acts and things and to execute (whether under corporate seal or otherwise) and deliver any and all such further documents, instruments and agreements as that director or officer may in his or her sole discretion determine to be necessary, appropriate or desirable in order to facilitate the completion of the transactions and other matters contemplated by the Share Purchase Agreement, the doing of such acts and things and the execution and delivery of all such documents, instruments and agreements being conclusive evidence of such determination.
5. These resolutions may be signed in one or more counterparts, and via facsimile, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

DATED the 1st day of March, 2012.

Dean Muncaster



David McFadden

Sandra Cooper

11840594.3

- 2 -

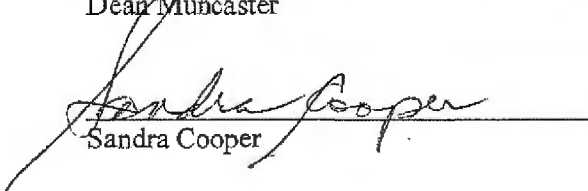
GENERAL

3. Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute (whether under corporate seal or otherwise) and deliver the Share Purchase Agreement.
4. Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to do all such acts and things and to execute (whether under corporate seal or otherwise) and deliver any and all such further documents, instruments and agreements as that director or officer may in his or her sole discretion determine to be necessary, appropriate or desirable in order to facilitate the completion of the transactions and other matters contemplated by the Share Purchase Agreement, the doing of such acts and things and the execution and delivery of all such documents, instruments and agreements being conclusive evidence of such determination.
5. These resolutions may be signed in one or more counterparts, and via facsimile, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

DATED the 15th day of March, 2012.

Dean Muncaster

David McFadden

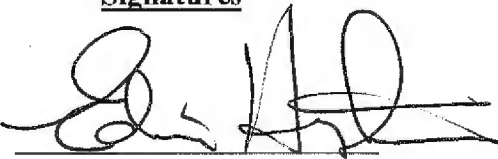
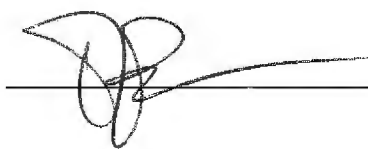
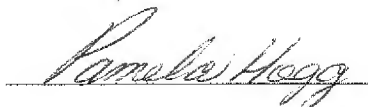


Sandra Cooper

11840594.3

EXHIBIT "E"
INCUMBENCY

The individuals listed below are the duly elected and appointed officers of the Corporation and each such officer holds the office set forth opposite her/his name.

<u>Name</u>	<u>Title(s)</u>	<u>Signatures</u>
Edwin Houghton	President and CEO	
Timothy Fryer	CFO and Treasurer	
Pamela Hogg	Secretary	

OFFICER'S CERTIFICATE

TO: POWERSTREAM INC.

AND TO: GOWLING LAFLEUR HENDERSON LLP

AND TO: AIRD & BERLIS LLP

RE: Purchase of 2,550,820 shares in Collingwood Utility Services Corp. by PowerStream Inc. (the "Purchaser") from The Corporation of the Town of Collingwood (the "Vendor") pursuant to the share purchase agreement, dated the 6th day of March, 2012 (the "Share Purchase Agreement")

Capitalized terms used herein have the meanings ascribed thereto in the Share Purchase Agreement.

I, EDWIN HOUGHTON, President and Chief Executive Officer of COLLUS Solutions Corp. (the "Corporation"), hereby certify on behalf of the Corporation, and not in a personal capacity, as follows:

1. The undersigned holds the office specified above and as such is familiar with the business and affairs of the Corporation.
2. This certificate is given with the knowledge, among other things, that it will be relied upon by A&B for the purposes of an opinion (the "Opinion") to be delivered by A&B in connection with the execution and delivery of the Share Purchase Agreement and such other documents as contemplated thereunder (all of the foregoing shall be collectively referred to as the "Documents").
3. I have read and am familiar with the provisions of the Documents.
4. The Corporation has been incorporated under the *Business Corporations Act* (Ontario) (the "Act") and has not been dissolved under the Act or any other statute, and the Corporation has not received any notice of any action or proceeding, threatened or otherwise, which could have the effect of, or which might result in, the winding-up, dissolution or any other termination of the existence of the Corporation. The Corporation is up-to-date in the filing of all returns required by governmental authorities, including under corporate and tax legislation, and has not received any notice or letter or other document stating that the Corporation is in default with respect to any filings, registrations, declarations, consents, orders or approvals required to be made or obtained by it.
5. As of the date hereof, the Corporation has not:
 - (a) committed an act of bankruptcy, or proposed a compromise or arrangement to its creditors generally;

- 2 -

- (b) had any petition for a receiving order in bankruptcy filed against it;
- (c) made a voluntary assignment in bankruptcy; or
- (d) taken any proceeding to have itself declared bankrupt.

6. No proceedings have been taken or are pending (i) to amend the constating documents of the Corporation; (ii) to terminate its existence; or (iii) to change its corporate existence in any way, nor is the Corporation in the course of being continued, amalgamated, reorganized, liquidated, wound-up or dissolved.

7. The Corporation is not in default in complying with any material provisions of tax laws applicable to it nor has it received notice of any proceedings to cancel its certificate of incorporation or otherwise to terminate its existence. The Corporation is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).

8. I have either executed or witnessed the execution of all of the Documents to which the Corporation is a party, and all of the Documents have been duly signed by an authorized signing person of the Corporation. The Documents have been unconditionally delivered to the other parties thereto with the intention of the Corporation being to create a binding agreement between the Corporation, as the case may be, and the other parties to the Documents pursuant to which the Corporation intends to be bound thereby.

9. There is no litigation, arbitration or other judicial or regulatory proceeding pending or threatened by or against the Corporation or its assets or the officers or directors of the Corporation (in such capacity) before any court or any governmental authority.

10. Attached hereto as Exhibit "A" is a true and complete copy of the articles of incorporation and articles of amendment of the Corporation (together, the "**Articles**"), which Articles have not been further amended, modified or supplemented and are in full force and effect as of the date hereof.

11. Attached hereto as Exhibit "B" is a true and complete copy of the by-laws of the Corporation (the "**By-laws**"). The By-laws comprise all of the by-laws of the Corporation which have not been repealed. As of the date hereof, the By-laws are in full force and effect, have not been amended and neither the directors nor the shareholders of the Corporation has passed, confirmed or consented to any resolutions amending or varying the By-laws.

12. Attached hereto as Exhibit "C" is a true and complete copy of a certificate of status certifying as to the status of the Corporation, dated as of the date hereof.

13. Attached hereto as Exhibit "D" is a true and correct copy of the resolution of the board of directors of the Corporation, relating to the Share Purchase Agreement, including any ancillary documents contemplated by the Share Purchase Agreement, and as of the date hereof, such resolution is in full force and effect unamended. There are no shareholders directions or agreements, resolutions, or other agreements to which the Corporation is a party or to which the Corporation is subject, or, to the best of my knowledge and belief, laws, rules or regulations, to which the Corporation is subject, that limits or restricts the Corporation's capacity or ability to

enter into the transactions contemplated by the Share Purchase Agreement or the Shareholders Agreement.

14. Attached hereto as Exhibit "E" is an incumbency certificate containing genuine specimen signatures of the officers authorized to execute the Share Purchase Agreement, Shareholders Agreement and any ancillary documents related thereto. The persons whose names appear in Exhibit "E" are duly elected directors or appointed officers of the Corporation, holding the office or offices set forth opposite their names, and the signatures set forth opposite the names of such persons, as applicable, are their genuine signatures.

15. The Corporation has the corporate power and capacity to own property and assets, to carry on business and to execute, deliver and perform its obligations under the Share Purchase Agreement and the Shareholders Agreement.

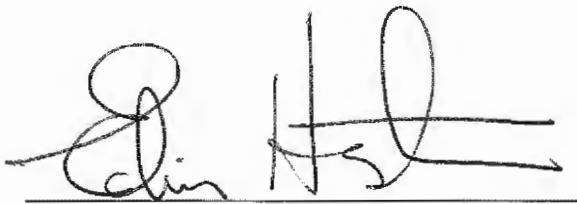
16. The Corporation has taken all necessary corporate action to authorize the execution and delivery by it of each of the Share Purchase Agreement and the Shareholders Agreement and the performance of its obligations under the Share Purchase Agreement and the Shareholders Agreement.

17. No authorization, consent, permit, exemption or approval of, or filing with or notice to, any governmental agency or authority, or any regulatory body, court, tribunal having legal jurisdiction in Ontario is required in connection with the execution and delivery by the Corporation of the Share Purchase Agreement or the Shareholders Agreement or the consummation of the transactions contemplated by the Share Purchase Agreement or the Shareholders Agreement, other than the approval of the Ontario Energy Board, and those set forth in Schedule 4.1(1)(c) of the Share Purchase Agreement, which have been obtained, made or waived in accordance with the terms of the Share Purchase Agreement.

18. The execution and delivery by the Corporation, and the consummation of the transactions contemplated by, the Share Purchase Agreement and the Shareholders Agreement do not breach or result in a default under the constating documents of the Corporation or, to the best of my knowledge and belief, any laws, statues or regulations applicable in Ontario to which the Corporation is subject.

[The rest of this page has been intentionally left blank.]

DATED the 31st day of July, 2012.

A handwritten signature in black ink, appearing to read 'Edwin Houghton', written over a horizontal line. The signature is stylized and cursive.

Edwin Houghton

EXHIBIT "A"

ARTICLES

5. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise. *Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la compagnie.* 2.

None.

Form 1
Business
Corporations
Act

Formule
numéro 1
Loi sur les
compagnies

6. The classes and any maximum number of shares that the corporation is authorized to issue: *Catégories et nombre maximal, s'il y a lieu, d'actions que la compagnie est autorisée à émettre:*

The Corporation is authorized to issue an unlimited number of common shares.

7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série:* 3.

A. Voting Rights

The holders of the common shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the corporation, and each such share shall confer the right to one vote in person or by proxy at all meetings of shareholders of the corporation.

B. Dividends

The holders of the common shares shall be entitled to receive dividends as and when declared by the directors from time to time out of moneys of the corporation properly applicable to the payment of dividends, and the amount per share of such dividend shall be determined by the directors of the corporation at the time of declaration.

C. Return of Capital

In the event of the liquidation, dissolution or winding up of the corporation or other distribution of its assets among the shareholders by way of repayment capital, whether voluntary or involuntary, the holders of the common shares shall be entitled to receive the remaining property of the corporation.

Form 1
Business
Corporations
Act

Formule
numéro 1
Loi sur les
compagnies

8. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows: *L'émission, le transfert ou la propriété d'actions est/n'est pas restreinte. Les restrictions, s'il y a lieu, sont les suivantes:*

No share or shares of the corporation shall at any time be issued or transferred to any person without (a) the consent of the directors to be signified by a resolution passed by the board or by an instrument or instruments in writing signed by a majority of the directors, and (b) the consent of the shareholders of the corporation to be signified by resolution passed by the shareholders or by an instrument or instruments in writing signed by the holders of the shares of the corporation representing a majority of the votes attributable to all of the issued and outstanding shares of the corporation.

Form 1
Business
Corporations
Act

Formule
numéro 1
Loi sur les
compagnies

9. Other provisions, (if any, are):

Autres dispositions, s'il y a lieu:

1. That the number of shareholders of the corporation, exclusive of persons who are in its employment and exclusive of persons who, having been formerly in the employment of the corporation, were, while in that employment, and have continued after the termination of that employment to be shareholders of the corporation, is limited to not more than fifty (50), two (2) or more persons who are the joint registered owners of one (1) or more shares being counted as one (1) shareholder.

2. Any invitation to the public to subscribe for securities of the corporation is prohibited.

3. Subject to any borrowing power restrictions in a unanimous shareholder agreement, as defined in the *Business Corporations Act (Ontario)*, the board of directors may from time to time on behalf of the corporation, in such amounts and on such terms as it deems expedient:

- a) borrow money on the credit of the corporation;
- b) issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness or guarantee of the corporation, whether secured or unsecured;
- c) to the extent permitted by the *Business Corporations Act*, give a guarantee on behalf of the corporation to secure performance of any present or future indebtedness, liability or obligation of any person; and
- d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable, property of the corporation including book debts, rights, powers, franchises and undertakings, to secure any such bonds, debentures, notes or other evidences of indebtedness, liability or obligation of the corporation.

4. The board of directors may from time to time delegate to such one or more of the directors or officers of the corporation as may be designated by the board all or any of the powers conferred on the board above to such extent and in such manner as the board shall determine at the time of each such delegation.

5. The corporation is incorporated pursuant to section 142(1) of the *Electricity Act, 1998 (Ontario)*.

Form 1
Business
Corporations
Act

Formule
numéro 1
Loi sur les
compagnies

10. The names and addresses of the incorporators are
Nom et adresse des fondateurs
First name, initials and last name or corporate name
Prénom, initiale et nom de famille ou dénomination sociale

Full address for service or address of registered office or of principal place of business giving Street & No. or R.R. No., municipality and postal code
Domicile élu, adresse du siège social ou adresse de l'établissement principal, y compris la rue et le numéro, le numéro de la R.R., le nom de la municipalité et le code postal

TERRY WAYNE GEDDES

CARMAN KEITH MORRISON

ROBERT ARTEUR DAVEY




Form 1
Business
Corporations
Act

Formule
numéro 1
Loi sur les
compagnies

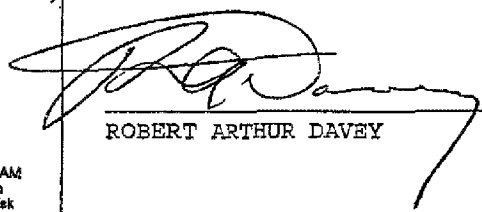
These articles are signed in duplicate.

Les présents statuts sont signés en double exemplaire.

Signatures of incorporators / *Signatures des fondateurs*


TERRY WAYNE GEDDES


CARMAN KEITH MORRISON


ROBERT ARTHUR DAVEY

BY ADDING to the Articles the following provisions with respect to the number of directors of the Corporation:

The number (or minimum and maximum number) of directors is:

"a minimum of 1 and a maximum of 20".

- 6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la *Loi sur les sociétés par actions*.
- 7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

2012/01/23

(Year, Month, Day)
(année, mois, jour)

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

COLLUS SOLUTIONS CORP.

(Print name of corporation from Article 1 on page 1)
(Veuillez écrire le nom de la société de l'article un à la page une).

By/
Par : 

(Signature)
(Signature)

Edwin Houghton

President

(Description of Office)
(Fonction)

EXHIBIT "B"

BY-LAWS

BY-LAW NO. 1

A by-law relating generally to the transaction of the business and affairs of

COLLUS SOLUTIONS CORP.

(herein called the "Corporation").

BE IT PASSED and made as a by-law of the Corporation as follows:

1. Definitions and Interpretation**1.01 Definitions**

- (1) In this by-law, unless there is something in the subject-matter or context inconsistent therewith,
- (a) "Act" means the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended or re-enacted from time to time, and includes the regulations made pursuant thereto;
 - (b) "affiliate" means an affiliated body corporate, and one body corporate shall be deemed to be affiliated with another body corporate if, but only if, one of them is the subsidiary of the other or both are subsidiaries of the same body corporate or each of them is controlled by the same person;
 - (c) "Articles" means the following as are from time to time in effect in respect of the Corporation, namely, the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of arrangement, articles of continuance, articles of dissolution, articles of reorganization, articles of revival, letters patent, supplementary letters patent, a special Act and any other instrument by which the Corporation is incorporated;
 - (d) "Auditor" means the auditor of the Corporation;
 - (e) "Board" means the board of directors of the Corporation;
 - (f) "by-law" means a by-law of the Corporation;
 - (g) "Chairman of the Board", "President", "Vice-Chair", "Secretary", "Treasurer", or any other officer means such officer of the Corporation;
 - (h) "Committee" means a committee appointed pursuant to Section 4.01 of this by-law;

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- (i) "director" means a director of the Corporation;
- (j) "day" means a clear day and a period of days shall be deemed to commence the day following the event that began the period and shall be deemed to terminate at midnight of the last day of the period except that if the last day of the period falls on a Sunday or holiday the period shall terminate at midnight of the day next following that is not a Sunday or holiday;
- (k) "employee" means an employee of the Corporation;
- (l) "number of directors" means the number of directors set out in any unanimous shareholder direction;
- (m) "officer" means an officer of the Corporation;
- (m-1) "parent corporation" means Collingwood Utility Services Corp.;
- (n) "person" includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his capacity as trustee, executor, administrator or other legal representative;
- (o) "resident Canadian" means an individual who is,
 - (i) a Canadian citizen ordinarily resident in Canada,
 - (ii) a Canadian citizen not ordinarily resident in Canada who is a member of a class of persons prescribed by the Act for the purposes of the definition of "resident Canadian", or
 - (iii) a permanent resident within the meaning of the *Immigration Act*, R.S.C. 1985, c. I-2, and ordinarily resident in Canada;
- (p) "shareholder" means a shareholder of the Corporation;
- (q) "special resolution" means a resolution that is
 - (i) submitted to a special meeting of the shareholders of the Corporation duly called for the purpose of considering the resolution and passed, with or without amendment, at such meeting by at least two-thirds of the votes cast, or
 - (ii) consented to in writing by each shareholder of the Corporation entitled to vote at such a meeting or his attorney authorized in writing;

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- (r) "subsidiary" means in relation to another body corporate, a body corporate which
 - (i) is controlled by
 - (A) that other,
 - (B) that other and one or more bodies corporate each of which is controlled by that other, or
 - (C) two or more bodies corporate each of which is controlled by that other, or
 - (ii) is a subsidiary of a body corporate that is that other's subsidiary;
 - (s) "Unanimous shareholder direction" means any written direction from the shareholders or among all the shareholders that restricts in whole or in part the powers of the directors to manage or supervise the management of the business and affairs of the Corporation, and includes the following:
 - (i) The Shareholders Direction adopted by Council of the Town of Collingwood on May 29, 2000 to provide direction to the Parent Corporation and its subsidiaries;
 - (ii) The Approval of Remuneration adopted by Council of the Town of Collingwood on June 12, 2000 to provide direction to the Parent Corporation and its subsidiaries.
- (2) Subject to the foregoing, the words and expressions herein contained shall have the same meaning as corresponding words and expressions in the Act.

1.02 Interpretation

In each by-law and resolution, unless there is something in the subject-matter or context inconsistent therewith, the singular shall include the plural and the plural shall include the singular and the masculine shall include the feminine. Wherever reference is made in this or any other by-law or in any special resolution to any statute or section thereof, such reference shall be deemed to extend and refer to any amendment to or re-enactment of such statute or section, as the case may be.

1.03 Headings and table of contents

The headings and table of contents in this by-law are inserted for convenience of reference only and shall not affect the construction or interpretation of the provisions of this by-law.

2. General

2.01 Registered office

The Corporation may by resolution of the directors change the location of its registered office within the municipality or geographic township specified in the Articles.

2.02 Corporate Seal

The Corporation may have a corporate seal which shall be adopted and may be changed by resolution of the directors.

2.03 Financial Year

The directors may by resolution fix the financial year end of the Corporation and the directors may from time to time by resolution change the financial year end of the Corporation.

2.04 Execution of Documents

- (1) Instruments in writing requiring execution by the Corporation may be signed on behalf of the Corporation by any two of the Chairman, the Vice-Chairman/Secretary, the President and the Treasurer, and all instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board may from time to time by resolution appoint any officer or officers or any other person or persons on behalf of the Corporation either to sign instruments in writing generally or to sign specific instruments in writing.
- (2) The corporate seal of the Corporation (if any) may be affixed to instruments in writing signed as aforesaid by any person authorized to sign the same or at the direction of any such person.
- (3) The term "instruments in writing" as used herein shall include deeds, contracts, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, cheques, promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money, conveyances, transfers and assignments of shares, instruments of proxy, powers of attorney, stocks, bonds, debentures or other securities or any paper writings.
- (4) Subject to the provisions of Section 11.04, the signature or signatures of an officer or director, person or persons appointed as aforesaid by resolution of the directors, may, if specifically authorized by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon all instruments in writing executed or issued by or on behalf of the Corporation and all instruments in writing on which the signature or signatures of any of the foregoing officers, directors or persons shall be so reproduced, by authorization of a resolution of the directors, shall be deemed to have been manually signed by such officers or persons whose signature or signatures is or are so reproduced and shall be as valid as if they had been signed manually and notwithstanding that the officers,

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directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such instruments in writing.

2.05 Resolutions in writing

- (1) A resolution in writing, signed by all the directors entitled to vote on that resolution at a meeting of directors or a committee of directors, is as valid as if it had been passed at a meeting of directors or such committee of directors.
- (2) Subject to the Act, a resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders..
- (3) Where the Corporation has only one shareholder, or only one holder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting.

3. Directors

3.01 General

- (1) The management of the business and affairs of the Corporation shall be managed by the Board pursuant to the Act, the Articles, any unanimous shareholders directions and the by-laws. Where there is conflict between the foregoing, the Board shall be governed by any unanimous shareholders direction.
- (2) The Board shall consist of three directors all of whom have been elected by the Parent Corporation.

3.02 Qualification

- (1) The following persons are disqualified from being a director:
 - (a) a person who is less than eighteen years of age,
 - (b) a person who is of unsound mind and has been so found by a court in Canada or elsewhere,
 - (c) a person who is not an individual,
 - (d) a person who has the status of bankrupt,
 - (e) a person appointed by the Parent Corporation who has subsequently ceased to be a Director of the said Parent Corporation, and
 - (f) a person who subsequent to his or her appointment to the Board becomes a Director of the Parent Corporation.

- (2) A director is not required to hold shares issued by the Corporation.
- (3) A majority of the directors shall be resident Canadians but where the Corporation has only one or two directors, that director or one of the two directors, as the case may be, shall be a resident Canadian.

3.03 Election

Subject to the provisions of the Act and any unanimous shareholders direction, the directors shall be elected at the first meeting of shareholders and at each succeeding annual meeting of the shareholders.

3.04 Term of office

The directors of the Corporation in the first instance shall be elected to correspond with his or her term as a Director of the Parent Corporation.

3.06 Ceasing to Hold Office

A director ceases to hold office when

- (a) he dies or, subject to the Act, he resigns;
- (b) he is removed from office in accordance with the provisions of the Act or the by-laws; or
- (c) he becomes disqualified from being a director under the Act or by-laws.

3.07 Resignation of a Director

Subject to the Act, a director may resign his office as a director by giving to the Corporation his written resignation, which resignation shall become effective at the later of

- (a) the time at which such resignation is received by the Corporation, or
- (b) the time specified in the resignation.

3.08 Removal

Subject to the provisions of the Act and any unanimous shareholders direction, the shareholders may by resolution at an annual or special meeting of shareholders remove any director or directors from office and may by resolution at such meeting elect any person to fill the vacancy created by the removal of such director, failing which the vacancy created by the removal of such director may be filled by the directors.

3.09 Vacancies

- (1) Subject to the provisions of the Act and any unanimous shareholders direction, a quorum of directors may fill a vacancy among the directors, except a vacancy resulting from

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- (a) an increase in the number of directors or in the maximum number of directors, as the case may be, or
 - (b) a failure to elect the number of directors required to be elected at any meeting of shareholders.
- (2) A director appointed or elected to fill a vacancy holds office for the unexpired term of his predecessor.
- (3) If there is not a quorum of directors, or if there has been a failure to elect the number of directors required by the Articles or by Section 3.04, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.
- (4) Subject to the Articles, where there is a vacancy or vacancies on the board, the remaining directors may exercise all the powers of the board so long as a quorum of the board remains in office.

3.10 Remuneration

Subject to the articles and any unanimous shareholder direction, the directors may fix the remuneration of the directors, officers and employees of the Corporation.

3.11 Power to borrow

Unless the Articles or a unanimous shareholder agreement otherwise provide, the directors may without authorization of the shareholders from time to time

- (a) borrow money upon the credit of the Corporation;
- (b) issue, reissue, sell or pledge debt obligations of the Corporation;
- (c) subject to the Act, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation owned or subsequently acquired, to secure any obligation of the Corporation.

3.12 Delegation of power to borrow

Unless the Articles or a unanimous shareholder agreement otherwise provide, the directors may by resolution delegate any or all of the powers referred to in Section 3.11 of this by-law to a director, a committee of directors or an officer.

4. Committees

4.01 Appointment

Subject to the Act, the Articles the directors may appoint from their number one or more committees and may by resolution delegate to any such committee any of the powers of the directors.

4.02 Canadian membership

Except as allowed by the Act, a majority of the members of any committee appointed by the directors shall be resident Canadians.

4.03 Provisions applicable

The following provisions shall apply to any committee appointed by the directors:

- (a) unless otherwise provided by resolution of the directors, each member of a committee shall continue to be a member thereof until the expiration of his term of office as a director;
- (b) the directors may from time to time by resolution specify which member of a committee shall be the chairman thereof and, subject to the provisions of Section 4.01 of this by-law, may by resolution modify, dissolve or reconstitute a committee and make such regulations with respect to and impose such restrictions upon the exercise of the powers of a committee as the directors think expedient;
- (c) the meetings and proceedings of a committee shall be governed by the provisions of the by-laws of the Corporation for regulating the meetings and proceedings of the board so far as the same are applicable thereto and are not superseded by any regulations or restrictions made or imposed by the directors pursuant to the foregoing provisions hereof;
- (d) subject to subsection (e), no business shall be transacted at any meeting of a committee unless a majority of the members of such committee present are resident Canadians;
- (e) business may be transacted at any meeting of a committee where a majority of resident Canadian directors is not present if,
 - (i) a resident Canadian director who is unable to be present approves in writing or by telephone or other communications facilities the business transacted at the meeting; and
 - (ii) a majority of resident Canadian directors would have been present had that director been present at the meeting;

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- (f) the members of a committee as such shall be entitled to such remuneration for their services as members of a committee as may be fixed by resolution of the directors, who are hereby authorized to fix such remuneration;
- (g) unless otherwise provided by resolution of the board, the Secretary of the Corporation shall be the secretary of any committee;
- (h) subject to the provisions of Section 4.02 of this by-law, the directors shall fill vacancies in a committee by appointment from among their number; and
- (i) unless otherwise provided by resolution of the board, meetings of a committee may be convened by the direction of any member thereof.

5. Meetings of Directors

5.01 Place of meetings

Meetings of the board and of any committee may be held at any place inside or outside Ontario. In any financial year of the Corporation, a majority of the meetings of the board and a majority of the meetings of any committee need not be held within Canada.

5.02 Calling of meetings

A meeting of the board may be called at any time by the Chairman of the Board, the Vice-Chairman or any two of the directors, and the secretary shall cause notice of a meeting of directors to be given when so directed by any such person or persons.

5.03 Notice of meetings

- (1) Notice of any meeting of the board specifying the time and, except where the meeting is to be held as provided for in Section 5.06 of this by-law, the place for the holding of such meeting shall be given in accordance with the terms of Section 15.01 to every director not less than two days before the date of the meeting.
- (2) Notice of an adjourned meeting of the board is not required to be given if the time and place of the adjourned meeting is announced at the original meeting.
- (3) Meetings of the board may be held at any time without formal notice if all the directors are present or if all the directors who are not present, in writing or by cable, telegram or any form of transmitted or recorded communication, waive notice or signify their consent to the meeting being held without formal notice. Notice of any meeting or any irregularity in any meeting or in the notice thereof may be waived by any director either before or after such meeting. Attendance of a director at a meeting of the board is a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

5.04 Regular meetings

The board may by resolution fix a day or days in any month or months for the holding of regular meetings at a time and place specified in such resolution. A copy of any resolution of the board specifying the time and place for the holding of regular meetings of the board shall be sent to each director at least two days before the first of such regular meetings and no other notice shall be required for any of such regular meetings.

5.05 First meeting of new board

For the first meeting of the board to be held immediately following the election of directors at an annual or other meeting of the shareholders or for a meeting of the board at which a director is appointed to fill a vacancy in the board, no notice need be given to the newly elected or appointed director or directors.

5.06 Participation by telephone

If all the directors present at or participating in the meeting consent, a meeting of the board or of a committee may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such a meeting by such means is deemed to be present in person at that meeting for the purposes of the Act and this by-law.

5.07 Chairman

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and who is present at the meeting: Chairman of the Board, or the Vice-Chairman. If neither officer is present, the directors present shall choose one of their number to be chairman.

5.08 Quorum

Two directors constitute a quorum at any meeting of the board.

5.09 Voting

All questions arising at any meeting of the board shall be decided by a majority of votes. In case of an equality of votes, the chairman of the meeting shall not have, in addition to his original vote, a second or casting vote.

5.10 Auditor

The auditor shall be entitled to attend at the expense of the Corporation and be heard at meetings of the board on matters relating to his duties as auditor.

6. Standard of Care of Directors and Officers**6.01 Standard of care**

Every director and officer, in exercising his powers and discharging his duties, shall,

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- (a) act honestly and in good faith with a view to the best interests of the Corporation; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

6.02 Liability for acts of others

Subject to the provisions of Section 6.01 of this by-law, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for any loss, damage, or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by order of the board for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person, firm or corporation with whom or which any moneys, securities or effects of the Corporation shall be lodged or deposited or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatsoever which may happen in the execution of the duties of his respective office or trust or in relation thereto, unless the same are occasioned by his own wilful neglect or default; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

7. For the Protection of Directors and Officers

7.01 Indemnification by Corporation

- (1) The Corporation shall indemnify a director or officer, a former director or officer or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or such body corporate, if
 - (a) he acted honestly and in good faith with a view to the best interests of the Corporation; and
 - (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The Corporation may from time to time enter into agreements pursuant to which the Corporation agrees to indemnify one or more persons in accordance with the provisions of this section.

- (2) The Corporation shall, subject to the approval of the Superior Court of Justice, indemnify a person referred to in subsection 7.01(1) of this by-law in respect of an action by or on behalf of the Corporation or body corporate to procure a judgment in its favour, to which he is made a party by reason of being or having been a director or an officer of the Corporation or body corporate, against all costs, charges and expenses reasonably incurred by him in connection with such action if he fulfills the conditions set out in clauses 7.01(1)(a) and 7.01(1)(b) of this by-law.
- (3) Notwithstanding anything in this Article, a person referred to in subsection 7.01(1) of this by-law is entitled to indemnity from the Corporation in respect of all costs, charges and expenses reasonably incurred by him in connection with the defence of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or body corporate, if the person seeking indemnity
- (a) was substantially successful on the merits in his defence of the action or proceeding, and
 - (b) fulfills the conditions set out in clauses 7.01(1)(a) and 7.01(1)(b) of this by-law.

7.02 Insurance

The Corporation may purchase and maintain insurance for the benefit of any person referred to in subsection 7.01(1) of this by-law against any liability incurred by him

- (a) in his capacity as a director or officer, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the Corporation, or
- (b) in his capacity as a director or officer of another body corporate where he acts or acted in that capacity at the Corporation's request, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the body corporate.

7.03 Directors' expenses

The directors shall be reimbursed for their out-of-pocket expenses incurred in attending board, committee or shareholders' meetings or otherwise in respect of the performance by them of their duties and no confirmation by the shareholders of any such reimbursement shall be required.

7.04 Performance of services for Corporation

Subject to Article 8 of this by-law, if any director or officer shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Corporation, the fact of his being a director or officer shall not disentitle such director or officer or such firm or company, as the case may be, from receiving proper remuneration for such services.

8. Interest of Directors and Officers in Contracts

8.01 Disclosure of interest

A director or officer who,

- (a) is a party to a material contract or transaction or proposed material contract or transaction with the Corporation; or
- (b) is a director or an officer of, or has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Corporation,

shall disclose in writing to the Corporation or request to have entered in the minutes of meetings of directors the nature and extent of his interest.

8.02 Time of disclosure by director

The disclosure required by Section 8.01 of this by-law shall be made, in the case of a director,

- (a) at the meeting at which a proposed contract or transaction is first considered;
- (b) if the director was not then interested in a proposed contract or transaction, at the first meeting after he becomes so interested;
- (c) if the director becomes interested after a contract is made or a transaction is entered into, at the first meeting after he becomes so interested; or
- (d) if a person who is interested in a contract or transaction later becomes a director, at the first meeting after he becomes a director.

8.03 Time of disclosure by officer

The disclosure required by Section 8.01 of this by-law shall be made, in the case of an officer who is not a director,

- (a) forthwith after he becomes aware that the contract or transaction or proposed contract or transaction is to be considered or has been considered at a meeting of directors;
- (b) if the officer becomes interested after a contract is made or a transaction is entered into, forthwith after he becomes so interested; or
- (c) if a person who is interested in a contract or transaction later becomes an officer, forthwith after he becomes an officer.

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8.04 Time of disclosure in extraordinary cases

Notwithstanding Sections 8.02 and 8.03 of this by-law, where Section 8.01 of this by-law applies to a director or officer in respect of a material contract or transaction or proposed material contract or transaction that, in the ordinary course of the Corporation's business, would not require approval by the directors or shareholders, the director or officer shall disclose in writing to the Corporation or request to have entered in the minutes of meetings of directors the nature and extent of his interest forthwith after the director or officer becomes aware of the contract or transaction or proposed contract or transaction.

8.05 Voting by interested director

A director referred to in Section 8.01 of this by-law shall not vote on any resolution to approve the contract or transaction unless the contract or transaction is,

- (a) an arrangement by way of security for money lent to or obligations undertaken by him for the benefit of the Corporation or an affiliate;
- (b) one relating primarily to his remuneration as a director, officer, employee or agent of the Corporation or an affiliate;
- (c) one for indemnity or insurance pursuant to the provisions of the Act; or
- (d) one with an affiliate.

8.06 Nature of disclosure

For the purposes of this Article, a general notice to the directors by a director or officer disclosing that he is a director or officer of or has a material interest in a person and is to be regarded as interested in any contract made or any transaction entered into with that person, is a sufficient disclosure of interest in relation to any contract so made or transaction so entered into.

8.07 Effect of disclosure

Where a material contract is made or a material transaction is entered into between the Corporation and a director or officer of the Corporation, or between the Corporation and another person of which a director or officer of the Corporation is a director or officer or in which he has a material interest,

- (a) the director or officer is not accountable to the Corporation or its shareholders for any profit or gain realized from the contract or transaction; and
- (b) the contract or transaction is neither void nor voidable, by reason only of that relationship or by reason only that the director is present at or is counted to determine the presence of a quorum at the meeting of directors that authorized the contract or transaction, if the director or officer disclosed his interest in accordance with Sections 8.02, 8.03, 8.04 or 8.06 of this by-law, as the case may be, and the contract or transaction was reasonable and fair to the Corporation at the time it was so approved.

8.08 Confirmation by shareholders

Notwithstanding anything in this Article, a director or officer, acting honestly and in good faith, is not accountable to the Corporation or to its shareholders for any profit or gain realized from any such contract or transaction by reason only of his holding the office of director or officer, and the contract or transaction, if it was reasonable and fair to the Corporation at the time it was approved, is not by reason only of the director's or officer's interest therein void or voidable, where,

- (a) the contract or transaction is confirmed or approved by special resolution at a meeting of the shareholders duly called for that purpose; and
- (b) the nature and extent of the director's or officer's interest in the contract or transaction are disclosed in reasonable detail in the notice calling the meeting or in the information circular required pursuant to the provisions of the Act.

9. Officers**9.01 Officers**

Subject to the Articles, by-laws and any unanimous shareholder agreement, the board may, annually or as often as may be required, by resolution appoint a President or Chairman of the Board and a Secretary. In addition, the board may from time to time by resolution appoint such other officers as the board determines to be necessary or advisable in the interests of the Corporation, which officers shall, subject to the Act, have such authority and perform such duties as may from time to time be prescribed by resolution of the board. None of the said officers, other than the Chairman of the Board, need be a member of the board. Any two or more offices of the Corporation may be held by the same person. If the same person holds both the office of Secretary and the office of Treasurer, he may be known as Secretary-Treasurer.

9.02 Appointment of Chairman of the Board and Vice-Chairman and Secretary

At the first meeting of the board after each annual meeting of shareholders, the board shall appoint the Chairman and Vice-Chairman and Secretary of the Board. In default of such appointment, the then incumbent shall hold office until his successor is appointed.

9.03 Remuneration and removal of officers

Subject to any unanimous shareholders direction, the remuneration of all officers shall be determined from time to time by the board. The fact that any officer is a director or shareholder shall not disqualify him from receiving such remuneration as may be so determined. All officers shall be subject to removal by resolution of the board at any time.

9.04 Duties of officers may be delegated

In case of the absence or inability to act of the Chairman of the Board or the President, or any other officer of the Corporation, or for any other reason that the board may deem sufficient, the board may delegate the powers of such officer to any other officer or to any director for the time being.

9.05 Chairman of the Board

The Chairman of the Board shall, if present, preside at all meetings of directors and shareholders. He shall sign all instruments which require his signature and shall perform all duties incident to his office, and shall have such other powers and perform such other duties as may from time to time be prescribed by resolution of the board.

9.06 Vice-Chairman and Secretary

During the Chairman's absence or inability or refusal to act, the Chairman's duties may be performed and his powers may be exercised by the Vice-Chairman. The Vice-President shall also have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

The Vice-Chairman shall also be the Secretary. As Secretary, he shall give, or cause to be given, all notices required to be given to shareholders, directors, auditors and members of any committee. He shall enter or cause to be entered in the books kept for that purpose minutes of all proceedings at meetings of directors and of shareholders. He shall be the custodian of the seal (if any) of the Corporation and of all books, papers, records, documents and other instruments belonging to the Corporation. The Secretary shall have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

9.07 President

The President shall be the Chief Executive Officer of the Corporation and shall exercise general supervision over the affairs of the Corporation. The President shall sign all instruments which require his signature and shall perform all duties incidental to his office, and shall have such other powers and perform such other duties as may from time to time be prescribed by resolution of the board.

9.08 Treasurer

The Treasurer shall be the Chief Financial Officer of the Corporation and shall exercise the general supervision over the financial affairs of the Corporation. The Treasurer shall have the care and custody of all the funds and securities of the Corporation and shall deposit the same in the name of the Corporation in such bank or banks or with such depository or depositories as the board may by resolution direct. He shall at all reasonable times exhibit his books and accounts to any director upon application at the office of the Corporation during business hours. He shall sign or countersign such instruments as require his signature and shall perform all duties incident to his office or that are properly required of him by resolution of the board. He may be required to give such bond for the faithful performance of his duties as the board in its uncontrolled discretion may require but no director shall be liable for failure to require any bond or for the insufficiency of any bond or for any loss by reason of the failure of the Corporation to receive any indemnity thereby provided. The Treasurer shall also have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

9.12 Delegation of board powers

In accordance with the by-laws and subject to the provisions of the Act, the board may from time to time by resolution delegate to any officer or officers power to manage the business and affairs of the Corporation.

9.13 Vacancies

If any office of the Corporation shall for any reason be or become vacant, the directors by resolution may appoint a person to fill such vacancy.

9.14 Variation of powers and duties

Notwithstanding the foregoing, the board may from time to time and subject to the provisions of the Act, add to or limit the powers and duties of an office or of an officer occupying any office.

10. Meetings of Shareholders**10.01 Calling of meetings**

A meeting of shareholders may be called at any time by resolution of the board or by the Chairman of the Board or by the Vice-Chairman and the Secretary shall cause notice of a meeting of shareholders to be given when directed so to do by resolution of the board or by the Chairman of the Board or by the President.

10.02 Annual meeting

Subject to the provisions of the Act, the Corporation shall hold an annual meeting of shareholders not later than eighteen months after the Corporation comes into existence and subsequently not later than fifteen months after holding the last preceding annual meeting for the purpose of considering the financial statements and the auditor's report, electing directors and appointing auditors.

10.03 Special meeting

Subject to the provisions of the Act, a special meeting of shareholders may be called at any time and may be held in conjunction with an annual meeting of shareholders.

10.04 Place of meetings

Subject to the Articles and any unanimous shareholder agreement, a meeting of shareholders shall be held at such place in or outside Ontario as the directors determine or, in the absence of such a determination, at the place where the registered office of the Corporation is located.

10.05 Notice

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in Section 15.01 in this by-law, in the case of an offering Corporation, not less than twenty-one days, and in the case of any other Corporation, not less than ten days, but, in either case, not more than fifty days, before the date of the meeting to each director, to the auditor and to each shareholder entitled to vote at such meeting. A notice of a meeting is not required to be sent to shareholders who were not registered on the records of the Corporation or its transfer agent on the record date

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determined under subsection 10.09(1) of this by-law but failure to receive a notice does not deprive a shareholder of the right to vote at the meeting.

10.06 Contents of notice

- (1) The notice of a meeting of shareholders shall state the day, hour and place of the meeting, and shall state or be accompanied by a statement of
 - (a) the nature of any special business to be transacted at the meeting in sufficient detail to permit a shareholder to form a reasoned judgment thereon, and
 - (b) the text of any special resolution or by-law to be submitted to the meeting.
- (2) For the purposes of this section "special business" includes all business transacted at a special meeting of shareholders and all business transacted at an annual meeting of shareholders, except consideration of the minutes of an earlier meeting, the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor.

10.07 Waiver of notice

A shareholder and any other person entitled to attend a meeting of shareholders may in any manner and at any time waive notice of a meeting of shareholders, and attendance of any such person at a meeting of shareholders is a waiver of notice of the meeting, except where he attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.08 Notice of adjourned meetings

- (1) If a meeting of shareholders is adjourned for less than thirty days, it is not necessary to give notice of the adjourned meeting other than by announcement at the earliest meeting that is adjourned.
- (2) If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty days or more, notice of the adjourned meeting shall be given as for an original meeting.

10.09 Record date for notice

- (1) The directors may by resolution fix in advance a time and date as the record date for the determination of the shareholders entitled to receive notice of a meeting of the shareholders, which record date shall not precede by more than fifty days or by less than twenty-one days the date on which the meeting is to be held. Where no such record date for the determination of the shareholders entitled to notice of a meeting of the shareholders is fixed by the directors as aforesaid, such record date shall be,
 - (a) at the close of business on the day immediately preceding the day on which notice of such meeting is given, or

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- (b) if no notice is given, the day on which the meeting is held.
- (2) If a record date is fixed pursuant to subsection (1) of this section, unless notice of the record date is waived in writing by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the directors fix the record date, notice thereof shall be given, not less than seven days before the date so fixed, in accordance with Section 13.03.

10.10 Omission of notice

Subject to the provisions of the Act, the accidental omission to give notice of any meeting of shareholders to any person entitled thereto or the non-receipt of any notice by any such person shall not invalidate any resolution passed or any proceedings taken at any meeting of shareholders.

10.11 List of shareholders

- (1) The Corporation shall prepare a list of shareholders entitled to receive notice of a meeting, arranged in alphabetical order and showing the number of shares held by each shareholder, which list shall be prepared,
- (a) if a record date is fixed under subsection 10.09(1) of this by-law not later than ten days after such record date; or
 - (b) if no record date is fixed,
 - (i) at the close of business on the day immediately preceding the day on which notice is given, or
 - (ii) where no notice is given, on the day on which the meeting is held.
- (2) A shareholder may examine the list of shareholders,
- (a) during usual business hours at the registered office of the Corporation or at the place where its central securities register is maintained, and
 - (b) at the meeting of shareholders for which the list was prepared.

10.12 Shareholders entitled to vote

- (1) Where the Corporation fixes a record date under subsection 10.09(1) of this by-law, a person named in the list prepared under Section 10.11 of this by-law is entitled to vote the shares shown opposite his name at the meeting to which the list relates, except to the extent that,
- (a) the person has transferred any of his shares after the record date; and
 - (b) the transferee of those shares,

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- (i) produces properly endorsed share certificates, or
- (ii) otherwise establishes that he owns the shares, and demands, not later than ten days before the meeting, that his name be included in the list before the meeting,

in which case the transferee is entitled to vote such shares at the meeting.

(2) Where the Corporation does not fix a record date under subsection 10.09(1) of this by-law a person named in the list prepared under Section 10.11 is entitled to vote the shares shown opposite his name at the meeting to which the list relates, except to the extent that,

- (a) the person has transferred any of his shares after the date on which the list referred to in Section 10.11 of this by-law is prepared; and
- (b) the transferee of those shares,
 - (i) produces properly endorsed share certificates, or
 - (ii) otherwise establishes that he owns the shares,

and demands, not later than ten days before the meeting, or such shorter period before the meeting as the by-laws of the Corporation may provide, that his name be included in the list before the meeting, in which case the transferee is entitled to vote such shares at the meeting.

10.13 Persons entitled to be present

The only persons entitled to attend a meeting of shareholders shall be those entitled to vote thereat and the President, the Secretary, the directors, the scrutineer or scrutineers and the auditor and others who, although not entitled to vote, are entitled or required under any provision of the Act or the Articles or the by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

10.14 Proxies

- (1) Every shareholder entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, as his nominee to attend and act at the meeting in the manner, to the extent and with the authority conferred by the proxy.
- (2) A proxy shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized and shall conform with the requirements of the Act.

10.15 Revocation of proxies

A shareholder may revoke a proxy

- (a) by depositing an instrument in writing executed by him or by his attorney authorized in writing,
 - (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or
 - (ii) with the chairman of the meeting on the day of the meeting or an adjournment thereof; or
- (b) in any other manner permitted by law.

10.16 Deposit of proxies

The directors may by resolution fix a time not exceeding forty-eight hours, excluding Saturdays and holidays, preceding any meeting or adjourned meeting of shareholders before which time proxies to be used at that meeting must be deposited with the Corporation or an agent thereof, and any period of time so fixed shall be specified in the notice calling the meeting.

10.17 Joint shareholders

Where two or more persons hold shares jointly, one of those holders present at a meeting of shareholders may in the absence of the others vote the shares, but if two or more of those persons are present, in person or by proxy, they shall vote as one on the shares jointly held by them.

10.18 Chairman and Secretary

- (1) The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: Chairman or Vice-Chairman of the Board. If there is no such officer or if at a meeting none of them is present within fifteen minutes after the time appointed for the holding of the meeting the shareholders present shall choose a person from their number to be the chairman.
- (2) The Secretary shall be the secretary of any meeting of shareholders, but if the Secretary is absent, the chairman shall appoint some person who need not be a shareholder to act as secretary of the meeting.

10.19 Scrutineers

The chairman of any meeting of shareholders may appoint one or more persons to act as scrutineer or scrutineers at such meeting and in that capacity to report to the chairman such information as to attendance, representation, voting and other matters at the meeting as the chairman shall direct.

10.20 Votes to govern

At all meetings of shareholders every question shall, unless otherwise required by law, the Articles, the by-laws, or a unanimous shareholder agreement, be determined by the majority of the votes duly cast on the question. In case of an equality of votes, the chairman presiding at the meeting shall not have a second or casting vote in addition to the vote or votes to which he may be entitled as a shareholder.

10.21 Show of hands

At all meetings of shareholders, every question submitted to the meeting shall be decided by a show of hands unless a ballot thereon is required by the chairman or is demanded by a shareholder or proxyholder present and entitled to vote. Upon a show of hands every person present who is either a shareholder entitled to vote or the duly appointed proxyholder of such a shareholder shall have one vote. Before or after a vote by a show of hands has been taken upon any question, the chairman may require, or any shareholder or proxyholder present and entitled to vote may demand, a ballot thereon. Unless a ballot is demanded, an entry in the minutes of a meeting of shareholders to the effect that the chairman declared a motion to be carried is admissible in evidence as *prima facie* proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the motion.

10.22 Ballots

If a ballot is required by the chairman of the meeting or is duly demanded by any shareholder or proxyholder and the demand is not withdrawn, a ballot upon the question shall be taken in such manner and at such time as the chairman of the meeting shall direct.

10.23 Votes on ballots

Unless the Articles otherwise provide, upon a ballot each shareholder who is present in person or represented by proxy shall be entitled to one vote for each share in respect of which he is entitled to vote at the meeting and the result of the ballot shall be the decision of the meeting.

10.24 Adjournment

The chairman presiding at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting decides, adjourn the meeting from time to time and from place to place and, subject to the provisions of the Act and subsection 10.08(2) of this by-law, no notice of such adjournment or of the adjourned meeting need be given to the shareholders. Subject to the provisions of the Act, any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling such meeting.

10.25 Quorum

At any meeting of shareholders, two individuals present in person, each of whom is either a shareholder entitled to attend and vote at such meeting or the proxyholder of such a shareholder appointed by means of a valid proxy, shall be a quorum for the choice of a chairman (if required) and for the adjournment of the meeting. For all other purposes, a quorum for any meeting of shareholders

(unless a greater number of shareholders and/or a greater number of shares are required by the Act or by the Articles or the by-laws) shall be individuals present in person, not being less than two in number, each of whom is either a shareholder entitled to attend and vote at such meeting or the proxyholder of such a shareholder appointed by means of a valid proxy, holding or representing by proxy in the aggregate not less than [51%] of the total number of the issued shares of the Corporation for the time being enjoying voting rights at such meeting. No business shall be transacted at any meeting of shareholders while the requisite quorum is not present.

10.26 Only one shareholder

Where the Corporation has only one shareholder, or only one holder of any class or series of shares, that shareholder present in person or by proxy constitutes a meeting.

11. Shares and Transfers

11.01 Issuance

Subject to the provisions of the Act, the Articles and any unanimous shareholder agreement, shares of the Corporation may be issued at such time and to such persons and for such consideration as the directors may by resolution determine, but no share shall be issued until it is fully paid in money or in property or past service that is not less in value than the fair equivalent of the money that the Corporation would have received if the share had been issued for money.

11.02 Commissions

The directors may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

11.03 Lien on shares

Subject to the provisions of the Act, the Corporation has a lien on a share registered in the name of a shareholder or his legal representative for a debt of that shareholder to the Corporation. Such lien may be enforced by the Corporation in any manner permitted by law.

11.04 Share certificates

- (1) Every shareholder is entitled at his option to a share certificate or to a non-transferable written acknowledgement of his right to obtain a share certificate from the Corporation, stating the number and class of shares and the designation of any series of shares held by him.
- (2) Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, shall (subject to compliance with the provisions of the Act) be in such form as the directors may from time to time by resolution approve and, unless otherwise provided by resolution of the board, such certificates and acknowledgements shall be signed by

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- (a) the Chairman of the Board, the President or a Vice-President, and
- (b) the Secretary or an Assistant Secretary holding office at the time of signing,

and notwithstanding any change in the persons holding such offices between the time of actual signing and the issuance of any certificate or acknowledgement and notwithstanding that the Chairman of the Board, the President, Vice-President, Secretary or Assistant Secretary signing may not have held office at the date of the issuance of such certificate or acknowledgement, any such certificate or acknowledgement so signed shall be valid and binding upon the Corporation.

- (3) Notwithstanding the provisions of Section 2.04 of this by-law, the signature of the Chairman of the Board, the President or a Vice-President may be printed, engraved, lithographed or otherwise mechanically reproduced upon certificates and acknowledgements for shares of the Corporation, and certificates and acknowledgements so signed shall be deemed to have been manually signed by the Chairman of the Board, the President or a Vice-President whose signature is so printed, engraved, lithographed or otherwise mechanically reproduced thereon and shall be as valid as if they had been signed manually. Where the Corporation has appointed a transfer agent pursuant to subsection 11.05(1) of this by-law the signature of the Secretary or Assistant Secretary may also be printed, engraved, lithographed or otherwise mechanically reproduced, and when countersigned by or on behalf of a transfer agent, share certificates and acknowledgements so signed shall be as valid as if they had been signed manually.

11.05 Transfer agent

- (1) For each class of securities and warrants issued by it, the Corporation may, from time to time, appoint or remove
 - (a) a trustee, transfer agent or other agent to keep the securities register and the register of transfers and one or more persons or agents to keep branch registers; and
 - (b) a registrar, trustee or agent to maintain a record of issued security certificates and warrants;

and the person or persons appointed pursuant to this subsection shall be referred to in this by-law as a "transfer agent".

- (2) Subject to compliance with the provisions of the Act, the directors may by resolution provide for the transfer and the registration of transfers of shares of the Corporation in one or more places. A transfer agent shall keep all necessary books and registers of the Corporation for the registration and transfer of such shares of the Corporation. All share certificates issued by the Corporation for shares for which a transfer agent has been appointed as aforesaid shall be countersigned by or on behalf of the said transfer agent.

11.06 Transfer of shares

Subject to the restrictions on transfer set forth in the Articles, shares of the Corporation shall be transferable on the books of the Corporation in accordance with the applicable provisions of the Act.

11.07 Defaced, destroyed, stolen or lost certificates

Where the owner of a share or shares of the Corporation claims that the certificate for such share or shares has been lost, apparently destroyed or wrongfully taken, the Corporation shall issue a new share certificate in place of the original share certificate if such owner

- (a) so requests before the Corporation has notice that shares represented by the original certificate have been acquired by a *bona fide* purchaser;
- (b) files with the Corporation an indemnity bond sufficient in the Corporation's opinion to protect the Corporation and any transfer agent from any loss that it or any of them may suffer by complying with the request to issue a new share certificate; and
- (c) satisfies any other reasonable requirements imposed by the Corporation.

11.08 Joint shareholders

If two or more persons are registered as joint holders of any share or shares, the Corporation is not bound to issue more than one share certificate in respect thereof and delivery of a share certificate to one of such persons is sufficient delivery to all of them.

11.09 Deceased shareholders

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register or register of transfers in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation or any of its transfer agents.

12. Dividends**12.01 Declaration of dividends**

Subject to the provisions of the Act and the Articles and any unanimous shareholders direction, the directors may from time to time declare and the Corporation may pay dividends to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation or options or rights to acquire fully paid shares of the Corporation.

12.02 Joint shareholders

- (1) In case several persons are registered as joint holders of any share or shares of the Corporation, the cheque for any dividend payable to such joint holders shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and if

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more than one address appears on the books of the Corporation in respect of such joint holding, the cheque shall be mailed to the first address so appearing.

- (2) In case several persons are registered as the joint holders of any share or shares of the Corporation, any one of such persons may give effectual receipts for all dividends and payments on account of dividends on such shares and/or payments in respect of the redemption of such shares.

13. Record Dates

13.01 Fixing record dates

For the purpose of determining shareholders

- (a) entitled to receive payment of a dividend;
- (b) entitled to participate in a liquidation or distribution; or
- (c) for any other purpose except the right to receive notice of or to vote at a meeting,

the directors may fix in advance a date as the record date for such determination of shareholders, but such record date shall not precede by more than fifty days the particular action to be taken.

13.02 No record date fixed

If no record date is fixed pursuant to Section 13.01, the record date for the determination of shareholders for any purpose other than to establish a shareholder's right to receive notice of a meeting or to vote shall be at the close of business on the day on which the directors pass the resolution relating thereto.

13.03 Notice of record date

If a record date is fixed, unless notice of the record date is waived in writing by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the directors fix the record date, notice thereof shall be given, not less than seven days before the date so fixed,

- (a) by advertisement in a newspaper published or distributed in the place where the Corporation has its registered office and in each place in Canada where it has a transfer agent or where a transfer of its shares may be recorded; and
- (b) by written notice to each stock exchange in Canada on which the shares of the Corporation are listed for trading.

13.04 Effect of record date

In every case where a record date is fixed pursuant to Section 13.01 in respect of the payment of a

dividend, the making of a liquidation distribution or the issue of warrants or other rights to subscribe for shares or other securities, only shareholders of record at the record date shall be entitled to receive such dividend, liquidation distribution, warrants or other rights.

14. Corporate Records and Information

14.01 Keeping of corporate records

- (1) The Corporation shall prepare and maintain, at its registered office or at such other place in Ontario designated by the directors:
 - (a) the Articles and the by-laws and all amendments thereto, and a copy of any unanimous shareholder agreement known to the directors;
 - (b) minutes of meetings and resolutions of shareholders;
 - (c) a register of directors in which are set out the names and residence addresses, including the street and number, if any, of all persons who are or have been directors with the several dates on which each became or ceased to be a director;
 - (d) a securities register in which are recorded the securities issued by the Corporation in registered form, showing with respect to each class or series of securities
 - (i) the names, alphabetically arranged, of persons who,
 - (A) are or have been within six years registered as shareholders and the address, including the street and number, if any, of every such person while a holder, and the number and class of shares registered in the name of such holder,
 - (B) are or have been within six years registered as holders of debt obligations of the Corporation and the address, including the street and number, if any, of every such person while a holder, and the class or series and principal amount of the debt obligations registered in the name of such holder, and
 - (ii) the date and particulars of the issue of each security and warrant.
- (2) In addition to the records described in subsection (1) of this section, the Corporation shall prepare and maintain adequate accounting records and records containing minutes of meetings and resolutions of the directors and any committee. The records described in this subsection shall be kept at the registered office of the Corporation or at such other place in Ontario as is designated by the directors and shall be open to examination by any director during normal business hours of the Corporation.

- (3) The Corporation shall also cause to be kept a register of transfers in which all transfers of securities issued by the Corporation in registered form and the date and other particulars of each transfer shall be set out.

14.02 Access to corporate records

Shareholders and creditors of the Corporation and their agents and legal representatives may examine the records referred to in subsection 14.01(1) of this by-law during the usual business hours of the Corporation and may take extracts therefrom, free of charge. If the Corporation is an offering corporation, any other person may examine such records during the usual business hours of the Corporation and may take extracts therefrom upon payment of a reasonable fee.

14.03 Copies of certain corporate records

A shareholder is entitled upon request and without charge to one copy of the Articles and by-laws and of any unanimous shareholder agreement.

14.04 Report to shareholders

A copy of the financial statements of the Corporation, a copy of the auditor's report, if any, to the shareholders and a copy of any further information respecting the financial position of the Corporation and the results of its operations required by the Articles, the by-laws or any unanimous shareholder agreement which are to be placed before an annual meeting of shareholders pursuant to the Act shall be sent to each shareholder not less than ten days before such annual meeting of shareholders (or, if the Corporation is an offering corporation, not less than twenty-one days) or before the signing of a resolution in accordance with the Act in lieu of such annual meeting, except to a shareholder who has informed the Corporation in writing that he does not wish to receive a copy of those documents.

14.05 No discovery of information

Except as specifically provided for in this Article, and subject to all applicable law, no shareholder shall be entitled to or to require discovery of any information respecting any details or conduct of the Corporation's business which in the opinion of the directors would be inexpedient or inadvisable in the interests of the Corporation to communicate to the public.

14.06 Conditions for inspection

The board may from time to time by resolution determine whether and to what extent and at what times and place and under what conditions or regulations the accounts and books of the Corporation or any of them shall be open to the inspection of shareholders, and no shareholder shall have any right to inspect any account or book or document of the Corporation, except as specifically provided for in this Article or as otherwise provided for by statute or as authorized by resolution of the board.

15. Notices

15.01 Method of giving

Any notice, communication or other document to be sent or given by the Corporation to a

shareholder, director, officer or auditor of the Corporation under any provision of the Act, the Articles or by-laws shall be sufficiently sent and given if delivered personally to the person to whom it is to be given or if delivered to his last address as shown in the records of the Corporation or its transfer agent or if mailed by prepaid ordinary mail or air mail in a sealed envelope addressed to him at his last address as shown on the records of the Corporation or its transfer agent or if sent by any means of wire or wireless or any other form of transmitted or recorded communication. The Secretary may change the address on the records of the Corporation of any shareholder in accordance with any information believed by him to be reliable. A notice, communication or document so delivered shall be deemed to have been sent and given when it is delivered personally or delivered at the address aforesaid. A notice, communication or document so mailed shall be deemed to have been sent and given on the day it is deposited in a post office or public letter box and shall be deemed to be received by the addressee on the fifth day after such mailing. A notice sent by any means of wire or wireless or any other form of transmitted or recorded communication shall be deemed to have been given when delivered to the appropriate communication corporation or agency or its representative for dispatch.

15.02 Shares registered in more than one name

All notices or other documents with respect to any shares of the Corporation registered in the names of two or more persons as joint shareholders shall be addressed to all of such persons and sent to the address or addresses for such persons as shown in the records of the Corporation or its transfer agent but notice to one of such persons shall be sufficient notice to all of them.

15.03 Persons becoming entitled by operation of law

Subject to the provisions of the Act, every person who by operation of law, transfer or by any other means whatsoever shall become entitled to any share or shares of the Corporation shall be bound by every notice or other document in respect of such share or shares which previous to his name and address being entered on the records of the Corporation shall have been duly given to the person or persons from whom he derives his title to such share or shares.

15.04 Deceased shareholder

Any notice or document delivered or sent by mail or left at the address of any shareholder as such address appears on the records of the Corporation shall, notwithstanding that such shareholder is then deceased and whether or not the Corporation has notice of his death, be deemed to have been duly given or served in respect of the shares whether held solely or jointly with other persons by such shareholder until some other person is entered in his stead on the records of the Corporation as the holder or one of the joint holders thereof and such service of such notice shall for all purposes be deemed a sufficient service of such notice or document on his heirs, legal representatives, executors or administrators and on all persons, if any, interested with him in such shares.

15.05 Signature to notice

The signature, if any, to any notice to be given by the Corporation may be written, stamped, typewritten, printed or otherwise mechanically reproduced in whole or in part.

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15.06 Proof of service

A certificate of the Chairman of the Board, the President, a Vice-President, the Secretary or the Treasurer or of any other officer in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of shares of any class of the Corporation as to facts in relation to the delivery or mailing or service of any notice or other document to any shareholder, director, officer or auditor or publication of any notice or other document shall, in the absence of evidence to the contrary, be proof thereof.


15.07 Computation of time

Where a given number of days' notice or notice extending over any period is required to be given, the number of days or period shall be computed in accordance with the definition of "day" contained in Section 1.01 of this by-law.

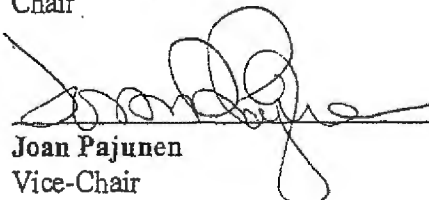
15.08 Waiver of notice

Any shareholder (or his duly appointed proxyholder), director, officer, auditor or member of a committee may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provisions of the Act, the Articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board which may be given in any manner.

PASSED AND MADE this 25th day of October, 2000.



Jack Gartley
Chair

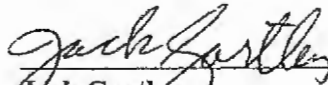


Joan Pajunen
Vice-Chair


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Resolved that the foregoing by-law is hereby enacted by the directors of the Corporation, pursuant to the Ontario Business Corporations Act as evidenced by the respective signatures hereto of the directors.

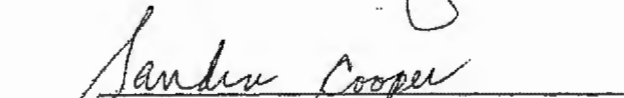
DATED the 25th day of October, 2000.



Jack Gartley



Joan Pajunen



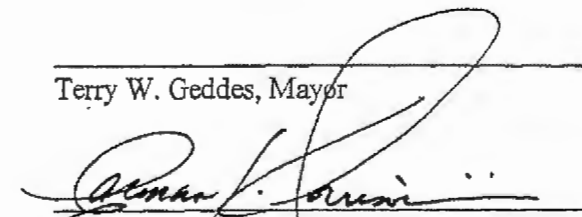
Sandra Cooper

In lieu of confirmation at a general meeting of the shareholders, the undersigned, being the sole shareholder of the Corporation entitled to vote at a meeting of shareholders, hereby confirms in writing the foregoing by-law in accordance with the Ontario Business Corporations Act.

DATED the 25th day of October, 2000.

The Corporation of the Town of Collingwood
Per:

Terry W. Geddes, Mayor



Carman K. Morrison, Clerk

BY-LAW NO. 2

A by-law respecting the borrowing of money and the issuing of securities by:

COLLUS SOLUTIONS CORP.

(herein called the "Corporation")

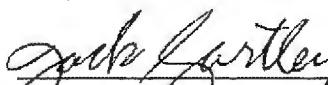
BE IT ENACTED as a by-law of the Corporation as follows:

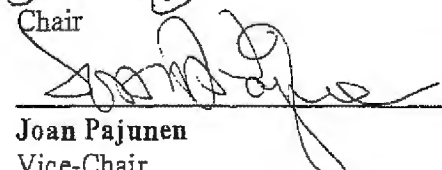
1. Without limiting the borrowing powers of the Corporation as set forth in the Ontario Business Corporations Act (the "Act"), the Directors of the Corporation may, from time to time without the authorization of the Shareholders:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, re-issue, sell or pledge debt obligations of the Corporation;
- (c) subject to Section 20 of the Act, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) charge, mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

2. The Directors may, from time to time, by resolution delegate any or all of the powers referred to in paragraph 1 of this by-law to a director, a committee of directors or one or more officers of the Corporation.

ENACTED by the Directors and sealed with the Corporation's seal the 25th day of October, 2000.


 _____ c/s
Jack Gartley
 Chair



 _____ c/s
Joan Pajunen
 Vice-Chair

Resolved that the foregoing by-law is hereby enacted by the directors of the Corporation, pursuant to the Ontario Business Corporations Act as evidenced by the respective signatures hereto of the directors.

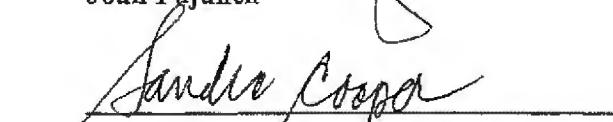
DATED the 25th day of October, 2000.



Jack Gartley



Joan Pajunen



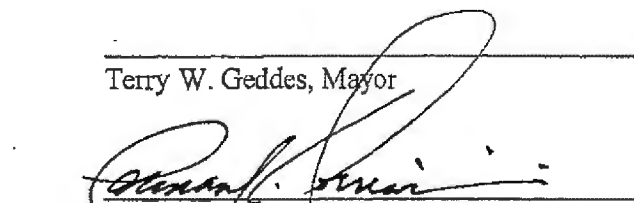
Sandra Cooper

In lieu of confirmation at a general meeting of the shareholders, the undersigned, being the sole shareholder of the Corporation entitled to vote at a meeting of shareholders, hereby confirms in writing the foregoing by-law in accordance with the Ontario Business Corporations Act.

DATED the 25th day of October, 2000.

The Corporation of the Town of Collingwood
Per:

Terry W. Geddes, Mayor



Carman K. Morrison, Clerk

EXHIBIT "C"
CERTIFICATE OF STATUS

Request ID: 014481980
Demande n° :
Transaction ID: 48345516
Transaction n° :
Category ID: CT
Catégorie :

Province of Ontario
Province de l'Ontario
Ministry of Government Services
Ministère des Services gouvernementaux

Date Report Produced: 2012/07/31
Document produit le :
Time Report Produced: 09:30:17
Imprimé à :

CERTIFICATE OF STATUS ATTESTATION DU STATUT JURIDIQUE

This is to certify that according to the records of the Ministry of Government Services

D'après les dossiers du Ministère des Services gouvernementaux, nous attestons que la société

COLLUS SOLUTIONS CORP.

Ontario Corporation Number

Numéro matricule de la société (Ontario)

001402921

is a corporation incorporated, amalgamated or continued under the laws of the Province of Ontario.

est une société constituée, prorogée ou née d'une fusion aux termes des lois de la Province de l'Ontario.

The corporation came into existence on

La société a été fondée le

APRIL 13 AVRIL, 2000

and has not been dissolved.

et n'est pas dissoute.

Dated

Fait le

JULY 31 JUILLET, 2012



Director
Directrice

EXHIBIT "D"

RESOLUTION

COLLUS SOLUTIONS CORP.
 (the "Corporation")

The following resolutions, signed by all the directors of the Corporation, are hereby passed pursuant to the provisions of the *Business Corporations Act* (Ontario) (the "Act"):

WHEREAS The Corporation of the Town of Collingwood (the "Vendor"), is the registered and beneficial owner of 5,101,640 common shares in the capital of Collingwood Utility Services Corp. ("CUS");

AND WHEREAS all of the issued and outstanding shares of the Corporation, Collus Power Corp. ("Collus") and Collus Energy Corp. ("Energy", and together with Collus and the Corporation, the "Subsidiaries") are owned by CUS;

AND WHEREAS pursuant to a request for proposals issued by Collus on October 4, 2011, the Vendor wishes to enter into a strategic partnership arrangement with PowerStream Inc. (the "Purchaser") whereby the Purchaser will purchase 50% of the issued and outstanding shares in the capital of CUS in order to provide CUS and its Subsidiaries with cost-effective resources in a range of areas, including engineering, constructions, call center, etc.;

AND WHEREAS the Vendor wishes to sell and the Purchaser wishes to purchase 2,550,820 common shares (the "Purchased Shares") in the capital of CUS;

AND WHEREAS it is expedient and in the best interests of the Corporation to enter into a share purchase agreement (the "Share Purchase Agreement") among the Vendor, the Purchaser, CUS and the Subsidiaries relating to the sale of the Purchased Shares to the Purchaser;

NOW THEREFORE BE IT RESOLVED THAT:

SHARE PURCHASE AGREEMENT

1. The Corporation is hereby authorized to enter into, execute, deliver and perform its obligations under the Share Purchase Agreement among the Vendor, the Purchaser, CUS and the Subsidiaries, dated March 6 2012, relating to the sale of the Purchased Shares by the Vendor to the Purchaser, substantially in the form as provided to the directors.

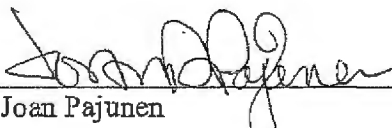
ANCILLARY TRANSACTIONS

2. The Corporation is further authorized and directed to enter into any ancillary transactions contemplated by the Share Purchase Agreement.

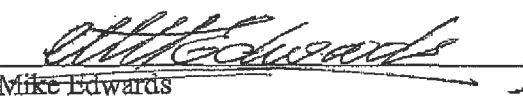
GENERAL

- 3. Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute (whether under corporate seal or otherwise) and deliver the Share Purchase Agreement.
- 4. Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to do all such acts and things and to execute (whether under corporate seal or otherwise) and deliver any and all such further documents, instruments and agreements as that director or officer may in his or her sole discretion determine to be necessary, appropriate or desirable in order to facilitate the completion of the transactions and other matters contemplated by the Share Purchase Agreement, the doing of such acts and things and the execution and delivery of all such documents, instruments and agreements being conclusive evidence of such determination.
- 5. These resolutions may be signed in one or more counterparts, and via facsimile, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

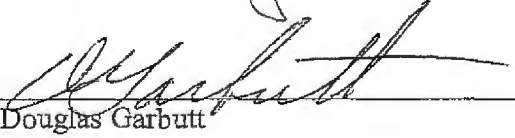
DATED the 1st day of June, 2012.



 Joan Pajunen



 Mike Edwards

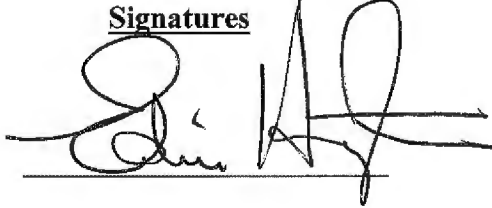
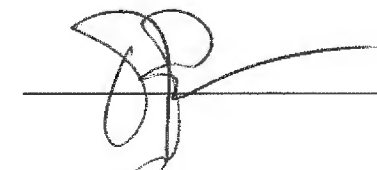
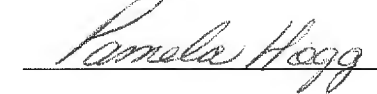


 Douglas Garbutt

EXHIBIT "E"

INCUMBENCY

The individuals listed below are the duly elected and appointed officers of the Corporation and each such officer holds the office set forth opposite her/his name.

<u>Name</u>	<u>Title(s)</u>	<u>Signatures</u>
Edwin Houghton	President and CEO	
Timothy Fryer	CFO and Treasurer	
Pamela Hogg	Secretary	

OFFICER'S CERTIFICATE

TO: POWERSTREAM INC.

AND TO: GOWLING LAFLEUR HENDERSON LLP

AND TO: AIRD & BERLIS LLP

RE: Purchase of 2,550,820 shares in Collingwood Utility Services Corp. by PowerStream Inc. (the "Purchaser") from The Corporation of the Town of Collingwood (the "Vendor") pursuant to the share purchase agreement, dated the 6th day of March, 2012 (the "Share Purchase Agreement")

Capitalized terms used herein have the meanings ascribed thereto in the Share Purchase Agreement.

I, **EDWIN HOUGHTON**, President and Chief Executive Officer of COLLUS Energy Corp. (the "**Corporation**"), hereby certify on behalf of the Corporation, and not in a personal capacity, as follows:

1. The undersigned holds the office specified above and as such is familiar with the business and affairs of the Corporation.
2. This certificate is given with the knowledge, among other things, that it will be relied upon by A&B for the purposes of an opinion (the "**Opinion**") to be delivered by A&B in connection with the execution and delivery of the Share Purchase Agreement and such other documents as contemplated thereunder (all of the foregoing shall be collectively referred to as the "**Documents**").
3. I have read and am familiar with the provisions of the Documents.
4. The Corporation has been incorporated under the *Business Corporations Act* (Ontario) (the "**Act**") and has not been dissolved under the Act or any other statute, and the Corporation has not received any notice of any action or proceeding, threatened or otherwise, which could have the effect of, or which might result in, the winding-up, dissolution or any other termination of the existence of the Corporation. The Corporation is up-to-date in the filing of all returns required by governmental authorities, including under corporate and tax legislation, and has not received any notice or letter or other document stating that the Corporation is in default with respect to any filings, registrations, declarations, consents, orders or approvals required to be made or obtained by it.
5. As of the date hereof, the Corporation has not:
 - (a) committed an act of bankruptcy, or proposed a compromise or arrangement to its creditors generally;

- 2 -

- (b) had any petition for a receiving order in bankruptcy filed against it;
 - (c) made a voluntary assignment in bankruptcy; or
 - (d) taken any proceeding to have itself declared bankrupt.
6. No proceedings have been taken or are pending (i) to amend the constating documents of the Corporation; (ii) to terminate its existence; or (iii) to change its corporate existence in any way, nor is the Corporation in the course of being continued, amalgamated, reorganized, liquidated, wound-up or dissolved.
7. The Corporation is not in default in complying with any material provisions of tax laws applicable to it nor has it received notice of any proceedings to cancel its certificate of incorporation or otherwise to terminate its existence. The Corporation is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).
8. I have either executed or witnessed the execution of all of the Documents to which the Corporation is a party, and all of the Documents have been duly signed by an authorized signing person of the Corporation. The Documents have been unconditionally delivered to the other parties thereto with the intention of the Corporation being to create a binding agreement between the Corporation, as the case may be, and the other parties to the Documents pursuant to which the Corporation intends to be bound thereby.
9. There is no litigation, arbitration or other judicial or regulatory proceeding pending or threatened by or against the Corporation or its assets or the officers or directors of the Corporation (in such capacity) before any court or any governmental authority.
10. Attached hereto as Exhibit "A" is a true and complete copy of the articles of incorporation and articles of amendment of the Corporation (together, the "Articles"), which Articles have not been further amended, modified or supplemented and are in full force and effect as of the date hereof.
11. Attached hereto as Exhibit "B" is a true and complete copy of the by-laws of the Corporation (the "By-laws"). The By-laws comprise all of the by-laws of the Corporation which have not been repealed. As of the date hereof, the By-laws are in full force and effect, have not been amended and neither the directors nor the shareholders of the Corporation has passed, confirmed or consented to any resolutions amending or varying the By-laws.
12. Attached hereto as Exhibit "C" is a true and complete copy of a certificate of status certifying as to the status of the Corporation, dated as of the date hereof.
13. Attached hereto as Exhibit "D" is a true and correct copy of the resolution of the board of directors of the Corporation, relating to the Share Purchase Agreement, including any ancillary documents contemplated by the Share Purchase Agreement, and as of the date hereof, such resolution is in full force and effect unamended. There are no shareholders directions or agreements, resolutions, or other agreements to which the Corporation is a party or to which the Corporation is subject, or, to the best of my knowledge and belief, laws, rules or regulations, to which the Corporation is subject, that limits or restricts the Corporation's capacity or ability to

enter into the transactions contemplated by the Share Purchase Agreement or the Shareholders Agreement.

14. Attached hereto as Exhibit "E" is an incumbency certificate containing genuine specimen signatures of the officers authorized to execute the Share Purchase Agreement, Shareholders Agreement and any ancillary documents related thereto. The persons whose names appear in Exhibit "E" are duly elected directors or appointed officers of the Corporation, holding the office or offices set forth opposite their names, and the signatures set forth opposite the names of such persons, as applicable, are their genuine signatures.

15. The Corporation has the corporate power and capacity to own property and assets, to carry on business and to execute, deliver and perform its obligations under the Share Purchase Agreement and the Shareholders Agreement.

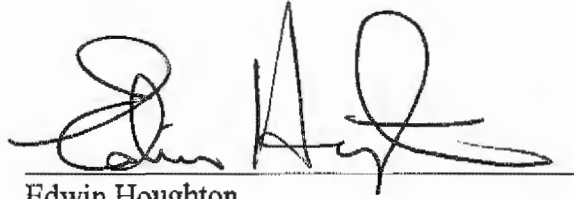
16. The Corporation has taken all necessary corporate action to authorize the execution and delivery by it of each of the Share Purchase Agreement and the Shareholders Agreement and the performance of its obligations under the Share Purchase Agreement and the Shareholders Agreement.

17. No authorization, consent, permit, exemption or approval of, or filing with or notice to, any governmental agency or authority, or any regulatory body, court, tribunal having legal jurisdiction in Ontario is required in connection with the execution and delivery by the Corporation of the Share Purchase Agreement or the Shareholders Agreement or the consummation of the transactions contemplated by the Share Purchase Agreement or the Shareholders Agreement, other than the approval of the Ontario Energy Board, and those set forth in Schedule 4.1(1)(c) of the Share Purchase Agreement, which have been obtained, made or waived in accordance with the terms of the Share Purchase Agreement.

18. The execution and delivery by the Corporation, and the consummation of the transactions contemplated by, the Share Purchase Agreement and the Shareholders Agreement do not breach or result in a default under the constating documents of the Corporation or, to the best of my knowledge and belief, any laws, statues or regulations applicable in Ontario to which the Corporation is subject.

[The rest of this page has been intentionally left blank.]

DATED the 31st day of JULY, 2012.



Edwin Houghton

EXHIBIT "A"
ARTICLES

5. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise. *Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la compagnie.* 2.

None.

Form 1
Business
Corporations
Act

Formule
numéro 1
Loi sur les
compagnies

6. The classes and any maximum number of shares that the corporation is authorized to issue: *Catégories et nombre maximal, s'il y a lieu, d'actions que la compagnie est autorisée à émettre:*

The Corporation is authorized to issue an unlimited number of common shares.

7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: 3.
- Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série:*

A. Voting Rights

The holders of the common shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the corporation, and each such share shall confer the right to one vote in person or by proxy at all meetings of shareholders of the corporation.

B. Dividends

The holders of the common shares shall be entitled to receive dividends as and when declared by the directors from time to time out of moneys of the corporation properly applicable to the payment of dividends, and the amount per share of such dividend shall be determined by the directors of the corporation at the time of declaration.

C. Return of Capital

In the event of the liquidation, dissolution or winding up of the corporation or other distribution of its assets among the shareholders by way of repayment capital, whether voluntary or involuntary, the holders of the common shares shall be entitled to receive the remaining property of the corporation.

Form 1
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Corporations
Act

Formule
numéro 1
Loi sur les
compagnies

8. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows: *L'émission, le transfert ou la propriété d'actions est/n'est pas restreinte. Les restrictions, s'il y a lieu, sont les suivantes:* 4.

No share or shares of the corporation shall at any time be issued or transferred to any person without (a) the consent of the directors to be signified by a resolution passed by the board or by an instrument or instruments in writing signed by a majority of the directors, and (b) the consent of the shareholders of the corporation to be signified by resolution passed by the shareholders or by an instrument or instruments in writing signed by the holders of the shares of the corporation representing a majority of the votes attributable to all of the issued and outstanding shares of the corporation.

Form 1
Business
Corporations
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Formule
numéro 1
Loi sur les
compagnies

9. Other provisions, (if any, are):

Autres dispositions, s'il y a lieu:

1. That the number of shareholders of the corporation, exclusive of persons who are in its employment and exclusive of persons who, having been formerly in the employment of the corporation, were, while in that employment, and have continued after the termination of that employment to be shareholders of the corporation, is limited to not more than fifty (50), two (2) or more persons who are the joint registered owners of one (1) or more shares being counted as one (1) shareholder.

2. Any invitation to the public to subscribe for securities of the corporation is prohibited.

3. Subject to any borrowing power restrictions in a unanimous shareholder agreement, as defined in the *Business Corporations Act (Ontario)*, the board of directors may from time to time on behalf of the corporation, in such amounts and on such terms as it deems expedient:

- a) borrow money on the credit of the corporation;
- b) issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness or guarantee of the corporation, whether secured or unsecured;
- c) to the extent permitted by the *Business Corporations Act*, give a guarantee on behalf of the corporation to secure performance of any present or future indebtedness, liability or obligation of any person; and
- d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable, property of the corporation including book debts, rights, powers, franchises and undertakings, to secure any such bonds, debentures, notes or other evidences of indebtedness, liability or obligation of the corporation.

4. The board of directors may from time to time delegate to such one or more of the directors or officers of the corporation as may be designated by the board all or any of the powers conferred on the board above to such extent and in such manner as the board shall determine at the time of each such delegation.

5. The corporation is incorporated pursuant to section 142(1) of the *Electricity Act, 1998 (Ontario)*.

Form 1
Business
Corporations
Act

Formule
numéro 1
Loi sur les
compagnies

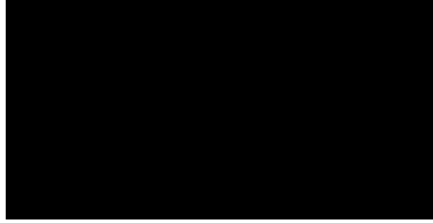
10. The names and addresses of the incorporators are
Nom et adresse des fondateurs
First name, initials and last name or corporate name
Prénom, initiale et nom de famille ou dénomination sociale

Full address for service or address of registered office or of principal place of business giving Street & No. or R.R. No., municipality and postal code
Domicile élu, adresse du siège social ou adresse de l'établissement principal, y compris la rue et le numéro, le numéro de la R.R., le nom de la municipalité et le code postal

TERRY WAYNE GEDDES

CARMAN KEITH MORRISON

ROBERT ARTHUR DAVEY




Form 1
Business
Corporations
Act

Formule
numéro 1
Loi sur les
compagnies

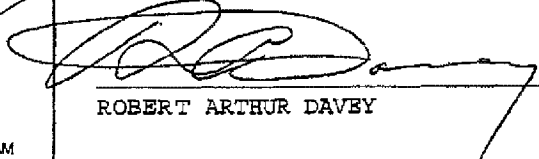
These articles are signed in duplicate.

Les présents statuts sont signés en double exemplaire.

Signatures of incorporators / *Signatures des fondateurs*


TERRY WAYNE GEDDES


CARMAN KEITH MORRISON


ROBERT ARTHUR DAVEY

BY ADDING to the Articles the following provisions with respect to the number of directors of the Corporation:

The number (or minimum and maximum number) of directors is:

"a minimum of 1 and a maximum of 20".

- 6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la *Loi sur les sociétés par actions*.
- 7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

2012/01/23

(Year, Month, Day)
(année, mois, jour)

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

COLLUS ENERGY CORP.

(Print name of corporation from Article 1 on page 1)
(Veuillez écrire le nom de la société de l'article un à la page une).

By/
Par :



(Signature)
(Signature)

Edwin Houghton

President

(Description of Office)
(Fonction)

EXHIBIT "B"

BY-LAWS

BY-LAW NO. 1

A by-law relating generally to the transaction of the business and affairs of

COLLUS ENERGY CORP.

(herein called the "Corporation").

BE IT PASSED and made as a by-law of the Corporation as follows:

1. Definitions and Interpretation

1.01 Definitions

- (1) In this by-law, unless there is something in the subject-matter or context inconsistent therewith,
- (a) "Act" means the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended or re-enacted from time to time, and includes the regulations made pursuant thereto;
 - (b) "affiliate" means an affiliated body corporate, and one body corporate shall be deemed to be affiliated with another body corporate if, but only if, one of them is the subsidiary of the other or both are subsidiaries of the same body corporate or each of them is controlled by the same person;
 - (c) "Articles" means the following as are from time to time in effect in respect of the Corporation, namely, the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of arrangement, articles of continuance, articles of dissolution, articles of reorganization, articles of revival, letters patent, supplementary letters patent, a special Act and any other instrument by which the Corporation is incorporated;
 - (d) "Auditor" means the auditor of the Corporation;
 - (e) "Board" means the board of directors of the Corporation;
 - (f) "by-law" means a by-law of the Corporation;
 - (g) "Chairman of the Board", "President", "Vice-Chair", "Secretary", "Treasurer", or any other officer means such officer of the Corporation;
 - (h) "Committee" means a committee appointed pursuant to Section 4.01 of this by-law;

-2-

- (i) "director" means a director of the Corporation;
- (j) "day" means a clear day and a period of days shall be deemed to commence the day following the event that began the period and shall be deemed to terminate at midnight of the last day of the period except that if the last day of the period falls on a Sunday or holiday the period shall terminate at midnight of the day next following that is not a Sunday or holiday;
- (k) "employee" means an employee of the Corporation;
- (l) "number of directors" means the number of directors set out in any unanimous shareholder direction;
- (m) "officer" means an officer of the Corporation;
- (m-1) "parent corporation" means Collingwood Utility Services Corp.;
- (n) "person" includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his capacity as trustee, executor, administrator or other legal representative;
- (o) "resident Canadian" means an individual who is,
 - (i) a Canadian citizen ordinarily resident in Canada,
 - (ii) a Canadian citizen not ordinarily resident in Canada who is a member of a class of persons prescribed by the Act for the purposes of the definition of "resident Canadian", or
 - (iii) a permanent resident within the meaning of the *Immigration Act*, R.S.C. 1985, c. I-2, and ordinarily resident in Canada;
- (p) "shareholder" means a shareholder of the Corporation;
- (q) "special resolution" means a resolution that is
 - (i) submitted to a special meeting of the shareholders of the Corporation duly called for the purpose of considering the resolution and passed, with or without amendment, at such meeting by at least two-thirds of the votes cast, or
 - (ii) consented to in writing by each shareholder of the Corporation entitled to vote at such a meeting or his attorney authorized in writing;

-3-

- (r) "subsidiary" means in relation to another body corporate, a body corporate which
 - (i) is controlled by
 - (A) that other,
 - (B) that other and one or more bodies corporate each of which is controlled by that other, or
 - (C) two or more bodies corporate each of which is controlled by that other, or
 - (ii) is a subsidiary of a body corporate that is that other's subsidiary;
 - (s) "Unanimous shareholder direction" means any written direction from the shareholders or among all the shareholders that restricts in whole or in part the powers of the directors to manage or supervise the management of the business and affairs of the Corporation, and includes the following:
 - (i) The Shareholders Direction adopted by Council of the Town of Collingwood on May 29, 2000 to provide direction to the Parent Corporation and its subsidiaries;
 - (ii) The Approval of Remuneration adopted by Council of the Town of Collingwood on June 12, 2000 to provide direction to the Parent Corporation and its subsidiaries.
- (2) Subject to the foregoing, the words and expressions herein contained shall have the same meaning as corresponding words and expressions in the Act.

1.02 Interpretation

In each by-law and resolution, unless there is something in the subject-matter or context inconsistent therewith, the singular shall include the plural and the plural shall include the singular and the masculine shall include the feminine. Wherever reference is made in this or any other by-law or in any special resolution to any statute or section thereof, such reference shall be deemed to extend and refer to any amendment to or re-enactment of such statute or section, as the case may be.

1.03 Headings and table of contents

The headings and table of contents in this by-law are inserted for convenience of reference only and shall not affect the construction or interpretation of the provisions of this by-law.

2. General

2.01 Registered office

The Corporation may by resolution of the directors change the location of its registered office within the municipality or geographic township specified in the Articles.

2.02 Corporate Seal

The Corporation may have a corporate seal which shall be adopted and may be changed by resolution of the directors.

2.03 Financial Year

The directors may by resolution fix the financial year end of the Corporation and the directors may from time to time by resolution change the financial year end of the Corporation.

2.04 Execution of Documents

- (1) Instruments in writing requiring execution by the Corporation may be signed on behalf of the Corporation by any two of the Chairman, the Vice-Chairman/Secretary, the President and the Treasurer, and all instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board may from time to time by resolution appoint any officer or officers or any other person or persons on behalf of the Corporation either to sign instruments in writing generally or to sign specific instruments in writing.
- (2) The corporate seal of the Corporation (if any) may be affixed to instruments in writing signed as aforesaid by any person authorized to sign the same or at the direction of any such person.
- (3) The term "instruments in writing" as used herein shall include deeds, contracts, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, cheques, promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money, conveyances, transfers and assignments of shares, instruments of proxy, powers of attorney, stocks, bonds, debentures or other securities or any paper writings.
- (4) Subject to the provisions of Section 11.04, the signature or signatures of an officer or director, person or persons appointed as aforesaid by resolution of the directors, may, if specifically authorized by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon all instruments in writing executed or issued by or on behalf of the Corporation and all instruments in writing on which the signature or signatures of any of the foregoing officers, directors or persons shall be so reproduced, by authorization of a resolution of the directors, shall be deemed to have been manually signed by such officers or persons whose signature or signatures is or are so reproduced and shall be as valid as if they had been signed manually and notwithstanding that the officers,

-5-

directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such instruments in writing.

2.05 Resolutions in writing

- (1) A resolution in writing, signed by all the directors entitled to vote on that resolution at a meeting of directors or a committee of directors, is as valid as if it had been passed at a meeting of directors or such committee of directors.
- (2) Subject to the Act, a resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders.
- (3) Where the Corporation has only one shareholder, or only one holder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting.

3. Directors

3.01 General

- (1) The management of the business and affairs of the Corporation shall be managed by the Board pursuant to the Act, the Articles, any unanimous shareholders directions and the by-laws. Where there is conflict between the foregoing, the Board shall be governed by any unanimous shareholders direction.
- (2) The Board shall consist of three directors all of whom have been elected by the Parent Corporation.

3.02 Qualification

- (1) The following persons are disqualified from being a director:
 - (a) a person who is less than eighteen years of age,
 - (b) a person who is of unsound mind and has been so found by a court in Canada or elsewhere,
 - (c) a person who is not an individual,
 - (d) a person who has the status of bankrupt,
 - (e) a person appointed by the Parent Corporation who has subsequently ceased to be a Director of the said Parent Corporation, and
 - (f) a person who subsequent to his or her appointment to the Board becomes a Director of the Parent Corporation.

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- (2) A director is not required to hold shares issued by the Corporation.
- (3) A majority of the directors shall be resident Canadians but where the Corporation has only one or two directors, that director or one of the two directors, as the case may be, shall be a resident Canadian.

3.03 Election

Subject to the provisions of the Act and any unanimous shareholders direction, the directors shall be elected at the first meeting of shareholders and at each succeeding annual meeting of the shareholders.

3.04 Term of office

The directors of the Corporation in the first instance shall be elected to correspond with his or her term as a Director of the Parent Corporation.

3.06 Ceasing to Hold Office

A director ceases to hold office when

- (a) he dies or, subject to the Act, he resigns;
- (b) he is removed from office in accordance with the provisions of the Act or the by-laws; or
- (c) he becomes disqualified from being a director under the Act or by-laws.

3.07 Resignation of a Director

Subject to the Act, a director may resign his office as a director by giving to the Corporation his written resignation, which resignation shall become effective at the later of

- (a) the time at which such resignation is received by the Corporation, or
- (b) the time specified in the resignation.

3.08 Removal

Subject to the provisions of the Act and any unanimous shareholders direction, the shareholders may by resolution at an annual or special meeting of shareholders remove any director or directors from office and may by resolution at such meeting elect any person to fill the vacancy created by the removal of such director, failing which the vacancy created by the removal of such director may be filled by the directors.

3.09 Vacancies

- (1) Subject to the provisions of the Act and any unanimous shareholders direction, a quorum of directors may fill a vacancy among the directors, except a vacancy resulting from

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- (a) an increase in the number of directors or in the maximum number of directors, as the case may be, or
 - (b) a failure to elect the number of directors required to be elected at any meeting of shareholders.
- (2) A director appointed or elected to fill a vacancy holds office for the unexpired term of his predecessor.
- (3) If there is not a quorum of directors, or if there has been a failure to elect the number of directors required by the Articles or by Section 3.04, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.
- (4) Subject to the Articles, where there is a vacancy or vacancies on the board, the remaining directors may exercise all the powers of the board so long as a quorum of the board remains in office.

3.10 Remuneration

Subject to the articles and any unanimous shareholder direction, the directors may fix the remuneration of the directors, officers and employees of the Corporation.

3.11 Power to borrow

Unless the Articles or a unanimous shareholder agreement otherwise provide, the directors may without authorization of the shareholders from time to time

- (a) borrow money upon the credit of the Corporation;
- (b) issue, reissue, sell or pledge debt obligations of the Corporation;
- (c) subject to the Act, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation owned or subsequently acquired, to secure any obligation of the Corporation.

3.12 Delegation of power to borrow

Unless the Articles or a unanimous shareholder agreement otherwise provide, the directors may by resolution delegate any or all of the powers referred to in Section 3.11 of this by-law to a director, a committee of directors or an officer.

4. Committees

4.01 Appointment

Subject to the Act, the Articles the directors may appoint from their number one or more committees and may by resolution delegate to any such committee any of the powers of the directors.

4.02 Canadian membership

Except as allowed by the Act, a majority of the members of any committee appointed by the directors shall be resident Canadians.

4.03 Provisions applicable

The following provisions shall apply to any committee appointed by the directors:

- (a) unless otherwise provided by resolution of the directors, each member of a committee shall continue to be a member thereof until the expiration of his term of office as a director;
- (b) the directors may from time to time by resolution specify which member of a committee shall be the chairman thereof and, subject to the provisions of Section 4.01 of this by-law, may by resolution modify, dissolve or reconstitute a committee and make such regulations with respect to and impose such restrictions upon the exercise of the powers of a committee as the directors think expedient;
- (c) the meetings and proceedings of a committee shall be governed by the provisions of the by-laws of the Corporation for regulating the meetings and proceedings of the board so far as the same are applicable thereto and are not superseded by any regulations or restrictions made or imposed by the directors pursuant to the foregoing provisions hereof;
- (d) subject to subsection (e), no business shall be transacted at any meeting of a committee unless a majority of the members of such committee present are resident Canadians;
- (e) business may be transacted at any meeting of a committee where a majority of resident Canadian directors is not present if,
 - (i) a resident Canadian director who is unable to be present approves in writing or by telephone or other communications facilities the business transacted at the meeting; and
 - (ii) a majority of resident Canadian directors would have been present had that director been present at the meeting;

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- (f) the members of a committee as such shall be entitled to such remuneration for their services as members of a committee as may be fixed by resolution of the directors, who are hereby authorized to fix such remuneration;
- (g) unless otherwise provided by resolution of the board, the Secretary of the Corporation shall be the secretary of any committee;
- (h) subject to the provisions of Section 4.02 of this by-law, the directors shall fill vacancies in a committee by appointment from among their number; and
- (i) unless otherwise provided by resolution of the board, meetings of a committee may be convened by the direction of any member thereof.

5. Meetings of Directors

5.01 Place of meetings

Meetings of the board and of any committee may be held at any place inside or outside Ontario. In any financial year of the Corporation, a majority of the meetings of the board and a majority of the meetings of any committee need not be held within Canada.

5.02 Calling of meetings

A meeting of the board may be called at any time by the Chairman of the Board, the Vice-Chairman or any two of the directors, and the secretary shall cause notice of a meeting of directors to be given when so directed by any such person or persons.

5.03 Notice of meetings

- (1) Notice of any meeting of the board specifying the time and, except where the meeting is to be held as provided for in Section 5.06 of this by-law, the place for the holding of such meeting shall be given in accordance with the terms of Section 15.01 to every director not less than two days before the date of the meeting.
- (2) Notice of an adjourned meeting of the board is not required to be given if the time and place of the adjourned meeting is announced at the original meeting.
- (3) Meetings of the board may be held at any time without formal notice if all the directors are present or if all the directors who are not present, in writing or by cable, telegram or any form of transmitted or recorded communication, waive notice or signify their consent to the meeting being held without formal notice. Notice of any meeting or any irregularity in any meeting or in the notice thereof may be waived by any director either before or after such meeting. Attendance of a director at a meeting of the board is a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

5.04 Regular meetings

The board may by resolution fix a day or days in any month or months for the holding of regular meetings at a time and place specified in such resolution. A copy of any resolution of the board specifying the time and place for the holding of regular meetings of the board shall be sent to each director at least two days before the first of such regular meetings and no other notice shall be required for any of such regular meetings.

5.05 First meeting of new board

For the first meeting of the board to be held immediately following the election of directors at an annual or other meeting of the shareholders or for a meeting of the board at which a director is appointed to fill a vacancy in the board, no notice need be given to the newly elected or appointed director or directors.

5.06 Participation by telephone

If all the directors present at or participating in the meeting consent, a meeting of the board or of a committee may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such a meeting by such means is deemed to be present in person at that meeting for the purposes of the Act and this by-law.

5.07 Chairman

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and who is present at the meeting: Chairman of the Board, or the Vice-Chairman. If neither officer is present, the directors present shall choose one of their number to be chairman.

5.08 Quorum

Two directors constitute a quorum at any meeting of the board.

5.09 Voting

All questions arising at any meeting of the board shall be decided by a majority of votes. In case of an equality of votes, the chairman of the meeting shall not have, in addition to his original vote, a second or casting vote.

5.10 Auditor

The auditor shall be entitled to attend at the expense of the Corporation and be heard at meetings of the board on matters relating to his duties as auditor.

6. Standard of Care of Directors and Officers**6.01 Standard of care**

Every director and officer, in exercising his powers and discharging his duties, shall,

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- (a) act honestly and in good faith with a view to the best interests of the Corporation; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

6.02 Liability for acts of others

Subject to the provisions of Section 6.01 of this by-law, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for any loss, damage, or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by order of the board for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person, firm or corporation with whom or which any moneys, securities or effects of the Corporation shall be lodged or deposited or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatsoever which may happen in the execution of the duties of his respective office or trust or in relation thereto, unless the same are occasioned by his own wilful neglect or default; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

7. For the Protection of Directors and Officers

7.01 Indemnification by Corporation

- (1) The Corporation shall indemnify a director or officer, a former director or officer or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or such body corporate, if
 - (a) he acted honestly and in good faith with a view to the best interests of the Corporation; and
 - (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The Corporation may from time to time enter into agreements pursuant to which the Corporation agrees to indemnify one or more persons in accordance with the provisions of this section.

- (2) The Corporation shall, subject to the approval of the Superior Court of Justice, indemnify a person referred to in subsection 7.01(1) of this by-law in respect of an action by or on behalf of the Corporation or body corporate to procure a judgment in its favour, to which he is made a party by reason of being or having been a director or an officer of the Corporation or body corporate, against all costs, charges and expenses reasonably incurred by him in connection with such action if he fulfills the conditions set out in clauses 7.01(1)(a) and 7.01(1)(b) of this by-law.
- (3) Notwithstanding anything in this Article, a person referred to in subsection 7.01(1) of this by-law is entitled to indemnity from the Corporation in respect of all costs, charges and expenses reasonably incurred by him in connection with the defence of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or body corporate, if the person seeking indemnity
- (a) was substantially successful on the merits in his defence of the action or proceeding, and
 - (b) fulfills the conditions set out in clauses 7.01(1)(a) and 7.01(1)(b) of this by-law.

7.02 Insurance

The Corporation may purchase and maintain insurance for the benefit of any person referred to in subsection 7.01(1) of this by-law against any liability incurred by him

- (a) in his capacity as a director or officer, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the Corporation, or
- (b) in his capacity as a director or officer of another body corporate where he acts or acted in that capacity at the Corporation's request, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the body corporate.

7.03 Directors' expenses

The directors shall be reimbursed for their out-of-pocket expenses incurred in attending board, committee or shareholders' meetings or otherwise in respect of the performance by them of their duties and no confirmation by the shareholders of any such reimbursement shall be required.

7.04 Performance of services for Corporation

Subject to Article 8 of this by-law, if any director or officer shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Corporation, the fact of his being a director or officer shall not disentitle such director or officer or such firm or company, as the case may be, from receiving proper remuneration for such services.

8. Interest of Directors and Officers in Contracts

8.01 Disclosure of interest

A director or officer who,

- (a) is a party to a material contract or transaction or proposed material contract or transaction with the Corporation; or
- (b) is a director or an officer of, or has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Corporation,

shall disclose in writing to the Corporation or request to have entered in the minutes of meetings of directors the nature and extent of his interest.

8.02 Time of disclosure by director

The disclosure required by Section 8.01 of this by-law shall be made, in the case of a director,

- (a) at the meeting at which a proposed contract or transaction is first considered;
- (b) if the director was not then interested in a proposed contract or transaction, at the first meeting after he becomes so interested;
- (c) if the director becomes interested after a contract is made or a transaction is entered into, at the first meeting after he becomes so interested; or
- (d) if a person who is interested in a contract or transaction later becomes a director, at the first meeting after he becomes a director.

8.03 Time of disclosure by officer

The disclosure required by Section 8.01 of this by-law shall be made, in the case of an officer who is not a director,

- (a) forthwith after he becomes aware that the contract or transaction or proposed contract or transaction is to be considered or has been considered at a meeting of directors;
- (b) if the officer becomes interested after a contract is made or a transaction is entered into, forthwith after he becomes so interested; or
- (c) if a person who is interested in a contract or transaction later becomes an officer, forthwith after he becomes an officer.

8.04 Time of disclosure in extraordinary cases

Notwithstanding Sections 8.02 and 8.03 of this by-law, where Section 8.01 of this by-law applies to a director or officer in respect of a material contract or transaction or proposed material contract or transaction that, in the ordinary course of the Corporation's business, would not require approval by the directors or shareholders, the director or officer shall disclose in writing to the Corporation or request to have entered in the minutes of meetings of directors the nature and extent of his interest forthwith after the director or officer becomes aware of the contract or transaction or proposed contract or transaction.

8.05 Voting by interested director

A director referred to in Section 8.01 of this by-law shall not vote on any resolution to approve the contract or transaction unless the contract or transaction is,

- (a) an arrangement by way of security for money lent to or obligations undertaken by him for the benefit of the Corporation or an affiliate;
- (b) one relating primarily to his remuneration as a director, officer, employee or agent of the Corporation or an affiliate;
- (c) one for indemnity or insurance pursuant to the provisions of the Act; or
- (d) one with an affiliate.

8.06 Nature of disclosure

For the purposes of this Article, a general notice to the directors by a director or officer disclosing that he is a director or officer of or has a material interest in a person and is to be regarded as interested in any contract made or any transaction entered into with that person, is a sufficient disclosure of interest in relation to any contract so made or transaction so entered into.

8.07 Effect of disclosure

Where a material contract is made or a material transaction is entered into between the Corporation and a director or officer of the Corporation, or between the Corporation and another person of which a director or officer of the Corporation is a director or officer or in which he has a material interest,

- (a) the director or officer is not accountable to the Corporation or its shareholders for any profit or gain realized from the contract or transaction; and
- (b) the contract or transaction is neither void nor voidable, by reason only of that relationship or by reason only that the director is present at or is counted to determine the presence of a quorum at the meeting of directors that authorized the contract or transaction, if the director or officer disclosed his interest in accordance with Sections 8.02, 8.03, 8.04 or 8.06 of this by-law, as the case may be, and the contract or transaction was reasonable and fair to the Corporation at the time it was so approved.

8.08 Confirmation by shareholders

Notwithstanding anything in this Article, a director or officer, acting honestly and in good faith, is not accountable to the Corporation or to its shareholders for any profit or gain realized from any such contract or transaction by reason only of his holding the office of director or officer, and the contract or transaction, if it was reasonable and fair to the Corporation at the time it was approved, is not by reason only of the director's or officer's interest therein void or voidable, where,

- (a) the contract or transaction is confirmed or approved by special resolution at a meeting of the shareholders duly called for that purpose; and
- (b) the nature and extent of the director's or officer's interest in the contract or transaction are disclosed in reasonable detail in the notice calling the meeting or in the information circular required pursuant to the provisions of the Act.

9. Officers**9.01 Officers**

Subject to the Articles, by-laws and any unanimous shareholder agreement, the board may, annually or as often as may be required, by resolution appoint a President or Chairman of the Board and a Secretary. In addition, the board may from time to time by resolution appoint such other officers as the board determines to be necessary or advisable in the interests of the Corporation, which officers shall, subject to the Act, have such authority and perform such duties as may from time to time be prescribed by resolution of the board. None of the said officers, other than the Chairman of the Board, need be a member of the board. Any two or more offices of the Corporation may be held by the same person. If the same person holds both the office of Secretary and the office of Treasurer, he may be known as Secretary-Treasurer.

9.02 Appointment of Chairman of the Board and Vice-Chairman and Secretary

At the first meeting of the board after each annual meeting of shareholders, the board shall appoint the Chairman and Vice-Chairman and Secretary of the Board. In default of such appointment, the then incumbent shall hold office until his successor is appointed.

9.03 Remuneration and removal of officers

Subject to any unanimous shareholders direction, the remuneration of all officers shall be determined from time to time by the board. The fact that any officer is a director or shareholder shall not disqualify him from receiving such remuneration as may be so determined. All officers shall be subject to removal by resolution of the board at any time.

9.04 Duties of officers may be delegated

In case of the absence or inability to act of the Chairman of the Board or the President, or any other officer of the Corporation, or for any other reason that the board may deem sufficient, the board may delegate the powers of such officer to any other officer or to any director for the time being.

9.05 Chairman of the Board

The Chairman of the Board shall, if present, preside at all meetings of directors and shareholders. He shall sign all instruments which require his signature and shall perform all duties incident to his office, and shall have such other powers and perform such other duties as may from time to time be prescribed by resolution of the board.

9.06 Vice-Chairman and Secretary

During the Chairman's absence or inability or refusal to act, the Chairman's duties may be performed and his powers may be exercised by the Vice-Chairman. The Vice-President shall also have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

The Vice-Chairman shall also be the Secretary. As Secretary, he shall give, or cause to be given, all notices required to be given to shareholders, directors, auditors and members of any committee. He shall enter or cause to be entered in the books kept for that purpose minutes of all proceedings at meetings of directors and of shareholders. He shall be the custodian of the seal (if any) of the Corporation and of all books, papers, records, documents and other instruments belonging to the Corporation. The Secretary shall have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

9.07 President

The President shall be the Chief Executive Officer of the Corporation and shall exercise general supervision over the affairs of the Corporation. The President shall sign all instruments which require his signature and shall perform all duties incidental to his office, and shall have such other powers and perform such other duties as may from time to time be prescribed by resolution of the board.

9.08 Treasurer

The Treasurer shall be the Chief Financial Officer of the Corporation and shall exercise the general supervision over the financial affairs of the Corporation. The Treasurer shall have the care and custody of all the funds and securities of the Corporation and shall deposit the same in the name of the Corporation in such bank or banks or with such depository or depositories as the board may by resolution direct. He shall at all reasonable times exhibit his books and accounts to any director upon application at the office of the Corporation during business hours. He shall sign or countersign such instruments as require his signature and shall perform all duties incident to his office or that are properly required of him by resolution of the board. He may be required to give such bond for the faithful performance of his duties as the board in its uncontrolled discretion may require but no director shall be liable for failure to require any bond or for the insufficiency of any bond or for any loss by reason of the failure of the Corporation to receive any indemnity thereby provided. The Treasurer shall also have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

9.12 Delegation of board powers

In accordance with the by-laws and subject to the provisions of the Act, the board may from time to time by resolution delegate to any officer or officers power to manage the business and affairs of the Corporation.

9.13 Vacancies

If any office of the Corporation shall for any reason be or become vacant, the directors by resolution may appoint a person to fill such vacancy.

9.14 Variation of powers and duties

Notwithstanding the foregoing, the board may from time to time and subject to the provisions of the Act, add to or limit the powers and duties of an office or of an officer occupying any office.

10. Meetings of Shareholders**10.01 Calling of meetings**

A meeting of shareholders may be called at any time by resolution of the board or by the Chairman of the Board or by the Vice-Chairman and the Secretary shall cause notice of a meeting of shareholders to be given when directed so to do by resolution of the board or by the Chairman of the Board or by the President.

10.02 Annual meeting

Subject to the provisions of the Act, the Corporation shall hold an annual meeting of shareholders not later than eighteen months after the Corporation comes into existence and subsequently not later than fifteen months after holding the last preceding annual meeting for the purpose of considering the financial statements and the auditor's report, electing directors and appointing auditors.

10.03 Special meeting

Subject to the provisions of the Act, a special meeting of shareholders may be called at any time and may be held in conjunction with an annual meeting of shareholders.

10.04 Place of meetings

Subject to the Articles and any unanimous shareholder agreement, a meeting of shareholders shall be held at such place in or outside Ontario as the directors determine or, in the absence of such a determination, at the place where the registered office of the Corporation is located.

10.05 Notice

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in Section 15.01 in this by-law, in the case of an offering Corporation, not less than twenty-one days, and in the case of any other Corporation, not less than ten days, but, in either case, not more than fifty days, before the date of the meeting to each director, to the auditor and to each shareholder entitled to vote at such meeting. A notice of a meeting is not required to be sent to shareholders who were not registered on the records of the Corporation or its transfer agent on the record date

determined under subsection 10.09(1) of this by-law but failure to receive a notice does not deprive a shareholder of the right to vote at the meeting.

10.06 Contents of notice

- (1) The notice of a meeting of shareholders shall state the day, hour and place of the meeting, and shall state or be accompanied by a statement of
 - (a) the nature of any special business to be transacted at the meeting in sufficient detail to permit a shareholder to form a reasoned judgment thereon, and
 - (b) the text of any special resolution or by-law to be submitted to the meeting.
- (2) For the purposes of this section "special business" includes all business transacted at a special meeting of shareholders and all business transacted at an annual meeting of shareholders, except consideration of the minutes of an earlier meeting, the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor.

10.07 Waiver of notice

A shareholder and any other person entitled to attend a meeting of shareholders may in any manner and at any time waive notice of a meeting of shareholders, and attendance of any such person at a meeting of shareholders is a waiver of notice of the meeting, except where he attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.08 Notice of adjourned meetings

- (1) If a meeting of shareholders is adjourned for less than thirty days, it is not necessary to give notice of the adjourned meeting other than by announcement at the earliest meeting that is adjourned.
- (2) If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty days or more, notice of the adjourned meeting shall be given as for an original meeting.

10.09 Record date for notice

- (1) The directors may by resolution fix in advance a time and date as the record date for the determination of the shareholders entitled to receive notice of a meeting of the shareholders, which record date shall not precede by more than fifty days or by less than twenty-one days the date on which the meeting is to be held. Where no such record date for the determination of the shareholders entitled to notice of a meeting of the shareholders is fixed by the directors as aforesaid, such record date shall be,
 - (a) at the close of business on the day immediately preceding the day on which notice of such meeting is given, or

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- (b) if no notice is given, the day on which the meeting is held.
- (2) If a record date is fixed pursuant to subsection (1) of this section, unless notice of the record date is waived in writing by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the directors fix the record date, notice thereof shall be given, not less than seven days before the date so fixed, in accordance with Section 13.03.

10.10 Omission of notice

Subject to the provisions of the Act, the accidental omission to give notice of any meeting of shareholders to any person entitled thereto or the non-receipt of any notice by any such person shall not invalidate any resolution passed or any proceedings taken at any meeting of shareholders.

10.11 List of shareholders

- (1) The Corporation shall prepare a list of shareholders entitled to receive notice of a meeting, arranged in alphabetical order and showing the number of shares held by each shareholder, which list shall be prepared,
- (a) if a record date is fixed under subsection 10.09(1) of this by-law not later than ten days after such record date; or
 - (b) if no record date is fixed,
 - (i) at the close of business on the day immediately preceding the day on which notice is given, or
 - (ii) where no notice is given, on the day on which the meeting is held.
- (2) A shareholder may examine the list of shareholders,
- (a) during usual business hours at the registered office of the Corporation or at the place where its central securities register is maintained, and
 - (b) at the meeting of shareholders for which the list was prepared.

10.12 Shareholders entitled to vote

- (1) Where the Corporation fixes a record date under subsection 10.09(1) of this by-law, a person named in the list prepared under Section 10.11 of this by-law is entitled to vote the shares shown opposite his name at the meeting to which the list relates, except to the extent that,
- (a) the person has transferred any of his shares after the record date; and
 - (b) the transferee of those shares,

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- (i) produces properly endorsed share certificates, or
- (ii) otherwise establishes that he owns the shares, and demands, not later than ten days before the meeting, that his name be included in the list before the meeting,

in which case the transferee is entitled to vote such shares at the meeting.

- (2) Where the Corporation does not fix a record date under subsection 10.09(1) of this by-law a person named in the list prepared under Section 10.11 is entitled to vote the shares shown opposite his name at the meeting to which the list relates, except to the extent that,
 - (a) the person has transferred any of his shares after the date on which the list referred to in Section 10.11 of this by-law is prepared; and
 - (b) the transferee of those shares,
 - (i) produces properly endorsed share certificates, or
 - (ii) otherwise establishes that he owns the shares,

and demands, not later than ten days before the meeting, or such shorter period before the meeting as the by-laws of the Corporation may provide, that his name be included in the list before the meeting, in which case the transferee is entitled to vote such shares at the meeting.

10.13 Persons entitled to be present

The only persons entitled to attend a meeting of shareholders shall be those entitled to vote thereat and the President, the Secretary, the directors, the scrutineer or scrutineers and the auditor and others who, although not entitled to vote, are entitled or required under any provision of the Act or the Articles or the by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

10.14 Proxies

- (1) Every shareholder entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, as his nominee to attend and act at the meeting in the manner, to the extent and with the authority conferred by the proxy.
- (2) A proxy shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized and shall conform with the requirements of the Act.

10.15 Revocation of proxies

A shareholder may revoke a proxy

- (a) by depositing an instrument in writing executed by him or by his attorney authorized in writing,
 - (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or
 - (ii) with the chairman of the meeting on the day of the meeting or an adjournment thereof; or
- (b) in any other manner permitted by law.

10.16 Deposit of proxies

The directors may by resolution fix a time not exceeding forty-eight hours, excluding Saturdays and holidays, preceding any meeting or adjourned meeting of shareholders before which time proxies to be used at that meeting must be deposited with the Corporation or an agent thereof, and any period of time so fixed shall be specified in the notice calling the meeting.

10.17 Joint shareholders

Where two or more persons hold shares jointly, one of those holders present at a meeting of shareholders may in the absence of the others vote the shares, but if two or more of those persons are present, in person or by proxy, they shall vote as one on the shares jointly held by them.

10.18 Chairman and Secretary

- (1) The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: Chairman or Vice-Chairman of the Board. If there is no such officer or if at a meeting none of them is present within fifteen minutes after the time appointed for the holding of the meeting the shareholders present shall choose a person from their number to be the chairman.
- (2) The Secretary shall be the secretary of any meeting of shareholders, but if the Secretary is absent, the chairman shall appoint some person who need not be a shareholder to act as secretary of the meeting.

10.19 Scrutineers

The chairman of any meeting of shareholders may appoint one or more persons to act as scrutineer or scrutineers at such meeting and in that capacity to report to the chairman such information as to attendance, representation, voting and other matters at the meeting as the chairman shall direct.

10.20 Votes to govern

At all meetings of shareholders every question shall, unless otherwise required by law, the Articles, the by-laws, or a unanimous shareholder agreement, be determined by the majority of the votes duly cast on the question. In case of an equality of votes, the chairman presiding at the meeting shall not have a second or casting vote in addition to the vote or votes to which he may be entitled as a shareholder.

10.21 Show of hands

At all meetings of shareholders, every question submitted to the meeting shall be decided by a show of hands unless a ballot thereon is required by the chairman or is demanded by a shareholder or proxyholder present and entitled to vote. Upon a show of hands every person present who is either a shareholder entitled to vote or the duly appointed proxyholder of such a shareholder shall have one vote. Before or after a vote by a show of hands has been taken upon any question, the chairman may require, or any shareholder or proxyholder present and entitled to vote may demand, a ballot thereon. Unless a ballot is demanded, an entry in the minutes of a meeting of shareholders to the effect that the chairman declared a motion to be carried is admissible in evidence as *prima facie* proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the motion.

10.22 Ballots

If a ballot is required by the chairman of the meeting or is duly demanded by any shareholder or proxyholder and the demand is not withdrawn, a ballot upon the question shall be taken in such manner and at such time as the chairman of the meeting shall direct.

10.23 Votes on ballots

Unless the Articles otherwise provide, upon a ballot each shareholder who is present in person or represented by proxy shall be entitled to one vote for each share in respect of which he is entitled to vote at the meeting and the result of the ballot shall be the decision of the meeting.

10.24 Adjournment

The chairman presiding at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting decides, adjourn the meeting from time to time and from place to place and, subject to the provisions of the Act and subsection 10.08(2) of this by-law, no notice of such adjournment or of the adjourned meeting need be given to the shareholders. Subject to the provisions of the Act, any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling such meeting.

10.25 Quorum

At any meeting of shareholders, two individuals present in person, each of whom is either a shareholder entitled to attend and vote at such meeting or the proxyholder of such a shareholder appointed by means of a valid proxy, shall be a quorum for the choice of a chairman (if required) and for the adjournment of the meeting. For all other purposes, a quorum for any meeting of shareholders

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(unless a greater number of shareholders and/or a greater number of shares are required by the Act or by the Articles or the by-laws) shall be individuals present in person, not being less than two in number, each of whom is either a shareholder entitled to attend and vote at such meeting or the proxyholder of such a shareholder appointed by means of a valid proxy, holding or representing by proxy in the aggregate not less than [51%] of the total number of the issued shares of the Corporation for the time being enjoying voting rights at such meeting. No business shall be transacted at any meeting of shareholders while the requisite quorum is not present.

10.26 Only one shareholder

Where the Corporation has only one shareholder, or only one holder of any class or series of shares, that shareholder present in person or by proxy constitutes a meeting.

11. Shares and Transfers

11.01 Issuance

Subject to the provisions of the Act, the Articles and any unanimous shareholder agreement, shares of the Corporation may be issued at such time and to such persons and for such consideration as the directors may by resolution determine, but no share shall be issued until it is fully paid in money or in property or past service that is not less in value than the fair equivalent of the money that the Corporation would have received if the share had been issued for money.

11.02 Commissions

The directors may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

11.03 Lien on shares

Subject to the provisions of the Act, the Corporation has a lien on a share registered in the name of a shareholder or his legal representative for a debt of that shareholder to the Corporation. Such lien may be enforced by the Corporation in any manner permitted by law.

11.04 Share certificates

- (1) Every shareholder is entitled at his option to a share certificate or to a non-transferable written acknowledgement of his right to obtain a share certificate from the Corporation, stating the number and class of shares and the designation of any series of shares held by him.
- (2) Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, shall (subject to compliance with the provisions of the Act) be in such form as the directors may from time to time by resolution approve and, unless otherwise provided by resolution of the board, such certificates and acknowledgements shall be signed by

-24-

- (a) the Chairman of the Board, the President or a Vice-President, and
- (b) the Secretary or an Assistant Secretary holding office at the time of signing,

and notwithstanding any change in the persons holding such offices between the time of actual signing and the issuance of any certificate or acknowledgement and notwithstanding that the Chairman of the Board, the President, Vice-President, Secretary or Assistant Secretary signing may not have held office at the date of the issuance of such certificate or acknowledgement, any such certificate or acknowledgement so signed shall be valid and binding upon the Corporation.

- (3) Notwithstanding the provisions of Section 2.04 of this by-law, the signature of the Chairman of the Board, the President or a Vice-President may be printed, engraved, lithographed or otherwise mechanically reproduced upon certificates and acknowledgements for shares of the Corporation, and certificates and acknowledgements so signed shall be deemed to have been manually signed by the Chairman of the Board, the President or a Vice-President whose signature is so printed, engraved, lithographed or otherwise mechanically reproduced thereon and shall be as valid as if they had been signed manually. Where the Corporation has appointed a transfer agent pursuant to subsection 11.05(1) of this by-law the signature of the Secretary or Assistant Secretary may also be printed, engraved, lithographed or otherwise mechanically reproduced, and when countersigned by or on behalf of a transfer agent, share certificates and acknowledgements so signed shall be as valid as if they had been signed manually.

11.05 Transfer agent

- (1) For each class of securities and warrants issued by it, the Corporation may, from time to time, appoint or remove
 - (a) a trustee, transfer agent or other agent to keep the securities register and the register of transfers and one or more persons or agents to keep branch registers; and
 - (b) a registrar, trustee or agent to maintain a record of issued security certificates and warrants;

and the person or persons appointed pursuant to this subsection shall be referred to in this by-law as a "transfer agent".

- (2) Subject to compliance with the provisions of the Act, the directors may by resolution provide for the transfer and the registration of transfers of shares of the Corporation in one or more places. A transfer agent shall keep all necessary books and registers of the Corporation for the registration and transfer of such shares of the Corporation. All share certificates issued by the Corporation for shares for which a transfer agent has been appointed as aforesaid shall be countersigned by or on behalf of the said transfer agent.

11.06 Transfer of shares

Subject to the restrictions on transfer set forth in the Articles, shares of the Corporation shall be transferable on the books of the Corporation in accordance with the applicable provisions of the Act.

11.07 Defaced, destroyed, stolen or lost certificates

Where the owner of a share or shares of the Corporation claims that the certificate for such share or shares has been lost, apparently destroyed or wrongfully taken, the Corporation shall issue a new share certificate in place of the original share certificate if such owner

- (a) so requests before the Corporation has notice that shares represented by the original certificate have been acquired by a *bona fide* purchaser;
- (b) files with the Corporation an indemnity bond sufficient in the Corporation's opinion to protect the Corporation and any transfer agent from any loss that it or any of them may suffer by complying with the request to issue a new share certificate; and
- (c) satisfies any other reasonable requirements imposed by the Corporation.

11.08 Joint shareholders

If two or more persons are registered as joint holders of any share or shares, the Corporation is not bound to issue more than one share certificate in respect thereof and delivery of a share certificate to one of such persons is sufficient delivery to all of them.

11.09 Deceased shareholders

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register or register of transfers in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation or any of its transfer agents.

12. Dividends**12.01 Declaration of dividends**

Subject to the provisions of the Act and the Articles and any unanimous shareholders direction, the directors may from time to time declare and the Corporation may pay dividends to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation or options or rights to acquire fully paid shares of the Corporation.

12.02 Joint shareholders

- (1) In case several persons are registered as joint holders of any share or shares of the Corporation, the cheque for any dividend payable to such joint holders shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and if

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more than one address appears on the books of the Corporation in respect of such joint holding, the cheque shall be mailed to the first address so appearing.

- (2) In case several persons are registered as the joint holders of any share or shares of the Corporation, any one of such persons may give effectual receipts for all dividends and payments on account of dividends on such shares and/or payments in respect of the redemption of such shares.

13. Record Dates

13.01 Fixing record dates

For the purpose of determining shareholders

- (a) entitled to receive payment of a dividend;
- (b) entitled to participate in a liquidation or distribution; or
- (c) for any other purpose except the right to receive notice of or to vote at a meeting,

the directors may fix in advance a date as the record date for such determination of shareholders, but such record date shall not precede by more than fifty days the particular action to be taken.

13.02 No record date fixed

If no record date is fixed pursuant to Section 13.01, the record date for the determination of shareholders for any purpose other than to establish a shareholder's right to receive notice of a meeting or to vote shall be at the close of business on the day on which the directors pass the resolution relating thereto.

13.03 Notice of record date

If a record date is fixed, unless notice of the record date is waived in writing by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the directors fix the record date, notice thereof shall be given, not less than seven days before the date so fixed,

- (a) by advertisement in a newspaper published or distributed in the place where the Corporation has its registered office and in each place in Canada where it has a transfer agent or where a transfer of its shares may be recorded; and
- (b) by written notice to each stock exchange in Canada on which the shares of the Corporation are listed for trading.

13.04 Effect of record date

In every case where a record date is fixed pursuant to Section 13.01 in respect of the payment of a

dividend, the making of a liquidation distribution or the issue of warrants or other rights to subscribe for shares or other securities, only shareholders of record at the record date shall be entitled to receive such dividend, liquidation distribution, warrants or other rights.

14. Corporate Records and Information

14.01 Keeping of corporate records

- (1) The Corporation shall prepare and maintain, at its registered office or at such other place in Ontario designated by the directors:
 - (a) the Articles and the by-laws and all amendments thereto, and a copy of any unanimous shareholder agreement known to the directors;
 - (b) minutes of meetings and resolutions of shareholders;
 - (c) a register of directors in which are set out the names and residence addresses, including the street and number, if any, of all persons who are or have been directors with the several dates on which each became or ceased to be a director;
 - (d) a securities register in which are recorded the securities issued by the Corporation in registered form, showing with respect to each class or series of securities
 - (i) the names, alphabetically arranged, of persons who,
 - (A) are or have been within six years registered as shareholders and the address, including the street and number, if any, of every such person while a holder, and the number and class of shares registered in the name of such holder,
 - (B) are or have been within six years registered as holders of debt obligations of the Corporation and the address, including the street and number, if any, of every such person while a holder, and the class or series and principal amount of the debt obligations registered in the name of such holder, and
 - (ii) the date and particulars of the issue of each security and warrant.
- (2) In addition to the records described in subsection (1) of this section, the Corporation shall prepare and maintain adequate accounting records and records containing minutes of meetings and resolutions of the directors and any committee. The records described in this subsection shall be kept at the registered office of the Corporation or at such other place in Ontario as is designated by the directors and shall be open to examination by any director during normal business hours of the Corporation.

- (3) The Corporation shall also cause to be kept a register of transfers in which all transfers of securities issued by the Corporation in registered form and the date and other particulars of each transfer shall be set out.

14.02 Access to corporate records

Shareholders and creditors of the Corporation and their agents and legal representatives may examine the records referred to in subsection 14.01(1) of this by-law during the usual business hours of the Corporation and may take extracts therefrom, free of charge. If the Corporation is an offering corporation, any other person may examine such records during the usual business hours of the Corporation and may take extracts therefrom upon payment of a reasonable fee.

14.03 Copies of certain corporate records

A shareholder is entitled upon request and without charge to one copy of the Articles and by-laws and of any unanimous shareholder agreement.

14.04 Report to shareholders

A copy of the financial statements of the Corporation, a copy of the auditor's report, if any, to the shareholders and a copy of any further information respecting the financial position of the Corporation and the results of its operations required by the Articles, the by-laws or any unanimous shareholder agreement which are to be placed before an annual meeting of shareholders pursuant to the Act shall be sent to each shareholder not less than ten days before such annual meeting of shareholders (or, if the Corporation is an offering corporation, not less than twenty-one days) or before the signing of a resolution in accordance with the Act in lieu of such annual meeting, except to a shareholder who has informed the Corporation in writing that he does not wish to receive a copy of those documents.

14.05 No discovery of information

Except as specifically provided for in this Article, and subject to all applicable law, no shareholder shall be entitled to or to require discovery of any information respecting any details or conduct of the Corporation's business which in the opinion of the directors would be inexpedient or inadvisable in the interests of the Corporation to communicate to the public.

14.06 Conditions for inspection

The board may from time to time by resolution determine whether and to what extent and at what times and place and under what conditions or regulations the accounts and books of the Corporation or any of them shall be open to the inspection of shareholders, and no shareholder shall have any right to inspect any account or book or document of the Corporation, except as specifically provided for in this Article or as otherwise provided for by statute or as authorized by resolution of the board.

15. Notices

15.01 Method of giving

Any notice, communication or other document to be sent or given by the Corporation to a

shareholder, director, officer or auditor of the Corporation under any provision of the Act, the Articles or by-laws shall be sufficiently sent and given if delivered personally to the person to whom it is to be given or if delivered to his last address as shown in the records of the Corporation or its transfer agent or if mailed by prepaid ordinary mail or air mail in a sealed envelope addressed to him at his last address as shown on the records of the Corporation or its transfer agent or if sent by any means of wire or wireless or any other form of transmitted or recorded communication. The Secretary may change the address on the records of the Corporation of any shareholder in accordance with any information believed by him to be reliable. A notice, communication or document so delivered shall be deemed to have been sent and given when it is delivered personally or delivered at the address aforesaid. A notice, communication or document so mailed shall be deemed to have been sent and given on the day it is deposited in a post office or public letter box and shall be deemed to be received by the addressee on the fifth day after such mailing. A notice sent by any means of wire or wireless or any other form of transmitted or recorded communication shall be deemed to have been given when delivered to the appropriate communication corporation or agency or its representative for dispatch.

15.02 Shares registered in more than one name

All notices or other documents with respect to any shares of the Corporation registered in the names of two or more persons as joint shareholders shall be addressed to all of such persons and sent to the address or addresses for such persons as shown in the records of the Corporation or its transfer agent but notice to one of such persons shall be sufficient notice to all of them.

15.03 Persons becoming entitled by operation of law

Subject to the provisions of the Act, every person who by operation of law, transfer or by any other means whatsoever shall become entitled to any share or shares of the Corporation shall be bound by every notice or other document in respect of such share or shares which previous to his name and address being entered on the records of the Corporation shall have been duly given to the person or persons from whom he derives his title to such share or shares.

15.04 Deceased shareholder

Any notice or document delivered or sent by mail or left at the address of any shareholder as such address appears on the records of the Corporation shall, notwithstanding that such shareholder is then deceased and whether or not the Corporation has notice of his death, be deemed to have been duly given or served in respect of the shares whether held solely or jointly with other persons by such shareholder until some other person is entered in his stead on the records of the Corporation as the holder or one of the joint holders thereof and such service of such notice shall for all purposes be deemed a sufficient service of such notice or document on his heirs, legal representatives, executors or administrators and on all persons, if any, interested with him in such shares.

15.05 Signature to notice

The signature, if any, to any notice to be given by the Corporation may be written, stamped, typewritten, printed or otherwise mechanically reproduced in whole or in part.

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15.06 Proof of service

A certificate of the Chairman of the Board, the President, a Vice-President, the Secretary or the Treasurer or of any other officer in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of shares of any class of the Corporation as to facts in relation to the delivery or mailing or service of any notice or other document to any shareholder, director, officer or auditor or publication of any notice or other document shall, in the absence of evidence to the contrary, be proof thereof.

15.07 Computation of time


Where a given number of days' notice or notice extending over any period is required to be given, the number of days or period shall be computed in accordance with the definition of "day" contained in Section 1.01 of this by-law.

15.08 Waiver of notice

Any shareholder (or his duly appointed proxyholder), director, officer, auditor or member of a committee may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provisions of the Act, the Articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board which may be given in any manner.

PASSED AND MADE this 25th day of October, 2000.



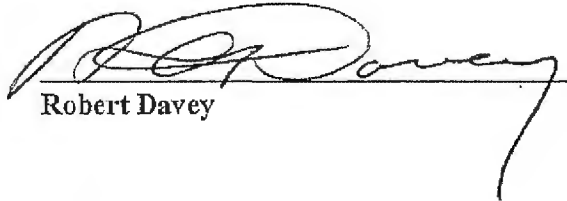
Robert Davey
Chair

Duncan Hawkins
Vice-Chair

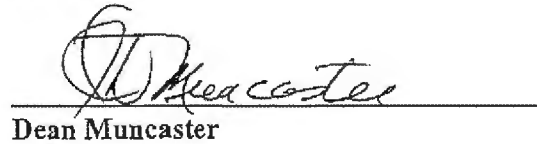
-31-

Resolved that the foregoing by-law is hereby enacted by the directors of the Corporation, pursuant to the Ontario Business Corporations Act as evidenced by the respective signatures hereto of the directors.

DATED the 25th day of October, 2000.


Robert Davey

Duncan Hawkins

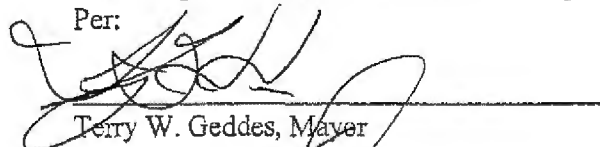

Dean Muncaster

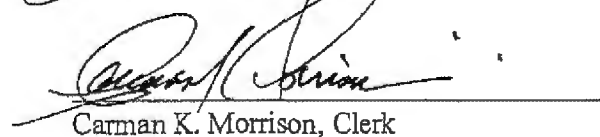
In lieu of confirmation at a general meeting of the shareholders, the undersigned, being the sole shareholder of the Corporation entitled to vote at a meeting of shareholders, hereby confirms in writing the foregoing by-law in accordance with the Ontario Business Corporations Act.

DATED the 25th day of October, 2000.

The Corporation of the Town of Collingwood

Per:


Terry W. Geddes, Mayor


Carman K. Morrison, Clerk

BY-LAW NO. 2

A by-law respecting the borrowing of money and the issuing of securities by:

COLLUS ENERGY CORP.

(herein called the "Corporation")

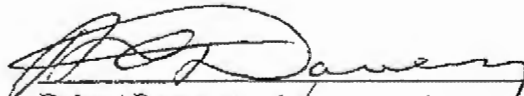
BE IT ENACTED as a by-law of the Corporation as follows:

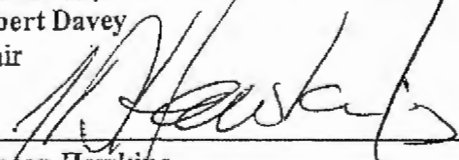
1. Without limiting the borrowing powers of the Corporation as set forth in the Ontario Business Corporations Act (the "Act"), the Directors of the Corporation may, from time to time without the authorization of the Shareholders:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, re-issue, sell or pledge debt obligations of the Corporation;
- (c) subject to Section 20 of the Act, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) charge, mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

2. The Directors may, from time to time, by resolution delegate any or all of the powers referred to in paragraph 1 of this by-law to a director, a committee of directors or one or more officers of the Corporation.

ENACTED by the Directors and sealed with the Corporation's seal the 25th day of October, 2000.


 c/s
 Robert Davey
 Chair

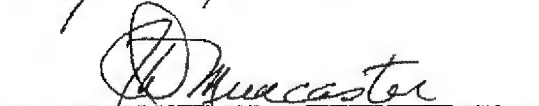
 c/s
 Duncan Hawkins
 Vice-Chair

Resolved that the foregoing by-law is hereby enacted by the directors of the Corporation, pursuant to the Ontario Business Corporations Act as evidenced by the respective signatures hereto of the directors.

DATED the 25th day of October, 2000.


Robert Davey

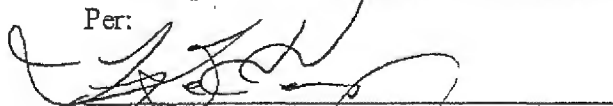

Duncan Hawkins


Dean Muncaster

In lieu of confirmation at a general meeting of the shareholders, the undersigned, being the sole shareholder of the Corporation entitled to vote at a meeting of shareholders, hereby confirms in writing the foregoing by-law in accordance with the Ontario Business Corporations Act.

DATED the 25th day of October, 2000.

The Corporation of the Town of Collingwood

Per: 
Terry W. Geddes, Mayor

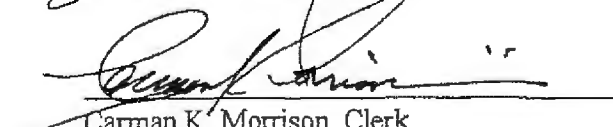

Carman K. Morrison, Clerk

EXHIBIT "C"
CERTIFICATE OF STATUS

Request ID: 014481983
Demande n° :
Transaction ID: 48345533
Transaction n° :
Category ID: CT
Catégorie :

Province of Ontario
Province de l'Ontario
Ministry of Government Services
Ministère des Services gouvernementaux

Date Report Produced: 2012/07/31
Document produit le :
Time Report Produced: 09:30:32
Imprimé à :

CERTIFICATE OF STATUS ATTESTATION DU STATUT JURIDIQUE

This is to certify that according to the records of the Ministry of Government Services

D'après les dossiers du Ministère des Services gouvernementaux, nous attestons que la société

COLLUS ENERGY CORP.

Ontario Corporation Number

Numéro matricule de la société (Ontario)

001402920

is a corporation incorporated, amalgamated or continued under the laws of the Province of Ontario.

est une société constituée, prorogée ou née d'une fusion aux termes des lois de la Province de l'Ontario.

The corporation came into existence on

La société a été fondée le

APRIL 13 AVRIL, 2000

and has not been dissolved.

et n'est pas dissoute.

Dated

Fait le

JULY 31 JUILLET, 2012



Director
Directrice

EXHIBIT "D"
RESOLUTION

COLLUS ENERGY CORP.
(the "Corporation")

The following resolutions, signed by all the directors of the Corporation, are hereby passed pursuant to the provisions of the *Business Corporations Act* (Ontario) (the "Act"):

WHEREAS The Corporation of the Town of Collingwood (the "**Vendor**"), is the registered and beneficial owner of 5,101,640 common shares in the capital of Collingwood Utility Services Corp. ("**CUS**");

AND WHEREAS all of the issued and outstanding shares of the Corporation, Collus Power Corp. ("**Collus**") and Collus Solutions Corp. ("**Solutions**"), and together with Collus and the Corporation, the "**Subsidiaries**") are owned by CUS;

AND WHEREAS pursuant to a request for proposals issued by Collus on October 4, 2011, the Vendor wishes to enter into a strategic partnership arrangement with PowerStream Inc. (the "**Purchaser**") whereby the Purchaser will purchase 50% of the issued and outstanding shares in the capital of CUS in order to provide CUS and its Subsidiaries with cost-effective resources in a range of areas, including engineering, constructions, call center, etc.;

AND WHEREAS the Vendor wishes to sell and the Purchaser wishes to purchase 2,550,820 common shares (the "**Purchased Shares**") in the capital of CUS;

AND WHEREAS it is expedient and in the best interests of the Corporation to enter into a share purchase agreement (the "**Share Purchase Agreement**") among the Vendor, the Purchaser, CUS and the Subsidiaries relating to the sale of the Purchased Shares to the Purchaser;

NOW THEREFORE BE IT RESOLVED THAT:

SHARE PURCHASE AGREEMENT

1. The Corporation is hereby authorized to enter into, execute, deliver and perform its obligations under the Share Purchase Agreement among the Vendor, the Purchaser, CUS and the Subsidiaries, dated March 6 2012, relating to the sale of the Purchased Shares by the Vendor to the Purchaser, substantially in the form as provided to the directors.

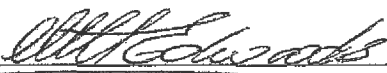
ANCILLARY TRANSACTIONS

2. The Corporation is further authorized and directed to enter into any ancillary transactions contemplated by the Share Purchase Agreement.

GENERAL

3. Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute (whether under corporate seal or otherwise) and deliver the Share Purchase Agreement.
4. Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to do all such acts and things and to execute (whether under corporate seal or otherwise) and deliver any and all such further documents, instruments and agreements as that director or officer may in his or her sole discretion determine to be necessary, appropriate or desirable in order to facilitate the completion of the transactions and other matters contemplated by the Share Purchase Agreement, the doing of such acts and things and the execution and delivery of all such documents, instruments and agreements being conclusive evidence of such determination.
5. These resolutions may be signed in one or more counterparts, and via facsimile, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

DATED the 1st day of March, 2012.



Mike Edwards



Douglas Garbutt

Dean Muncaster

GENERAL

3. Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute (whether under corporate seal or otherwise) and deliver the Share Purchase Agreement.
4. Any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to do all such acts and things and to execute (whether under corporate seal or otherwise) and deliver any and all such further documents, instruments and agreements as that director or officer may in his or her sole discretion determine to be necessary, appropriate or desirable in order to facilitate the completion of the transactions and other matters contemplated by the Share Purchase Agreement, the doing of such acts and things and the execution and delivery of all such documents, instruments and agreements being conclusive evidence of such determination.
5. These resolutions may be signed in one or more counterparts, and via facsimile, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

DATED the 1st day of March, 2012.

Mike Edwards



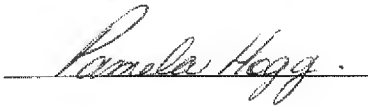
Douglas Garbutt



Dean Muncaster

EXHIBIT "E"
INCUMBENCY

The individuals listed below are the duly elected and appointed officers of the Corporation and each such officer holds the office set forth opposite her/his name.

<u>Name</u>	<u>Title(s)</u>	<u>Signatures</u>
Edwin Houghton	President and CEO	
Timothy Fryer	CFO and Treasurer	
Pamela Hogg	Secretary	

BRING-DOWN CERTIFICATE

TO: PowerStream Inc.

RE: Purchase of 2,550,820 shares in Collingwood Utility Services Corp. (the "**Corporation**") by PowerStream Inc. (the "**Purchaser**") from The Corporation of the Town of Collingwood (the "**Vendor**") pursuant to a share purchase agreement, dated the 6th day of March, 2012 (the "**Share Purchase Agreement**")

THE UNDERSIGNED hereby represents and warrants that all of the representations, warranties, certifications and statements made by it in the Share Purchase Agreement have remained, and continue to be, true, accurate and complete in all respects as of the date hereof.

The undersigned hereby represents and warrants that it has complied in all Material respects with the covenants and agreements contained in the Share Purchase Agreement which are required to be performed and complied with by the undersigned on or prior to the date hereof.

Capitalized terms used herein have the meanings ascribed thereto in the Share Purchase Agreement.

DATED the 31st day of July, 2012.

**COLLINGWOOD UTILITY SERVICES
CORP.**

By:



Name: Edwin Houghton
Title: President & C.E.O.

BRING-DOWN CERTIFICATE

TO: PowerStream Inc.

RE: Purchase of 2,550,820 shares in Collingwood Utility Services Corp. (the "**Corporation**") by PowerStream Inc. (the "**Purchaser**") from The Corporation of the Town of Collingwood (the "**Vendor**") pursuant to a share purchase agreement, dated the 6th day of March, 2012 (the "**Share Purchase Agreement**")

THE UNDERSIGNED hereby represents and warrants that all of the representations, warranties, certifications and statements made by it in the Share Purchase Agreement have remained, and continue to be, true, accurate and complete in all respects as of the date hereof.

The undersigned hereby represents and warrants that it has complied in all Material respects with the covenants and agreements contained in the Share Purchase Agreement which are required to be performed and complied with by the undersigned on or prior to the date hereof.

Capitalized terms used herein have the meanings ascribed thereto in the Share Purchase Agreement.

DATED the 3rd day of July, 2012.

**THE CORPORATION OF THE TOWN OF
COLLINGWOOD**

By: Sandra Cooper
Name: Sandra Cooper
Title: Mayor

By: Sara Almas
Name: Sara Almas
Title: Clerk

BRING-DOWN CERTIFICATE

TO: PowerStream Inc.

RE: Purchase of 2,550,820 shares in Collingwood Utility Services Corp. (the "**Corporation**") by PowerStream Inc. (the "**Purchaser**") from The Corporation of the Town of Collingwood (the "**Vendor**") pursuant to a share purchase agreement, dated the 6th day of March, 2012 (the "**Share Purchase Agreement**")

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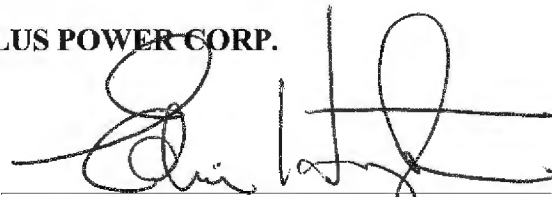
The undersigned hereby represents and warrants that it has complied in all Material respects with the covenants and agreements contained in the Share Purchase Agreement which are required to be performed and complied with by the undersigned on or prior to the date hereof.

Capitalized terms used herein have the meanings ascribed thereto in the Share Purchase Agreement.

DATED the 3rd day of July, 2012.

COLLUS POWER CORP.

By:



Name: Edwin Houghton
Title: Pres & CEO

BRING-DOWN CERTIFICATE

TO: PowerStream Inc.

RE: Purchase of 2,550,820 shares in Collingwood Utility Services Corp. (the "**Corporation**") by PowerStream Inc. (the "**Purchaser**") from The Corporation of the Town of Collingwood (the "**Vendor**") pursuant to a share purchase agreement, dated the 6th day of March, 2012 (the "**Share Purchase Agreement**")

THE UNDERSIGNED hereby represents and warrants that all of the representations, warranties, certifications and statements made by it in the Share Purchase Agreement have remained, and continue to be, true, accurate and complete in all respects as of the date hereof.

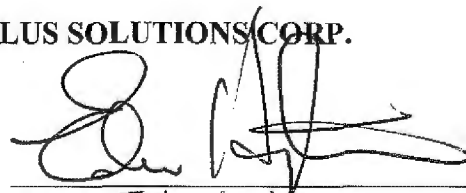
The undersigned hereby represents and warrants that it has complied in all Material respects with the covenants and agreements contained in the Share Purchase Agreement which are required to be performed and complied with by the undersigned on or prior to the date hereof.

Capitalized terms used herein have the meanings ascribed thereto in the Share Purchase Agreement.

DATED the 31st day of July, 2012.

COLLUS SOLUTIONS CORP.

By:



Name: Edwin Boughton
Title: PRES / CEO

BRING-DOWN CERTIFICATE

TO: PowerStream Inc.

RE: Purchase of 2,550,820 shares in Collingwood Utility Services Corp. (the "**Corporation**") by PowerStream Inc. (the "**Purchaser**") from The Corporation of the Town of Collingwood (the "**Vendor**") pursuant to a share purchase agreement, dated the 6th day of March, 2012 (the "**Share Purchase Agreement**")

THE UNDERSIGNED hereby represents and warrants that all of the representations, warranties, certifications and statements made by it in the Share Purchase Agreement have remained, and continue to be, true, accurate and complete in all respects as of the date hereof.

The undersigned hereby represents and warrants that it has complied in all Material respects with the covenants and agreements contained in the Share Purchase Agreement which are required to be performed and complied with by the undersigned on or prior to the date hereof.

Capitalized terms used herein have the meanings ascribed thereto in the Share Purchase Agreement.

DATED the 3rd day of July, 2012.

COLLUS ENERGY CORP.

By:



Name: Edwin Houghton

Title: PRES & CEO

BRING-DOWN CERTIFICATE

TO: THE CORPORATION OF THE TOWN OF COLLINGWOOD

AND TO: COLLINGWOOD UTILITY SERVICES CORP.

AND TO: COLLUS POWER CORP.

AND TO: COLLUS SOLUTIONS CORP.

AND TO: COLLUS ENERGY CORP.

RE: Purchase of 2,550,820 shares in Collingwood Utility Services Corp. (the "**Corporation**") by PowerStream Inc. (the "**Purchaser**") from The Corporation of the Town of Collingwood (the "**Vendor**") pursuant to a share purchase agreement, dated the 6th day of March, 2012 (the "**Share Purchase Agreement**")

THE UNDERSIGNED hereby represents and warrants that all of the representations, warranties, certifications and statements made by it in the Share Purchase Agreement have remained, and continue to be, true, accurate and complete in all respects as of the date hereof.

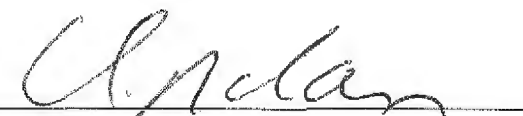
The undersigned hereby represents and warrants that it has complied in all Material respects with the covenants and agreements contained in the Share Purchase Agreement which are required to be performed and complied with by the undersigned on or prior to the date hereof.

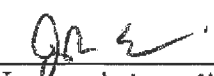
Capitalized terms used herein have the meanings ascribed thereto in the Share Purchase Agreement.

- Signature page follows -

DATED the 31st day of July, 2012.

POWERSTREAM INC.

By: 
Name: Dennis Nolan
Title: EVP Corporate Services & Secretary

By: 
Name: John Glicksman
Title: EVP & Chief Financial Officer



CONFIDENTIAL

July 31, 2012

Mayor Sandra Cooper
The Corporation of the Town of Collingwood
P.O. Box 189
43 Stewart Road
Collingwood, ON
L9Y 3Z5

Re: PowerStream Purchase of 50% of Collingwood Utility Services Corp.

Dear Mayor Cooper:

The Parties have entered into a Share Purchase Agreement dated as of March 6, 2012, contemplating the entering into of a unanimous shareholders agreement (the "Shareholders Agreement"), and the acquisition by PowerStream of 50% interest in Collingwood Utility Services Corp., and its subsidiaries including COLLUS PowerStream Corp., hereinafter referred to as the "Corporation". Those transactions are all being completed today.

This letter is to confirm that it is the intent of PowerStream Inc. ("PowerStream") and The Corporation of the Town of Collingwood ("Town of Collingwood") to pursue significant growth opportunities on a prudent and profitable basis, where it enhances the Corporation's strategic position, and creates economies of scope and scale. Specifically, the Corporation will pursue opportunities for the acquisition, merger or other business arrangements with local distribution companies within the CHEC Group of LDCs, and consider other opportunities for acquisition, merger or other business arrangements, upon the recommendations of the Management and the Board of the Corporation, and such proposals shall be reviewed and considered by each Shareholder, acting in good faith, in the best interests of the Corporation.

In accordance with Section 14.11 of the Shareholders Agreement, this is also to confirm that PowerStream and the Town of Collingwood agree that the Corporation shall have the first right to evaluate and or pursue such M&A opportunities that may arise with CHEC Group of LDCs, and that PowerStream will first consider pursuing M&A activities with LDCs having less than 20,000 customers, and within a reasonable geographic proximity to Town of Collingwood through the Corporation, prior to pursuing such opportunities through PowerStream.

PowerStream Inc.

161 Cityview Boulevard, Vaughan, ON L4H 0A9 Tel: 905-417-6900 Fax: 905-532-4505 www.powerstream.ca



Yours truly,

A handwritten signature in black ink, appearing to read "D. Nolan".

Dennis Nolan
Executive Vice-President,
Corporate Services and Secretary
PowerStream Inc.

Please confirm your acceptance of the foregoing.

THE CORPORATION OF THE TOWN OF COLLINGWOOD

Per: _____
Name: Sandra Cooper
Title: Mayor

Per: _____
Name: Sara Almas
Title: Clerk



PowerStream Inc.

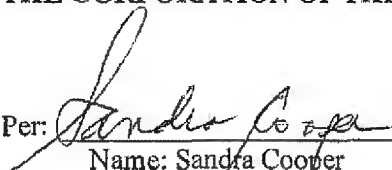


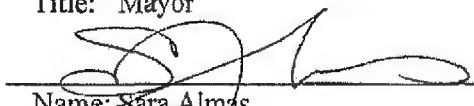
Yours truly,

Dennis Nolan
Executive Vice-President,
Corporate Services and Secretary
PowerStream Inc.

Please confirm your acceptance of the foregoing.

THE CORPORATION OF THE TOWN OF COLLINGWOOD

Per: 
Name: Sandra Cooper
Title: Mayor

Per: 
Name: Sara Almas
Title: Clerk



July 31, 2012

The Corporation of the Town of Collingwood
Collingwood Utility Services Corp.
Collus Power Corp.
Collus Solutions Corp.
Collus Energy Corp.
P.O. Box 189
43 Stewart Road
Collingwood, ON
L9Y 3Z5

Re: Shared services agreements

Pursuant to the terms of a share purchase agreement dated as of March 6, 2012 between PowerStream Inc. (the "**Purchaser**"), The Corporation of the Town of Collingwood (the "**Vendor**"), Collingwood Utility Services Corp. (the "**Corporation**"), Collus Power Corp. ("**Collus**"), Collus Solutions Corp. ("**Solutions**") and Collus Energy Corp. ("**Energy**") (the "**Purchase Agreement**"), the Vendor has agreed to sell, and the Purchaser has agreed to purchase, 50% of the Vendor's interest in the Corporation. Capitalized terms used and not otherwise defined herein have the meaning given to them in the Purchase Agreement.

Section 4.3(5) of the Purchase Agreement requires the Parties to have reviewed and amended or confirmed the Service Agreements as provided for in Section 6.3(8) of the Purchase Agreement as a condition to Closing. The Service Agreements provide for the provision of services to the Vendor and its subsidiaries or alternatively for the purchase of services from the Vendor, and include the following agreements:

1. Computer rental agreement between Solutions and Collingwood Public Utilities Commission ("**CPUC**") dated December 3, 2003, as amended from time to time;
2. Services agreement between Solutions and CPUC dated January 1, 2003, as amended by an amending agreement dated November 4, 2004;
3. Services Agreement between Collus and Solutions dated December 18, 2002, as amended by an amending agreement dated December 17, 2003;
4. Street lighting agreement between Collus and Solutions dated January 1, 2003;
and
5. Street lighting agreement between Solutions and the Vendor dated January 1, 2003.

PowerStream Inc.

161 Cityview Boulevard, Vaughan, ON L4H 0A9 Tel: 905-417-6900 Fax: 905-532-4505 www.powerstream.ca



Each of the Vendor, the Corporation, Collus, Solutions and Energy represent and warrant that all Service Agreements entered into between the Corporation, the Vendor, Collus, Solutions, Energy and any of their respective Affiliates are described in this letter agreement and as at the date of this letter agreement, there are no other Service Agreements between such parties.

The Parties acknowledge and confirm that there is considerable work involved in assessing the appropriate costs and conditions for the provision of services as set out in the Service Agreements. The Parties hereby waive the fulfillment of the condition precedent set out in Section 4.3(5) of the Purchase Agreement and agree that all of the Service Agreements will be reviewed and amended, or shall cause all Service Agreements to be reviewed and amended, as necessary, within 12 months of the Closing Date, in order to comply with the following terms and conditions:

- (a) All services provided by the Corporation to the Vendor and its subsidiaries shall be on a fully allocated cost, plus a return on equity equal to the weighted average cost of capital allowed for local distribution companies by the OEB;
- (b) All services purchased by the Corporation from the Vendor and its subsidiaries shall not exceed the fair market value of such services;
- (c) The term of each Service Agreement shall be for a period of 5 years;
- (d) Each Service Agreement shall be reviewed annually and the Parties shall, or shall cause the parties to the applicable Service Agreement (the "SA Parties") to, agree upon the revised cost of services to be provided pursuant to such agreement. If the Parties or the SA Parties are unable to agree upon the cost of services, the cost of services provided pursuant to the applicable Service Agreement shall increase by an amount equal to 3.5% of the cost of services for the prior year; and
- (e) The Service Agreements shall continue in force unless the SA Parties mutually agree in writing to extend or terminate such Service Agreement.

Irrespective of the date of any particular amending agreement for a Service Agreement, the Parties agree that all such amendments shall be effective as of January 1, 2013.

If the SA Parties are not able to agree upon the initial cost of services, the Parties shall select or cause the SA Parties to select, an Independent Accounting Firm to resolve the dispute by conducting an independent review and verification of the proposed cost of services. The Parties agree that the procedures set out in Section 2.7(f) and (g) of the Purchase Agreement shall apply, *mutatis mutandis*, to any dispute between the SA Parties



YOUR CURRENT CONNECTION

in respect of the cost of services payable pursuant to a Service Agreement and shall cause the SA Parties to comply with such requirements accordingly.

Yours truly,

POWERSTREAM INC.

Dennis Nolan

Executive Vice-President,
Corporate Services and Secretary

ACCEPTED AND AGREED this _____ day of _____, 2012.

THE CORPORATION OF THE TOWN OF COLLINGWOOD

Per: _____
Name: Sandra Cooper
Title: Mayor

Per: _____
Name: Sara Almas
Title: Clerk

COLLINGWOOD UTILITY SERVICES CORP.

Per: _____
Name:
Title:

Per: _____
Name:
Title:



in respect of the cost of services payable pursuant to a Service Agreement and shall cause the SA Parties to comply with such requirements accordingly.

Yours truly,

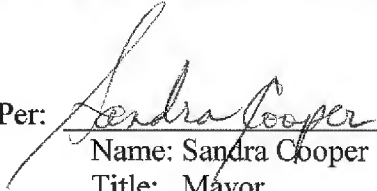
POWERSTREAM INC.

Dennis Nolan

Executive Vice-President,
Corporate Services and Secretary

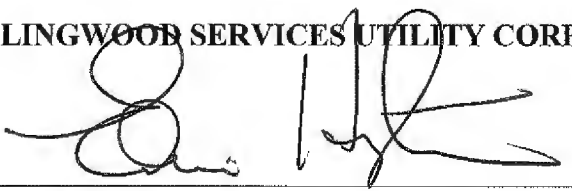
ACCEPTED AND AGREED this 31st day of JULY, 2012.

THE CORPORATION OF THE TOWN OF COLLINGWOOD

Per: 
Name: Sandra Cooper
Title: Mayor

Per: 
Name: Sara Almas
Title: Clerk

COLLINGWOOD SERVICES UTILITY CORP.

Per: 
Name: Edwin Haughton
Title: Pres a CEO

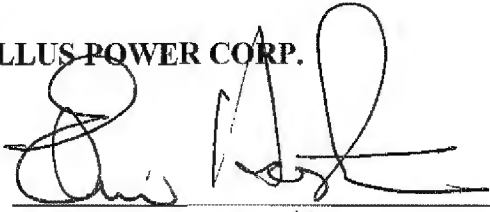
Per: _____
Name:
Title:

PowerStream Inc.

161 Cityview Boulevard, Vaughan, ON L4H 0A9 Tel: 905-417-6900 Fax: 905-532-4505 www.powerstream.ca




COLLUS POWER CORP.

Per: 
Name: Edwin Houghton
Title: PRES + CEO

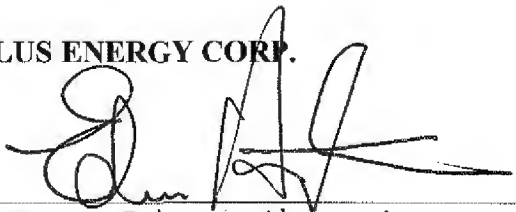
Per: _____
Name:
Title:

COLLUS SOLUTIONS CORP.

Per: 
Name: Edwin Houghton
Title: PRES + CEO

Per: _____
Name:
Title:

COLLUS ENERGY CORP.

Per: 
Name: Edwin Houghton
Title: PRES + CEO

Per: _____
Name:
Title:



montréal · ottawa · toronto · hamilton · waterloo region · calgary · vancouver · moscow · london

July 31, 2012

The Corporation of the Town of Collingwood
P.O. Box 189
43 Stewart Road
Collingwood, Ontario
L9Y 3Z5

- and -

Collingwood Utility Services Corp.
P.O. Box 189
43 Stewart Road
Collingwood, Ontario
L9Y 3Z5

- and -

Collus Power Corp.
P.O. Box 189
43 Stewart Road
Collingwood, Ontario
L9Y 3Z5

- and -

Collus Solutions Corp.
P.O. Box 189
43 Stewart Road
Collingwood, Ontario
L9Y 3Z5

- and -

Collus Energy Corp.
P.O. Box 189
43 Stewart Road
Collingwood, Ontario
L9Y 3Z5

- and -

Aird & Berlis LLP
Brookfield Place
181 Bay Street
Suite 1800, Box 754
Toronto, Ontario
M5J 2T9

Ladies and Gentlemen:

**Re: Purchase of 2,550,820 shares in Collingwood Utility Services Corp. by PowerStream Inc.
from The Corporation of the Town of Collingwood**

We have acted as counsel to PowerStream Inc. (the “**Purchaser**”), in connection with the sale by The Corporation of the Town of Collingwood (the “**Vendor**”) of 2,550,820 shares of Collingwood Utility Services Corp. (the “**Corporation**”) under a share purchase agreement dated as of March 6, 2012 between the Vendor, the Corporation, Collus Power Corp. (“**Collus**”), Collus Solutions Corp. (“**Solutions**”), Collus Energy Corp. (“**Energy**”) and the Purchaser (the “**Share Purchase Agreement**”).

We are providing this opinion to you pursuant to Section 4.1(1)(d) of the Share Purchase Agreement.



Examination of Documents

We have examined executed copies of the following documents:

- (a) the Share Purchase Agreement; and
- (b) the shareholders' agreement dated as of the date hereof between the Vendor, the Purchaser and the Corporation.

The documents listed in clauses (a) and (b) above are referred to collectively as the "**Transaction Documents**".

For the purposes of the opinions expressed below, we have considered the questions of law, made the investigations, and examined originals or copies, certified or otherwise identified to our satisfaction, of the certificates of public officials and other certificates, documents and records, that we considered necessary or relevant, and we have relied without independent verification or investigation on all statements as to matters of fact contained in the certificates, documents and records we examined, including:

- (a) the articles and the by-laws of the Purchaser and the amended and restated shareholders agreement between The Corporation of the Town of Markham, Markham Enterprises Corporation, The Corporation of the City of Vaughn, Vaughan Holdings Inc., The Corporation of the City of Barrie, Barrie Hydro Holdings Inc. and the Purchaser dated November 23, 2010 (collectively, the "**Constating Documents**");
- (b) the minutes of meeting of the Board of Directors of the Purchaser authorizing the transaction contemplated by the Share Purchase Agreement;
- (c) a resolution of Barrie Hydro Holdings Inc., as a shareholder of the Purchaser, authorizing the transaction contemplated by the Share Purchase Agreement;
- (d) a resolution of Markham Enterprises Corporation, as a shareholder of the Purchaser, authorizing the transaction contemplated by the Share Purchase Agreement;
- (e) a resolution of Vaughan Holdings Inc., as a shareholder of the Purchaser, authorizing the transaction contemplated by the Share Purchase Agreement;
- (f) a certificate of status in respect of the Purchaser issued under the Business Corporations Act (Ontario) on July 31, 2012 (the "**Certificate of Status**"); and
- (g) as to certain matters of fact relevant to the opinions expressed below, a certificate of an officer of the Purchaser dated July 31, 2012 (the "**Officer's Certificate**").



Assumptions and Reliances

For the purposes of the opinions expressed below, we have assumed, without independent investigation or inquiry, that:

- (a) with respect to all documents examined by us, the signatures are genuine, the individuals signing those documents had legal capacity at the time of signing, all documents submitted to us as originals are authentic, and certified, conformed or photocopied copies, or copies transmitted electronically or by facsimile, conform to the authentic original documents;
- (b) the facts certified in the Officer's Certificate are accurate;
- (c) each party to the Transaction Documents (other than the Purchaser) is validly constituted and existing in accordance with the laws under which it is constituted and has all necessary power and capacity to execute and deliver the Transaction Documents to which it is party and perform its obligations under those Transaction Documents; and
- (d) each of the Transaction Documents constitutes a legal, valid and binding obligation of the parties thereto (other than the Purchaser), enforceable against each such party in accordance with its terms, subject to the qualifications below.

Laws Addressed

The opinions expressed in this letter are limited to the laws of Ontario and the federal laws of Canada applicable therein.

Opinions

We are of the opinion, based upon the assumptions and reliances stated above, and subject to the qualifications and limitations stated below, that:

Corporate Opinions

1. The Purchaser is amalgamated and existing under the *Business Corporations Act* (Ontario) and has not been discontinued or dissolved.
2. The Purchaser has the corporate power and capacity to own property and assets, to carry on business, and to execute, deliver and perform its obligations under the Transaction Documents.
3. The Purchaser has taken all necessary corporate action to authorize the execution and delivery by it of each of the Transaction Documents and the performance of its obligations under the Transaction Documents.



4. The Purchaser has duly executed and delivered each of the Transaction Documents.

Regulatory Opinion

5. No authorization, consent, permit, exemption or approval of, or filing with or notice to, any governmental agency or authority, or any regulatory body, court, tribunal having legal jurisdiction in Ontario is required in connection with the execution and delivery by the Purchaser of the Transaction Documents or the consummation of the transactions contemplated by the Transaction Documents, other than the approval of the Ontario Energy Board, which has been obtained.

Validity and Enforceability Opinion

6. Each of the Transaction Documents constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms.

No Conflict Opinion

7. The execution and delivery by the Purchaser of, and the consummation of the transactions contemplated by, the Transaction Documents do not breach or result in a default under:
 - (a) the Constatting Documents; or
 - (b) any laws, statutes or regulations applicable in Ontario to which the Purchaser is subject.

Qualifications and Limitations

The opinions in this letter are subject to the following qualifications and limitations:

1. The legality, validity, binding effect and enforceability of the Transaction Documents are subject to and may be limited by applicable bankruptcy, reorganization, arrangement, winding-up, insolvency, liquidation, moratorium, preference and other similar laws of general application affecting the enforcement of rights of creditors generally.
2. The enforceability of the obligations of the Purchaser under the Transaction Documents is subject to general equitable principles, including those relating to the conduct of parties such as reasonableness and good faith in the exercise of discretionary powers, and to the powers of courts to stay proceedings before them, to stay the execution of judgments, to relieve from penalties or the consequences of default (particularly if the default is minor or non-substantive) and to grant relief against forfeiture, and the principle that equitable remedies such as injunctive relief and specific performance are only available in the discretion of the court.
3. We express no opinion on any provision in a Transaction Document which:



- (a) purports to restrict the access to, or waive the benefit of, statutory, legal or equitable rights, remedies or defences;
 - (b) limits rights of set-off otherwise than in accordance with applicable law;
 - (c) states that amendments or waivers of or with respect to the Transaction Documents that are not in writing will be ineffective; or
 - (d) purports to bind or affect, or confer a benefit upon, persons who are not parties to the Transaction Documents.
4. The enforceability of any indemnity provision contained in the Transaction Documents may be limited by applicable law to the extent that such indemnity provision directly or indirectly relates to liabilities imposed on the Parties for which it would be contrary to public policy to require any of the Parties to indemnify the other.
5. The enforceability of any provision in a Transaction Document which:
 - (a) purports to sever any provision which is invalid or unenforceable under applicable law without affecting the validity or enforceability of the remainder of the relevant Transaction Document;
 - (b) stipulates or limits the level of damages to which a party is entitled; or
 - (c) provides that the parties submit to the exclusive jurisdiction of the courts of Ontario;is subject to the discretion of a court.
6. We express no opinion on the enforceability of provisions of the Transaction Documents which:
 - (a) purport to exculpate a person or its agent from liability in respect of acts or omissions which may be illegal, fraudulent or involve wilful misconduct; or
 - (b) are inconsistent with or contrary to any provision of the Share Purchase Agreement.
7. The enforceability of provisions of the Transaction Documents which require the Purchaser to pay or indemnify the Vendor for its costs and expenses in connection with judicial proceedings is subject to the discretion of a court to determine by whom and to what extent these costs and expenses should be paid.
8. The enforceability of the Transaction Documents is subject to the *Limitations Act, 2002*, (Ontario) and we express no opinion as to whether a court may find any provisions of the Transaction Documents to be unenforceable as an attempt to vary or exclude a limitation period under that Act.



9. We express no opinion with respect to compliance with the *Personal Information Protection and Electronic Documents Act* (Canada).

Reliance

This opinion is solely for the benefit of its addressees in connection with the Transaction Documents. This opinion may not be relied upon in any manner by any other person except any of their respective successors or assigns as permitted under the Transaction Documents and may not be disclosed, quoted, filed with a governmental agency or otherwise referred to without our prior written consent.

Yours truly,

A handwritten signature in cursive script that reads "Dely Catherine Henderson LLP".

TOR_LAW\7968555\1

AIRD & BERLIS LLP

Barristers and Solicitors

July 31, 2012

DELIVERED

PowerStream Inc.
161 Cityview Boulevard
Vaughan, ON
L4H 0A9

- and -

Gowling Lafleur Henderson LLP
1 First Canadian Place
100 King Street West
Suite 1600
Toronto, Ontario
M5X 1G5 Canada

Dear Sirs/Mesdames:

Re: Share Purchase Agreement Between PowerStream Inc. (the "Purchaser") and The Corporation of the Town of Collingwood (the "Vendor"), Collingwood Utility Services Corp. (the "Corporation") and Collus Power Corp. ("Collus") and Collus Solutions Corp. ("Solutions") and Collus Energy Corp. ("Energy")

We have acted as counsel to the Vendor, the Corporation, Collus, Solutions and Energy (together, Collus, Solutions and Energy are referred to as the "**Subsidiaries**") in connection with the transaction contemplated by the share purchase agreement (the "**Share Purchase Agreement**") dated as of the 6th day of March, 2012, between the Vendor, the Corporation, the Subsidiaries and the Purchaser.

This opinion is being given to you pursuant to section 4.2(1)(d) of the Share Purchase Agreement. Capitalized terms used but not otherwise defined herein have the respective meaning attributed to such terms in the Share Purchase Agreement.

Examination of Documents

We have examined executed copies of the following documents:

1. the Share Purchase Agreement; and

2. the shareholders' agreement dated as of the date hereof between the Vendor, the Purchaser and the Corporation.

The documents listed in clauses 1 and 2 above are referred to collectively as the "**Transaction Documents**".

For the purposes of the opinions expressed below, we have considered the questions of law, examined originals or copies, certified or otherwise identified of the certificates of public officials and other certificates, documents and records, that are set out below, and we have relied without independent verification or investigation on all statements as to matters of fact contained in the certificates, documents and records we examined, including:

- (a) the articles and the by-laws of the Corporation;
 - (b) by-law 2012-011 passed by the council of the Vendor and dated January 23, 2012; and
 - (c) the articles and the by-laws of each of Collus, Solutions and Energy;
- (collectively, (a), (b) and (c) shall be referred to as the "**Constating Documents**")
- (d) a resolution of the directors of each of the Corporation, Collus, Solutions and Energy authorizing the transaction contemplated by the Share Purchase Agreement;
 - (e) a resolution of the Vendor, as shareholder of the Corporation authorizing the transaction contemplated by the Share Purchase Agreement;
 - (f) a certificate of status in respect of each of the Corporation, Collus, Solutions and Energy, each issued under the *Business Corporations Act* (Ontario) on July 31, 2012 (the "**Certificates of Status**" and each a "**Certificate of Status**"); and
 - (g) as to certain matters of fact relevant to the opinions expressed below, a certificate of an officer of each of the Vendor, the Corporation, Collus, Energy and Solutions, each dated July 31 2012 (the "**Officer's Certificates**" and each an "**Officer's Certificate**").

Other than as set forth in paragraphs (a)- (e) above, we have not been provided with, nor have we examined any corporate records of the Vendor, Corporation or any of the Subsidiaries.

Assumptions and Reliances

For the purposes of the opinions expressed below, we have assumed, without independent investigation or inquiry, that:

- (a) with respect to all documents examined by us, the signatures are genuine, the individuals signing those documents had legal capacity at the time of signing, all

documents submitted to us as originals are authentic, and certified, conformed or photocopied copies, or copies transmitted electronically or by facsimile, conform to the authentic original documents;

- (b) the facts certified in the Officer's Certificate are accurate;
- (c) each party to the Transaction Documents (other than the Vendor, the Corporation, Collus, Solutions and Energy) is validly constituted and existing in accordance with the laws under which it is constituted and has all necessary power and capacity to execute and deliver the Transaction Documents to which it is party and perform its obligations under those Transaction Documents; and
- (d) each of the Transaction Documents constitutes a legal, valid and binding obligation of the parties thereto (other than the Vendor, the Corporation, Collus, Solutions and Energy), enforceable against each such party in accordance with its terms, subject to the qualifications below.

In expressing the opinion in paragraph 1, we have relied exclusively upon Certificates of Status issued under the *Business Corporations Act* (Ontario) dated today's date.

In expressing the opinion in paragraph 2, we have relied exclusively upon the Officer's Certificate from the Vendor and section 4 of the *Municipal Act*, 2001 (Ontario).

In expressing the opinions set forth in paragraphs 5, 6, 7 and 8, inclusive, we have relied solely without independent verification or investigation on all statements as to matters of fact contained in the Officer's Certificates.

Laws Addressed

The opinions expressed in this letter are limited to the laws of Ontario and the federal laws of Canada applicable therein.

Opinions

We are of the opinion, based upon the assumptions and reliances stated above, and subject to the qualifications and limitations stated below, that:

Corporate Opinions

1. Each of the Corporation, Collus, Solutions and Energy are incorporated and existing under the *Business Corporations Act* (Ontario) and has not been discontinued or dissolved.
2. The Vendor is incorporated and existing under the *Municipal Act*, 2001 (Ontario) and has not been discontinued or dissolved.

3. Each of the Vendor, the Corporation, Collus, Solutions and Energy has the corporate power and capacity to own property and assets, to carry on business, and to execute, deliver and perform its obligations under the Transaction Documents.
4. The Vendor has the municipal power and capacity to own property and assets, to carry on business, and to execute, deliver and perform its obligations under the Transaction Documents.
5. Each of the Vendor, the Corporation, Collus, Solutions and Energy has taken all necessary corporate action to authorize the execution and delivery by it of each of the Transaction Documents and the performance of its obligations under the Transaction Documents.
6. The Vendor has taken all necessary municipal action to authorize the execution and delivery by it of each of the Transaction Documents and the performance of its obligations under the Transaction Documents.
7. Each of the Vendor, the Corporation, Collus, Solutions and Energy has duly executed and delivered each of the Transaction Documents.

Regulatory Opinion

8. No authorization, consent, permit, exemption or approval of, or filing with or notice to, any governmental agency or authority, or any regulatory body, court, tribunal having legal jurisdiction in Ontario is required in connection with the execution and delivery by the each of the Vendor, the Corporation, Collus, Solutions and Energy of the Transaction Documents or the consummation of the transactions contemplated by the Transaction Documents, other than the approval of the Ontario Energy Board and those described in the Share Purchase Agreement, which have been obtained, made or waived in accordance with the terms of the Share Purchase Agreement.

Validity and Enforceability Opinion

9. Each of the Transaction Documents constitutes a legal, valid and binding obligation of each of the Vendor, the Corporation, Collus, Solutions and Energy, enforceable against each of them in accordance with its terms.

No Conflict Opinion

10. The execution and delivery by each of the Vendor, the Corporation, Collus, Solutions and Energy, and the consummation of the transactions contemplated by, the Transaction Documents do not breach or result in a default under:
 - (a) the Constatng Documents; or
 - (b) any laws, statutes or regulations applicable in Ontario to which any of the Vendor, the Corporation, Collus, Solutions or Energy, as applicable, is subject.

Qualifications and Limitations

The opinions in this letter are subject to the following qualifications and limitations:

1. The legality, validity, binding effect and enforceability of the Transaction Documents are subject to and may be limited by applicable bankruptcy, reorganization, arrangement, winding-up, insolvency, liquidation, moratorium, preference and other similar laws of general application affecting the enforcement of rights of creditors generally.
2. The enforceability of the obligations of each of the Vendor, the Corporation, Collus, Solutions and Energy under the Transaction Documents is subject to general equitable principles, including those relating to the conduct of parties such as reasonableness and good faith in the exercise of discretionary powers, and to the powers of courts to stay proceedings before them, to stay the execution of judgments, to relieve from penalties or the consequences of default (particularly if the default is minor or non-substantive) and to grant relief against forfeiture, and the principle that equitable remedies such as injunctive relief and specific performance are only available in the discretion of the court.
3. We express no opinion on any provision in a Transaction Document which:
 - (a) purports to restrict the access to, or waive the benefit of, statutory, legal or equitable rights, remedies or defences;
 - (b) limits rights of set-off otherwise than in accordance with applicable law;
 - (c) states that amendments or waivers of or with respect to the Transaction Documents that are not in writing will be ineffective; or
 - (d) purports to bind or affect, or confer a benefit upon, persons who are not parties to the Transaction Documents.
4. The enforceability of any indemnity provision contained in the Transaction Documents may be limited by applicable law to the extent that such indemnity provision directly or indirectly relates to liabilities imposed on the Parties for which it would be contrary to public policy to require any of the Parties to indemnify the other.
5. The enforceability of any provision in a Transaction Document which:
 - (a) purports to sever any provision which is invalid or unenforceable under applicable law without affecting the validity or enforceability of the remainder of the relevant Transaction Document;
 - (b) stipulates or limits the level of damages to which a party is entitled; or
 - (c) provides that the parties submit to the exclusive jurisdiction of the courts of Ontario;

is subject to the discretion of a court.

6. We express no opinion on the enforceability of provisions of the Transaction Documents which:
 - (a) purport to exculpate a person or its agent from liability in respect of acts or omissions which may be illegal, fraudulent or involve willful misconduct; or
 - (b) are inconsistent with or contrary to any provision of the Share Purchase Agreement.
7. The enforceability of provisions of the Transaction Documents which require any of the Vendor, the Corporation, Collus, Solutions or Energy to pay or indemnify the Purchaser for its costs and expenses in connection with judicial proceedings is subject to the discretion of a court to determine by whom and to what extent these costs and expenses should be paid.
8. The enforceability of the Transaction Documents is subject to the *Limitations Act, 2002*, (Ontario) and we express no opinion as to whether a court may find any provisions of the Transaction Documents to be unenforceable as an attempt to vary or exclude a limitation period under that Act.
9. We express no opinion with respect to compliance with the *Personal Information Protection and Electronic Documents Act* (Canada).

Reliance

This opinion is solely for the benefit of its addressees in connection with the Transaction Documents. This opinion may not be relied upon in any manner by any other person except any of their respective successors or assigns as permitted under the Transaction Documents and may not be disclosed, quoted, filed with a governmental agency or otherwise referred to without our prior written consent.

Yours truly,



12852277.5

ESCROW AGREEMENT

THIS AGREEMENT made as of the 3rd day of July, 2012.

BETWEEN:

POWERSTREAM INC., a corporation incorporated under the laws of Ontario (the "**Purchaser**")

- and -

THE CORPORATION OF THE TOWN OF COLLINGWOOD, a corporation incorporated under the *Municipal Act* (Ontario) ("**Vendor**")

- and -

AIRD & BERLIS LLP, a partnership formed under the laws of the Province of Ontario (the "**Escrow Agent**")

WHEREAS the Purchaser, the Vendor, Collingwood Utility Services Corp. (the "**Corporation**"), Collus Power Corp., Collus Solutions Corp. and Collus Energy Corp. have entered into a share purchase agreement in respect of the sale by the Vendor to the Purchaser of 50% of its shares in the Corporation, dated as of the 6th day of March, 2012 (the "**Share Purchase Agreement**");

AND WHEREAS the provisions of the Share Purchase Agreement provide for the deposit of \$1,000,000.00, referred to in the Share Purchase Agreement as the "Holdback Amount" (the "**Funds**") with the Vendor's counsel to be held in trust by such law firm;

AND WHEREAS all terms not defined herein shall have the meanings ascribed to them respectively in the Share Purchase Agreement;

NOW THEREFORE IN CONSIDERATION of the mutual covenants and promises contained in this agreement and the Share Purchase Agreement, the parties hereto agree as follows:

1. Designation of Escrow Agent

- 1.1 Pursuant to the provisions of Section 2.1 of the Share Purchase Agreement, the Vendor and the Purchaser hereby designate the Escrow Agent to act as the escrow agent referred to in the Share Purchase Agreement.

- 1.2 The Escrow Agent hereby agrees to act as the escrow agent referred to in the Share Purchase Agreement on the terms and conditions set out herein.
 - 1.3 In discharging its duties under this agreement the Escrow Agent shall have regard only to the provisions hereof and no other agreement, document or instrument and specifically the Escrow Agent shall have no obligation to read or examine the Share Purchase Agreement except to the extent that terms defined therein are used herein.
- 2. Delivery of Funds**
- 2.1 Collus shall deliver the Funds to the Escrow Agent upon the payment by Collus of the Recapitalization Dividend to the Corporation by means of a certified cheque or banker's draft.
 - 2.2 If Collus fails to deliver the Funds in full the Escrow Agent shall have no obligations, liability or responsibility under this agreement whatsoever, and this agreement shall be of no force and effect.
- 3. Instructions to Escrow Agent**
- 3.1 Upon receipt of the Funds, the Escrow Agent shall deposit the Funds in a separate trust account (the "**Escrow Account**") for the benefit of the Purchaser and the Vendor jointly, to be dealt with by the Escrow Agent on the trusts and subject to the terms and conditions hereof.
 - 3.2 The Funds shall not be disbursed or released from escrow, transferred within escrow or dealt with in any other manner whatsoever except pursuant to the terms and conditions of this agreement.
 - 3.3 The Escrow Agent shall not be required to invest the Escrow Funds.
 - 3.4 The Funds shall be held by the Escrow Agent until the earliest occurrence of one of the following:
 - (a) the date on which the Escrow Agent receives an Escrow Release Direction (as hereinafter defined);
 - (b) the date on which the Escrow Agent receives a joint direction in writing, signed by both the Vendor and the Purchaser, specifying to whom the Funds should be released;
 - (c) at the option of the Escrow Agent,
 - (i) the date the Escrow Agent receives an order of an arbitrator pursuant to Section 8.2 of the Share Purchase Agreement, or the order of a court of competent jurisdiction, in both cases whether a right of appeal lies therefrom or not; or

- (ii) the date the Escrow Agent pays the Funds into court or interpleader of Funds pursuant to Section 3.9 hereof;

Any of the events listed in paragraphs (a), (b), (c) or (d) shall be either instruction, or payment, with respect to the full amount of the Funds.

- 3.5 Upon either the determination by the Vendor and the Purchaser of the Final Recapitalization Dividend Amount, and any Working Capital Deficiency or Working Capital Surplus as part of the same, and the Final Additional Closing Dividend Amount, the Purchaser and the Vendor shall execute and deliver to the Escrow Agent a joint direction in writing, in the form of the direction attached as Schedule "A" hereto (the "**Escrow Release Direction**"), signed by both the Purchaser and the Vendor, authorizing and directing the Escrow Agent to release the Funds to the applicable Party, as designated under Section 2.1(7) of the Share Purchase Agreement, and the Escrow Agent shall, within five (5) business days of the receipt by the Escrow Agent of such Escrow Release Direction, release such funds to such Party.
- 3.9 In the event that any action or other proceedings are commenced by any of the parties hereto to which one or both of the other parties hereto is a party relating to the Share Purchase Agreement or the Funds or if the Escrow Agent has not received an Escrow Release Direction within one year from the date hereof, the Escrow Agent shall be permitted to pay into court or to interplead the Funds pursuant to the applicable rules of procedure governing such action or proceedings and shall thereafter be released from any and all obligation to hold the Funds as Escrow Agent hereunder.

4. Escrow Agent's Fees and Expenses

- 4.1 The Vendor shall pay to the Escrow Agent (i) its fees for acting hereunder as Escrow Agent from time to time as and when incurred, and (ii) the Escrow Agent's out-of-pocket expenses, including without limitation reasonable legal fees and disbursements incurred as a result of consulting independent counsel, if necessary, as to its obligations hereunder, any fees and disbursements incurred in connection with the investing of the Funds and all applicable taxes thereon.

5. Limitations on Duties and Liabilities of Escrow Agent

- 5.1 The acceptance by the Escrow Agent of its duties and obligations under this agreement is subject to the following terms and conditions, which the parties to this agreement hereby agree shall govern with respect to the Escrow Agent's rights, duties, liabilities and immunities:
- (a) the Escrow Agent shall not be liable or accountable for any loss or damage whatsoever, including, without limitation, loss of profit, to any person caused by the performance or failure to perform by it of its responsibilities under this agreement, save only to the extent that such loss or damage is attributable to the gross negligence or wilful misconduct of the Escrow Agent or to any action taken or omitted to be taken by the Escrow Agent in bad faith;

- 4 -

- (b) the Escrow Agent shall have no duties except those which are expressly set forth herein and shall not be bound by any notice of a claim or a demand with respect thereto or any waiver, modification, amendment, termination or rescission of this agreement unless received by it in writing and signed by all of the parties hereto (or, in the case of a waiver, the party so waiving) other than the Escrow Agent and is in a form satisfactory to the Escrow Agent;
- (c) the Escrow Agent shall be protected in acting upon any certificate, written notice, request, waiver, consent, receipt, statutory declaration or other paper or document furnished to it and signed by one or both of the other parties hereto or on its or their behalf as herein provided not only as to its due execution and the validity and effectiveness of its provisions but also as to the truth and acceptability of any information therein contained which the Escrow Agent in good faith believes to be genuine in what it purports to be;
- (d) the Escrow Agent shall not be liable for or by reason of any statements of fact or recitals in this agreement and shall not be required to verify the same;
- (e) nothing herein contained shall impose any obligation on the Escrow Agent to see to or require evidence of the registration or filing or recording (or renewal thereof) of this agreement, or any instrument ancillary or supplemental thereto, or to procure any further, any other or additional instrument or further assurance;
- (f) in the exercise of its rights and duties hereunder, the Escrow Agent shall not be in any way responsible for the consequence of any breach on the part of a party hereto of any of their respective covenants herein contained or of any acts of the agents or servants of any of them;
- (g) the Escrow Agent shall retain the right not to act and shall not be held liable for refusing to act unless it has received clear and reasonable documentation which complies with the terms of this agreement. Such documentation must not require the exercise of any discretion or independent judgment;-
- (h) in the event of any disagreement arising regarding the terms of this agreement, the Escrow Agent shall be entitled at its option to refuse to comply with any or all demands whatsoever until the dispute is settled either by agreement amongst the various parties or by a court of competent jurisdiction;
- (i) the Escrow Agent may resign its agency and be discharged from all duties and obligations hereunder by giving to the Vendor and the Purchaser 30 days prior notice of its resignation, or such shorter period as such parties shall accept as sufficient; and
- (j) if the Escrow Agent resigns its agency in accordance herewith, the Purchaser and the Vendor shall have the right and obligation to appoint a succeeding escrow agent who, upon accepting such appointment, shall assume all of the obligations and responsibilities and shall be entitled to enjoy the benefits and rights of the Escrow Agent hereunder. If a successor escrow agent is appointed as herein

- 5 -

provided, the Escrow Agent shall pay and deliver to such successor all funds, agreements and other documents then in its possession upon payment of its fees.

5.2 The rights and benefits held by and the indemnities granted in favour of the Escrow Agent set out in Sections 4, 5, 8 and 11 of this agreement shall continue indefinitely notwithstanding the appointment of a successor escrow agent pursuant to provisions of this paragraph.

5.3 No implied duties or obligations of the Escrow Agent shall be read into this agreement.

5.4 Payments made by the Escrow Agent hereunder shall be duly made if paid by trust cheque.

6. Discharge of Escrow Agent

6.1 The Escrow Agent shall be discharged from any further duty upon release of the monies contained in the Escrow Account in accordance with Article 3 of this agreement.

7. Co-Operation of the Purchaser and the Vendor with Escrow Agent

7.1 The Purchaser and the Vendor shall deliver to the Escrow Agent all documents and do or cause to be done all other things necessary to enable the Escrow Agent to comply with this agreement.

8. Disclosure by Escrow Agent

8.1 The Purchaser and the Vendor acknowledge that the Escrow Agent has, in the past, acted as counsel to the Vendor, is currently acting as counsel to the Vendor and may, in the future, act as counsel to the Vendor. The Purchaser and the Vendor further acknowledge their desire for the Escrow Agent to act in such capacity notwithstanding the disclosures set out in the first sentence of this Section 8. The Vendor and the Purchaser agree that in the event of a dispute under this agreement, the Escrow Agent shall have the right to deposit the Funds into a court of competent jurisdiction until such dispute is resolved to the satisfaction of such court.

9. Notice

9.1 Any notice required to be given hereunder shall be sufficiently given and delivered to the Escrow Agent if personally delivered, addressed to the Escrow Agent as set out below. Any notice, certificate or other writing required or permitted to be given hereunder (a "Notice") shall be sufficiently given and delivered to the party to whom it is given if personally delivered or mailed, by prepaid registered mail, addressed to such party as follows:

in the case of the Vendor:

P.O. Box 189
43 Stewart Road
Collingwood, ON L9Y 3Z5

- 6 -

Attention: Clerk
 Fax No.: (705) 445-2448

in the case of the Purchaser:

PowerStream Inc.
 161 Cityview Boulevard
 Vaughan, ON L4H 0A9
 Attention: Dennis Nolan, Executive Vice-President,
 Corporate Services and Secretary
 Fax No.: (905) 532-4616

If to the Escrow Agent, to: Aird & Berlis LLP
 Barristers & Solicitors
 BCE Place
 Suite 1800, Box 754
 181 Bay Street
 Toronto, Canada
 M5J 2T9

Attention: Ron Clark
 Telephone No.: (416) 865-7701
 Telecopier No.: (416) 863-1515

or such other address as the party to whom a Notice is to be given shall have last notified in writing the other parties hereto of a change of address for the purposes of this provision. Any Notice mailed as aforesaid shall be deemed to have been given and received on the date that the Notice is signed for by the party to whom it is addressed or any employee or agent thereof. Any Notice personally delivered to the party to whom it is addressed shall be deemed to have been given and received on the day it is personally delivered, but if any such day falls on a weekend or statutory holiday in the City of Toronto, then the Notice shall be deemed to have been given and received on the business day next following such day. In the event of a postal disruption, a Notice must be personally delivered.

10. Amendment

- 10.1 This agreement shall not be amended, revoked or rescinded as to any of its terms and conditions except by agreement in writing signed by all of the parties hereto.

11. Indemnification of Escrow Agent

- 11.1 The Vendor agrees to indemnify and hold the Escrow Agent harmless against any and all losses, claims, suits, demands, costs and expenses that may be incurred by the Escrow Agent or made on the Escrow Agent by the Vendor, the Purchaser or any third party by reason of the Escrow Agent's compliance in good faith with the terms of this agreement, except claims, suits or demands arising from the, wilful default or gross negligence of the

Escrow Agent in the performance of its duties hereunder. In no event shall the Escrow Agent be liable to the Purchaser or the Vendor for any act which it may do or which it may omit to do with respect to this agreement, except in the case of gross negligence or wilful misconduct of the Escrow Agent.

12. Binding Agreement - Not Assignable

- 12.1 This agreement shall constitute a binding obligation and shall enure to the benefit of each of the parties hereto and their respective successors and assigns and shall not be assignable by any of them without the prior consent in writing of each of the other parties.

13. Governing Laws

- 13.1 This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

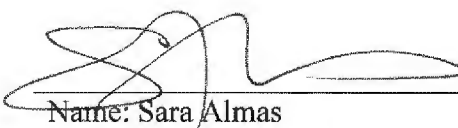
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IN WITNESS WHEREOF, the parties hereto have executed and delivered these presents as of the date first above written.

THE CORPORATION OF THE TOWN OF COLLINGWOOD

By: 
Name: Sandra Cooper

Title: Mayor

By: 
Name: Sara Almas

Title: Clerk

POWERSTREAM INC.

By: _____
Name:

Title:

By: _____
Name:

Title:

IN WITNESS WHEREOF, the parties hereto have executed and delivered these presents as of the date first above written.

THE CORPORATION OF THE TOWN OF COLLINGWOOD

By:

Name: Sandra Cooper

Title: Mayor


By:

Name: Sara Almas

Title: Clerk

POWERSTREAM INC.

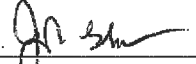
By:



Name: Dennis Nolan

Title: EVP Corporate Services & Secretary

By:



Name: John Glicksman

Title: EVP & Chief Financial Officer

AIRD & BERLIS LLP

A handwritten signature in black ink, consisting of several overlapping loops and curves, positioned above a horizontal line.

Name: PAIGE BACKMAN

Title: PARTNER

Schedule "A"
Form of Escrow Release Direction

11826758.5

Waldman, Danielle

From: Daniel Miller [daniel.miller@powerstream.ca]
Sent: July-31-12 9:28 AM
To: Waldman, Danielle
Subject: FW:

see below.

From: Alcorta, Monita [<mailto:monita.alcorta@td.com>]
Sent: Tuesday, July 31, 2012 9:27 AM
To: Daniel Miller
Cc: Doyle, Moira
Subject:

Good day,

Please accept this email as confirmation that your request to execute a manual wire in the amount of CDN\$8,000,000.00 on July 31, 2012 has been processed.

Thank you.

Monita Alcorta | Customer Fulfillment Officer | **TD Commercial Banking**
Commercial Customer Service Centre | 3500 Steeles Ave. E, Twr 3, Lvl 1, Markham, ON L3R 2Z1

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RECEIPT

TO: PowerStream Inc.

RE: Purchase of 2,550,820 shares in Collingwood Utility Services Corp. (the "**Corporation**") by PowerStream Inc. (the "**Purchaser**") from The Corporation of the Town of Collingwood (the "**Vendor**") pursuant to a share purchase agreement, dated the 6th day of March, 2012 (the "**Share Purchase Agreement**")

THE UNDERSIGNED hereby acknowledges receipt from the Purchaser of the Share Purchase Price in the amount of \$8,000,000.00, pursuant to Section 2.1(2)(a) of the Share Purchase Agreement.

All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Share Purchase Agreement.

DATED the 31 day of July, 2012.

**THE CORPORATION OF THE TOWN OF
COLLINGWOOD**

By: _____

Name: Sandra Cooper

Title: Mayor

By: _____

Name: Sara Almas

Title: Clerk



COMMON SHARE CERTIFICATE

Certificate No. 3 For 5,101,339 Common Shares

issued to THE CORPORATION OF THE TOWN OF COLLINGWOOD

Dated October 31 2000 (year)

From whom transferred From Treasury

Dated (year)

No. Original Certificate

No. Original Shares

No. of Shares Transferred

Received Certificate No.

for Shares

this day of (year)

No. 3 INCORPORATED UNDER THE LAW OF THE PROVINCE OF ONTARIO 5,101,339 Shares

COLLINGWOOD UTILITY SERVICES CORP.

This is to Certify that THE CORPORATION OF THE TOWN OF COLLINGWOOD is the registered holder of Five Million One Hundred One Thousand Three Hundred and Thirty-Nine Common Shares of COLLINGWOOD UTILITY SERVICES CORP.

The class or series of shares represented by this certificate has rights, privileges, restrictions and conditions attached thereto and the Corporation will furnish to the holder, on demand and without charge, a full copy of the text of,

- (i) the rights, privileges, restrictions and conditions attached to the said shares and to each class authorized to be issued and to each series insofar as the same have been fixed by the directors, and
- (ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable.

COMMON

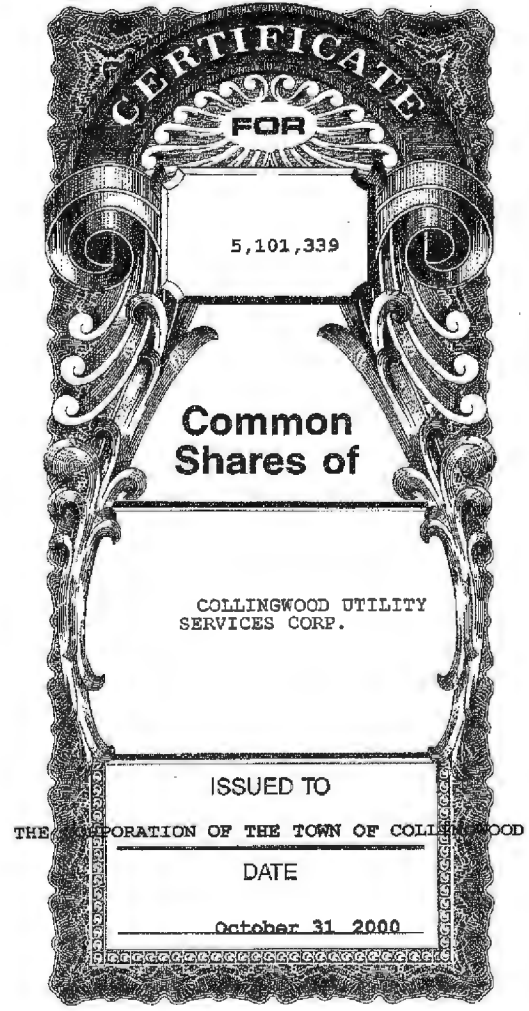
IN WITNESS WHEREOF the Corporation has caused this Certificate to be signed by its duly authorized officers

this 31st day of October 2000 (year)

Robert Davey
Robert Davey, Chair

Duncan Hawkins
Duncan Hawkins, Vice-Chair & Secretary

NO PAR VALUE



The Value Received, _____ hereby assigns and transfers unto

_____ *Common Shares*

represented by the within Certificate.

Dated _____ (year) _____

In the presence of

NOTICE THE SIGNATURE OF THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

No. 6

Incorporated under the law of the Province of Ontario

2,550,820

Common Shares

COLLINGWOOD UTILITY SERVICES CORP.

THIS CERTIFIES THAT PowerStream Inc.

is the registered holder of two million five hundred fifty thousand eight hundred twenty (2,550,820) Common Shares of

COLLINGWOOD UTILITY SERVICES CORP.

The class or series of shares represented by this certificate has rights, privileges, restrictions or conditions attached thereto and the Corporation will furnish to the holder, on demand and without charge, a full copy of the text of,

- (i) the rights, privileges, restrictions and conditions attached to the said shares and each class authorized to be issued and to each series insofar as the same have been fixed by the directors, and
- (ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable

LIEN ON SHARES. The Corporation has a lien on the shares represented by this Certificate for any debt of the shareholder to the Corporation.

RESTRICTIONS ON TRANSFER. There are restrictions on the right to transfer the shares represented by this Certificate.

IN WITNESS WHEREOF the Corporation has caused this Certificate to be signed by its duly authorized officers
this _____ day of _____



President



Chief Executive Officer

FOR VALUE RECEIVED, the undersigned hereby assigns and transfers unto

_____ Common Shares

represented by the within Certificate.

DATED _____ (year) _____

IN THE PRESENCE OF

The shares represented by this certificate are subject to all the terms and condition of any agreement made as of the __ day of _____, 2012, a copy of which is on file at the registered office of the Corporation.

RECEIPT

TO: THE CORPORATION OF THE TOWN OF COLLINGWOOD (the "Vendor")


AND TO: COLLINGWOOD UTILITY SERVICES INC. (the "Corporation")

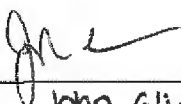
RE: Share Purchase Agreement dated as of March 6, 2012 between the Vendor, the Corporation and PowerStream Inc., among others (the "Purchase Agreement")

The undersigned acknowledges that it has received Share Certificate No. 6 representing 2,550,820 shares in the capital of the Corporation.

DATED the 3rd day of July, 2012.

POWERSTREAM INC.

Per: 
Name: Dennis Nolan
Title: EVP, Corporate Services & Secretary

Per: 
Name: John Glicksman
Title: EVP & Chief Financial Officer

No. 7

Incorporated under the law of the Province of Ontario

2,550,519

Common Shares

COLLINGWOOD UTILITY SERVICES CORP.

THIS CERTIFIES THAT The Corporation of the Town of Collingwood
is the registered holder of two million five hundred fifty thousand five hundred nineteen (2,550,519) Common Shares of

COLLINGWOOD UTILITY SERVICES CORP.

The class or series of shares represented by this certificate has rights, privileges, restrictions or conditions attached thereto and the Corporation will furnish to the holder, on demand and without charge, a full copy of the text of:

- (i) the rights, privileges, restrictions and conditions attached to the said shares and each class authorized to be issued and to each series insofar as the same have been fixed by the directors; and
- (ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable

LIEN ON SHARES. The Corporation has a lien on the shares represented by this Certificate for any debt of the shareholder to the Corporation.

RESTRICTIONS ON TRANSFER. There are restrictions on the right to transfer the shares represented by this Certificate.

IN WITNESS WHEREOF the Corporation has caused this Certificate to be signed by its duly authorized officers

this

day of



President



Chief Executive Officer

FOR VALUE RECEIVED, the undersigned hereby assigns and transfers unto

Common Shares

represented by the within Certificate.

DATED _____ (year) _____

IN THE PRESENCE OF

The shares represented by this certificate are subject to all the terms and condition of any agreement made as of the __ day of _____, 2012, a copy of which is on file at the registered office of the Corporation.

UNANIMOUS SHAREHOLDERS AGREEMENT

Dated as of the 31st day of July, 2012

THE CORPORATION OF THE TOWN OF COLLINGWOOD

- and -

POWERSTREAM INC.

- and -

COLLINGWOOD UTILITY SERVICES CORP.

AIRD & BERLIS LLP

Barristers and Solicitors

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UNANIMOUS SHAREHOLDERS AGREEMENT

THIS AGREEMENT made as of the 31st day of July, 2012,

BETWEEN:

THE CORPORATION OF THE TOWN OF COLLINGWOOD, a corporation duly incorporated under the *Municipal Act* (Ontario) (hereinafter referred to as "**Collingwood**")

- and -

POWERSTREAM INC., a corporation duly incorporated under the *Business Corporations Act* (Ontario) (hereinafter referred to as "**PowerStream**")

- and -

COLLINGWOOD UTILITY SERVICES CORP., a corporation duly incorporated under the *Business Corporations Act* (Ontario) (hereinafter referred to as the "**Corporation**")

RECITALS:

- (a) The Corporation is the owner of all of the issued and outstanding shares in Collus PowerStream Power Corp. ("**Collus**"), Collus PowerStream Solutions Corp. ("**Solutions**") and Collus PowerStream Energy Corp. ("**Energy**");
- (b) On the 25th day of October, 2000, Collingwood issued a shareholder declaration with respect to the shares it held in the Corporation (the "**Shareholder Declaration**"), which Shareholder Declaration was terminated on the 31st day of July, 2012;
- (c) On or about the date hereof, PowerStream purchased 2,550,820 common shares in the capital of the Corporation pursuant to a share purchase agreement, dated the 6th day of March, 2012, between Collingwood, the Corporation and PowerStream (the "**Share Purchase Agreement**");
- (d) As of the date hereof, Collingwood and PowerStream are the only Shareholders of the Corporation;
- (e) The authorized capital of the Corporation consists of unlimited common shares, of which 5,101,640 common shares are issued and outstanding;

- (f) At the date hereof all of the issued and outstanding shares of the Corporation are registered and beneficially owned as follows:

<u>Shareholder</u>	<u>Shares</u>
Collingwood	2,550,820 common shares
PowerStream	2,550,820 common shares

- (g) The issued and outstanding shares of Collus, Solutions and Energy are registered and beneficially owned as follows:

<u>Entity</u>	<u>Shareholder</u>	<u>Shares</u>
Collus	the Corporation	5,101,340 common shares
Solutions	the Corporation	100 common shares
Energy	the Corporation	100 common shares

- (h) The operation and management of the Corporation and its Subsidiaries shall be based upon the general objectives and business principles set out in Section 2.1 of this Agreement; and
- (i) It is the intent and understanding of each of the Corporation, Collingwood and PowerStream to transition the corporate governance structure of the Corporation and its Subsidiaries as set out herein.

NOW THEREFORE IN CONSIDERATION OF THE FOREGOING AND OF THE MUTUAL COVENANTS HEREIN CONTAINED, THE PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE 1 INTERPRETATION

- 1.1 Definitions.** Whenever used in this Agreement unless there is something in the subject matter or context inconsistent therewith, the following terms shall have these respective meanings:

“**Adjourned Meeting**” has the meaning set forth in Section 4.9.

“**Affiliate**” means any Person that: (i) Controls a Party; (ii) is Controlled by a Party; or (iii) is Controlled by the same Person that Controls a Party.

“**Agreement**” means this Shareholders Agreement, and includes any agreement which is supplementary to or an amendment or confirmation of this agreement (and which is entered into in accordance with this Agreement) and any schedules hereto or thereto.

“**Applicable Law**” means, collectively, all applicable federal, provincial and municipal laws, statutes, ordinances, decrees, rules, regulations, by-laws, legally enforceable policies, codes, or guidelines, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, directives,

rulings or awards, and conditions of any grant of approval, permission, certification, consent, registration, authority or licence by any statutory body, self-regulatory authority or other Governmental Authority.

“**Arm’s Length**” means the same as the term “arm’s length” as used in the *Income Tax Act* (Canada), as amended from time to time.

“**Articles**” means the articles of incorporation of the Corporation in effect on the date hereof.

“**Board**” means the board of directors of the Corporation, or of a Subsidiary.

“**Business Day**” means any day except Saturday, Sunday or any day which is a statutory holiday in the Province of Ontario.

“**Business Plan**” has the meaning forth in Section 5.2(a).

“**Buy/Sell Notice**” has the meaning set forth in Section 9.1.

“**Chair**” means the director who is appointed chair of the Board from time to time as provided in this Agreement.

“**Collingwood**” has the meaning set forth in the recitals hereto.

“**Collus**” has the meaning set forth in the recitals hereto.

“**Control**” means, with respect to any Person at any time, (i) holding, as owner or other beneficiary, other than solely as the beneficiary of an unrealized security interest, directly or indirectly, securities or ownership interests of that Person carrying votes or ownership interests sufficient to elect or appoint the majority of individuals who are responsible for the supervision or management of that Person, or (ii) the exercise of de facto control of that Person whether direct or indirect and whether through the ownership of securities or ownership interests, by contract or trust or otherwise and “**Controlled by**”, “**Controlling**” and similar words have corresponding meanings.

“**Controlling Shareholder**” means a Person who Controls a Shareholder if that Shareholder is a company or corporation. If a Controlling Shareholder of a Shareholder is itself a company or corporation, “**Controlling Shareholder**” shall mean the Person(s) who ultimately Control such Shareholder.

“**Corporation**” has the meaning set forth in the recitals hereto.

“**Date of Closing**” has the meaning set forth in Section 9.3.

“**Dividend Policy**” has the meaning set forth in Section 5.2(c).

“**Electricity Act**” means the *Electricity Act, 1998* (Ontario), as amended from time to time and any replacement or successor legislation.

“**Energy**” has the meaning set forth in the recitals hereto.

“**Enforcing Shareholder**” has the meaning set forth in Section 9.3.

“**Fair Market Value**” has the meaning set forth in Section 8.4.

“**Former Director**” has the meaning set forth in Section 4.10.

“**Governmental Authority**” means any government or political subdivision (including without limitation, any municipality or federal or provincial ministry) or quasi-governmental or regulatory agency, authority, board, commission, department or instrumentality of any government or political subdivision, or any court or tribunal including the IESO, OEB and OPA.

“**HoldCo**” has the meaning set forth in Section 14.10(a).

“**IESO**” means the Ontario Independent Electricity System Operator and any successor.

“**includes**” means “includes, without limitation” and “**including**” means “including, without limitation”.

“**Information**” has the meaning set forth in Section 11.1.

“**New Date of Closing**” has the meaning set forth in Section 9.3.

“**New Purchase Price**” has the meaning set forth in Section 9.3.

“**Non-Selling Shareholder**” has the meaning set forth in Section 10.5(b).

“**OBCA**” means the *Business Corporations Act* (Ontario), as amended from time to time.

“**OEB**” means the Ontario Energy Board and any successor.

“**OEB Act**” means the *Ontario Energy Board Act, 1998*, as amended from time to time and any replacement or successor or legislation.

“**Offered Shares**” has the meaning set forth in Section 7.1 and 9.3, as applicable.

“**Offeree**” has the meaning set forth in Section 9.1.

“**Offeror**” has the meaning set forth in Section 9.1.

“**OPA**” means the Ontario Power Authority and any successor.

“Ordinary Course of Business” means, for the Corporation or any Subsidiary, the conduct of the business of the Corporation or the applicable Subsidiary in the ordinary and usual course and in a manner consistent with the manner in which the business is carried on as of the date hereof, if applicable, or as may be permitted pursuant to Section 2.3 hereof as to the nature and scope of the business.

“Parties” means the Shareholders and the Corporation and **“Party”** means any one of them.

“Permitted Transferee” has the meaning set forth in Section 6.3(a).

“Person” means any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, Governmental Authority and any other form of entity or organization.

“PowerStream” has the meaning set forth in the recitals hereto.

“Pro Rata” means in the same proportion that the number of Shares owned by a Shareholder is to all of the then issued and outstanding Shares of all classes of the Corporation.

“Prospective Purchaser” has the meaning set forth in Section 7.3.

“Purchase Notice” has the meaning set forth in Section 7.2.

“Purchase Price” has the meaning set forth in Section 7.1(a).

“Purchaser” has the meaning set forth in Schedule A hereto.

“Refusing Shareholder” has the meaning set forth in Section 9.3.

“Right of First Refusal Period” has the meaning set forth in Section 7.2.

“Remaining Shareholders” has the meaning set forth term in Section 7.1(b).

“Sale Notice” has the meaning set forth in Section 7.1(a).

“Second Adjourned Meeting” has the meaning set forth in Section 4.9.

“Selling Shareholder” has the meaning set forth in Section 7.1(a).

“Shareholder” means individually any, and **“Shareholders”** means collectively all, of Collingwood and PowerStream and any Person to whom any Shares are transferred, or issued, in accordance with the terms of this Agreement, at any time subsequent to the date of this Agreement.

“Shareholder Declaration” has the meaning set forth in the recitals hereto.

“**Share Purchase Agreement**” has the meaning set forth in the recitals hereto.

“**Shares**” means any authorized class of shares, voting or non-voting, of the Corporation.

“**Share Purchase Price**” has the meaning set forth in Section 8.3(a).

“**Solutions**” has the meaning set forth in the recitals hereto.

“**Standstill Period**” means the period that is thirty (30) months from the date hereof.

“**Strategic Plan**” has the meaning set forth in Section 2.2(d).

“**Subsidiaries**” means the subsidiary corporations (as defined in the OBCA) of the Corporation and “**Subsidiary**” means any one of such Subsidiaries and includes Collus, Solutions and Energy as at the date hereof.

“**Subsidiary Board**” means the board of directors of each Subsidiary of the Corporation, as elected by the Corporation as sole shareholder, comprised of nominees determined from time to time in accordance with the provisions of this Agreement.

“**Third Adjourned Meeting**” has the meaning set forth in Section 4.9.

“**Time of Closing**” means 10:00 am Toronto time.

“**Transfer Tax**” means the tax payable pursuant to Section 94 of the *Electricity Act, 1998* (Ontario) or any similar tax or replacement or substitution thereof.

“**Valuator**” has the meaning set forth in Schedule A hereto.

“**Vendor**” has the meaning set forth in Schedule A hereto.

“**Vice-Chair**” means the director who is appointed vice-chair of the Board from time to time as provided in this Agreement.

“**Withdrawal Date**” has the meaning set forth in Section 8.4.

“**Withdrawing Shareholder**” has the meaning set forth in Section 8.2.

- 1.2 Interpretation Not Affected by Headings.** The division of this Agreement into articles, sections, subsections, paragraphs, subparagraphs and clauses and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein”, “hereunder” and similar expressions refer to this Agreement and not to any particular article, section, subsection, paragraph, subparagraph or clause or other portion hereof and include any agreement or instrument supplemental or ancillary hereto. Unless something

in the subject matter or context is inconsistent therewith, references herein to articles and sections are to articles and sections of this Agreement.

- 1.3 Number and Gender.** Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa.
- 1.4 Accounting Principles.** Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles. For greater clarity, the International Financial Reporting Standards shall apply for the periods on and after December 31, 2012.
- 1.5 Effect of this Agreement.** To the extent that this Agreement specifies that any matters relating to the Corporation or its Subsidiaries may only be or shall be dealt with or approved by, or shall require action by the Shareholders, the discretion and powers of the directors of the Corporation or a Subsidiary to manage and to supervise the management of the business and affairs of the Corporation or a Subsidiary with respect to such matters are correspondingly restricted. For greater certainty, the Parties agree that Sections 5.1 of this Agreement are intended to operate as a unanimous shareholders agreement with respect to the Corporation and its Subsidiaries, within the provisions of Section 108(2) of the OBCA.
- 1.6 Statutes and Amendments.** Any reference in this Agreement to an agreement, or to a statute, regulation or rule promulgated under a statute or to any provision of an agreement, a statute, regulation or rule shall be a reference to the agreement, statute, regulation, rule or provision, as amended, restated, re-enacted or replaced from time to time.
- 1.7 Schedules.** The following schedule is incorporated herein and forms part of this Agreement:

Schedule A	Valuation Method
Schedule B	Corporation and Subsidiaries Dividend Policy
Schedule C	Charter Documents of Corporation and each Subsidiary

ARTICLE 2
OBJECTIVES, GUIDING PRINCIPLES AND
PERMITTED BUSINESS ACTIVITIES

- 2.1 Guiding Principles and Objectives.** The Parties acknowledge and recognize the following guiding principles and objectives of the Corporation and its Subsidiaries and the intention of the Shareholders that the Corporation and its Subsidiaries be managed on an ongoing basis in a manner consistent with these guiding principles and objectives:
- (a) enhance Shareholder and investor value;

- (b) strengthened voice with the public, regulator and governments;
- (c) enhanced community leadership in energy conservation and environment protection;
- (d) continued high level of safety;
- (e) the Corporation and the Subsidiaries shall each be governed by a board of directors with proportional representation of the Shareholders;
- (f) policies shall be established to maintain and sustain infrastructure through adequate investments consistent with good utility practice;
- (g) service reliability levels in all service areas are to be maintained at or better than the levels which were maintained prior to the date hereof, subject in all cases to good utility practice and the requirements and/or approval of the OEB;
- (h) cost savings shall be obtained through suitable economies of scale;
- (i) customer service levels are to be maintained or improved as allowed by electricity distribution rates consistent with good utility practice and sound commercial principles;
- (j) utilize suitable human resource programs to avoid, if possible, lay offs including deployment, re-training, early retirement, separation incentives and attrition;
- (k) treat all employees in a fair and equitable manner, and develop with its employees a shared commitment towards high customer service, improved productivity and workplace safety, as well as ensuring that all staff understand the Business Plan and direction, and they have the skill required to fulfill their part in achieving those goals;
- (l) mutually seek to grow the Corporation's business both organically and through acquisition or merger;
- (m) provide a continued and substantial presence in the communities that the Corporation services;
- (n) provide continued and enhanced support for the interests of the communities that the Corporation serves;
- (o) with due consideration to the optimization of the rate of return and Shareholder value, be an integral participant and play a significant role in the local communities in which they operate. The Corporation and Subsidiaries will strive to be good corporate citizens and the facilitator of economic development throughout the service area, and not facilitate economic development in any way that would favour one community over another, nor discriminate against any community within the applicable service area; and

- (p) whenever possible and practicable, best utility practices of the industry are to be adopted.

2.2 Financial Policies, Risk Management and Strategic Plan. The Board and any Subsidiary Board shall establish policies to:

- (a) Capital Structure – develop and maintain a prudent financial and capitalization structure consistent with industry norms, OEB requirements applicable to licensed electricity distributors and sound financial principles;
- (b) Returns – have the objective of optimizing its rate of return and Shareholder value. Subject to OEB approval, the maximum rate of return sought by Collus from time to time will be achieved as soon as practical;
- (c) Risk Management – manage all risks related to the business conducted by Collus through the adoption of appropriate risk management strategies and internal controls consistent with industry norms; and
- (d) Strategic Plan – within six (6) months and not less than every three (3) years thereafter, update and revise the current strategic plan of the Corporation (the “**Strategic Plan**”) to reflect business opportunities available, consistent with the *Ontario Energy Board Act* and all other regulatory requirements which builds upon its excellence in electricity distribution.

2.3 Permitted Business Activities. The Corporation and its Subsidiaries may engage in any business activities which are permitted by Applicable Law, including the Electricity Act and OEB Act, applicable to the Corporation and its Subsidiaries from time to time. In so doing, the Corporation and its Subsidiaries shall conform to all requirements of all applicable Governmental Authorities, including the OEB, the IESO and the OPA.

ARTICLE 3
IMPLEMENTATION OF THIS AGREEMENT

3.1 Carrying out of the Agreement.

- (a) The Shareholders shall at all times act and vote their Shares to carry out and cause the Corporation to carry out the provisions of this Agreement.
- (b) The Corporation confirms its knowledge of this Agreement and will carry out and be bound by the provisions of this Agreement to the full extent that it has the capacity and power at law to do so.

3.2 Endorsement on Share Certificates. Share certificates of the Corporation and its Subsidiaries shall bear the following language either as an endorsement or on the face thereof:

“The shares represented by this certificate are subject to all the terms and conditions of an agreement made as of the ___ day of _____, 20 ____, a copy of which is on file at the registered office of the Corporation.”

ARTICLE 4
DIRECTORS OF THE CORPORATION AND SUBSIDIARIES

4.1 Number and Identity of Directors.

- (a) Each Shareholder shall be entitled to nominate and elect that number of directors to the Board and any Subsidiary Board (rounding up or down to the nearest whole number) which is in the same proportion to the total number of directors of the Corporation as the number of Shares owned by that Shareholder is to the total number of Shares issued and outstanding from time to time.
- (b) The Articles of the Corporation and each Subsidiary shall provide for the Board and each Subsidiary Board to consist of a minimum of 1 director and a maximum of 10 directors.
- (c) The Board and each Subsidiary Board as at the date of this Agreement shall consist of 6 directors. In accordance with Section 4.1(a), Collingwood shall be entitled to nominate 3 directors and PowerStream shall be entitled to nominate 3 directors. The majority of the Directors nominated by each Shareholder shall be independent from such Shareholder. Directors shall hold office until such time as their successors are elected by the Shareholders.

4.2 Election of Directors. The Shareholders shall elect the members of the Corporation and any Subsidiary Board. The Shareholders shall at all times act and vote their Shares to elect as directors of the Corporation or a Subsidiary the individuals nominated as directors, and, if required by a Shareholder, as contemplated in Section 4.6, to remove such director(s).

4.3 Qualification of Directors. The Board and any Subsidiary Board should reflect a cross-section of skills and experience. In addition to sound judgment and personal integrity, the qualifications of candidates for the Board and any Subsidiary Board may include:

- (a) industry knowledge concerning electricity distribution specifically and regulated industries generally;
- (b) business experience with businesses comparable to the Corporation or the Subsidiary, as applicable;
- (c) financial, legal, accounting and/or marketing experience;
- (d) experience on boards of public companies or major corporations;
- (e) awareness of public policy issues related to the Corporation or the Subsidiary, as applicable, and the electricity distribution business generally; and

- (f) knowledge and experience with corporate governance principles and/or risk management strategies.

4.4 Chair.

- (a) For two years from the date hereof, the Board shall have two co-Chairs, one nominated by each of the current Shareholders from among the directors. The co-Chairs shall preside at each meeting of the Board. In the absence of the co-Chairs, the chair of the meeting shall be selected by the directors in attendance at such meeting.
- (b) After the period contemplated by paragraph (a), and each year thereafter, the Board will have a Chair and a Vice-Chair, each representing one of the Shareholders and appointed by such Shareholder from the directors, with the right to appoint the Chair and Vice-Chair alternating between the Shareholders every second year.

4.5 Term of Directors.

- (a) Directors of a Board shall each be appointed for a term of three (3) years as provided in the by-laws of Corporation or the applicable Subsidiary.
- (b) A director may be appointed for successive terms at the discretion of the Shareholder appointing such director.

4.6 Removal of Directors. Subject to the provisions of the OBCA, each Shareholder shall be entitled in its discretion to cause any of the directors nominated by it to any Board to be removed and to nominate and have an individual elected a successor or successors, as required, by providing a direction in writing to the Corporation or the applicable Subsidiary and to the other Shareholders who shall elect such replacement director or directors. Upon the resignation or removal of a director from a Board, the Shareholder that nominated such director shall use reasonable efforts to obtain and deliver to the Corporation or the applicable Subsidiary a resignation and a release from such director in a form satisfactory to the Corporation or the applicable Subsidiary.

4.7 Voting. All matters to be determined by a Board shall be determined by a majority vote of directors at a duly convened meeting of that Board and, in case of an equality of votes, the chairperson of the meeting shall not be entitled to a second or casting vote.

4.8 Meeting of Directors.

- (a) The Board shall meet at least once each financial quarter at a time and place to be determined by the Chair. Additional meetings of the Board may be called by the Chair or any other director by notice in writing to every other director of the time, place and purpose of the meeting of the Board and the matters to be considered.
- (b) All meetings of the Board shall, unless held by telephone or video conference, be held within the Province of Ontario.

- (c) Any one or more of the directors may participate in a meeting of the Board by any telephonic or video device which permits all participants in the meeting to communicate with each other simultaneously and instantaneously, and such participation shall be deemed to constitute attendance at the meeting of the Board for the purpose of this Section 4.8. The Chair may determine that any meeting of the Board may be held by telephone or video conference.
- (d) At least seven (7) Business Days prior to each meeting, each director shall be notified in writing of the time, place and purpose of the meeting of the Board and the matters to be considered.
- (e) A director may waive notice of any meeting of the Board by an instrument in writing delivered to the Secretary of the Corporation or the applicable Subsidiary.
- (f) Notwithstanding Section 4.7, in lieu of a meeting of the directors, the consent of the directors with respect to any matter may be evidenced by a resolution in writing (which may be in counterparts) signed by all of the directors.

4.9 Quorum – Meetings of Directors of the Corporation and Subsidiaries.

- (a) A quorum for a meeting of the Board of the Corporation or applicable Subsidiary, as the case may be, shall consist of a majority of the total number of elected directors (rounded up to the next whole number) provided that, so long as Collingwood and PowerStream are the only Shareholders of the Corporation, at least one (1) director who is a nominee of Collingwood, and at least one (1) director who is a nominee of PowerStream must be present at all meetings of the Board of the Corporation or any Subsidiary, as the case may be.
- (b) If a quorum of directors is not present within thirty (30) minutes after the time appointed for a meeting of a Board of the Corporation or applicable Subsidiary, such meeting shall be adjourned to a date not less than five (5) and not more than fifteen (15) Business Days subsequent to the date originally set for the meeting, as the directors present at the meeting may determine.
- (c) At least two (2) Business Days prior written notice shall be provided to all of the directors of the date for the meeting of a Board of the Corporation or applicable Subsidiary, as the case may be, adjourned pursuant to Section 4.9(b) (the “**Adjourned Meeting**”).
- (d) If a quorum is not present at such adjourned meeting, the Secretary of the Corporation or of the applicable Subsidiary, as the case may be, shall forthwith call a further adjourned meeting (the “**Second Adjourned Meeting**”) of the Board, to be held not later than five (5) Business Days after the previously Adjourned Meeting was to be held and shall provide at least two (2) Business Days prior written notice thereof to the Shareholders. The Shareholders may:
 - (i) cause their respective nominee directors to attend, (or may remove their nominee directors and nominate directors to be elected as replacement

directors in accordance with Section 4.6 and may cause such replacement directors to attend) the Second Adjourned Meeting; or

- (ii) waive their right to have their nominee director or replacement director attend the Second Adjourned Meeting, however for greater certainty, the Second Adjourned Meeting may not proceed if the quorum requirements set forth in Section 4.9(a) are not met.
- (e) If a quorum is not present at the Second Adjourned Meeting, the Secretary of the Corporation or of the applicable Subsidiary, as the case may be, shall forthwith call a further adjourned meeting (the “**Third Adjourned Meeting**”) of the Board, to be held not later than five (5) Business Days after the Second Adjourned Meeting was to be held and shall provide at least two (2) Business Days prior written notice thereof to the Shareholders. The Shareholders may:
- (i) cause their respective nominee directors to attend, (or may remove their nominee directors and nominate directors to be elected as replacement directors in accordance with Section 4.6 and may cause such replacement directors to attend), the Third Adjourned Meeting; or
 - (ii) failing such attendance pursuant to Section 4.9(e)(i), the Third Adjourned Meeting shall be validly constituted if nominee directors or replacement directors of at least two Shareholders are present at the Third Adjourned Meeting, notwithstanding the quorum requirements set forth in Section 4.9(a).

4.10 Vacancies. In the event of any vacancy occurring on a Board by reason of the death, disqualification, inability to act or resignation of any director (the “**Former Director**”), the Shareholder entitled to nominate the Former Director shall nominate another individual to replace the Former Director in order to fill such vacancy as soon as reasonably possible, and the Shareholders shall vote their Shares to elect such nominee accordingly.

4.11 Insurance. The Corporation or applicable Subsidiary shall acquire and maintain insurance coverage for the directors and officers of the Corporation as the Board may determine from time to time. In the event that such insurance coverage ceases to be available to the directors for any reason, each Shareholder shall be responsible for insuring its own nominees.

4.12 Auditor. _____ shall be appointed as the initial auditor of the Corporation and shall hold office until such time as the Shareholders select a replacement.

4.13 Corporate Governance Matters. The Board shall supervise the management of the business and affairs of the Corporation or applicable Subsidiary and, in so doing, shall act honestly and in good faith with a view to the best interests of the Corporation or Subsidiary and each director shall exercise the same degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

4.14 Board Committees. The Board and each Subsidiary Board may establish committees at its discretion. The Shareholders anticipate that the Board will establish at least the following committees:

- (a) Audit and Finance Committee to review financial results and establish risk management policies; and
- (b) Human Resources and Governance Committee to determine and review human resources policies and corporate governance matters including senior management compensation.

ARTICLE 5
APPROVAL OF CERTAIN CORPORATE ACTIONS

5.1 Shareholder Approval.

No action shall be taken by the Corporation or any Subsidiary with respect to any of the matters set out below unless first approved by all the Shareholders:

- (a) to acquire by way of purchase of, or merger or amalgamation with, any one or more electricity distribution businesses;
- (b) in any financial year, enter into one or more transactions which individually or in the aggregate result in the disposition, lease or sale of any part of the business of the Corporation or a Subsidiary outside of the Ordinary Course of Business;
- (c) entering into any partnership, joint venture or other business venture that would involve the expenditure or investments of funds by the Corporation or any Subsidiary outside of the Ordinary Course of Business or that would change the status of the Corporation or any subsidiary for taxation purposes, under the Electricity Act or the *Income Tax Act* (Canada), *Corporations Tax Act* (Ontario) or other Applicable Law;
- (d) any change in the nature of the business of the Corporation or any Subsidiary, that would involve directly or indirectly any business activity that is not specifically authorized by the OEB Act or other Applicable Law;
- (e) the borrowing of funds outside of the Ordinary Course of Business;
- (f) any one or more expenditures by the Corporation or the Subsidiary outside of the Ordinary Course of Business exceeding the amount of \$500,000.00 in aggregate in any financial year of the Corporation or applicable Subsidiary;
- (g) any sale, transfer or other disposition by the Corporation of any of the shares of any Subsidiary, other than for the purposes of an internal reorganization of the Corporation or Subsidiary in which the proportionate interests of the Shareholders are maintained;

- (h) make, amend or repeal any by-law of the Corporation or any Subsidiary;
- (i) changing or removing any restriction on the business of the Corporation or any Subsidiary;
- (j) creating new classes of shares of the Corporation or any Subsidiary other than for the purposes of an internal reorganization of the Corporation or Subsidiary in which the proportionate interests of the Shareholders are maintained, or in any other manner to amend the Articles to reduce the number of directors;
- (k) the institution of proceedings for any winding up, arrangement or dissolution of the Corporation or any Subsidiary;
- (l) an application to continue the Corporation or any Subsidiary as a corporation under the laws of another jurisdiction;
- (m) issue, or enter into any agreement to issue, any shares of any class, or any securities convertible into any shares of any class of the Corporation or any Subsidiary, including in connection with any transaction pursuant to subsections 5.1(a) and 5.1(c), other than for the purposes of an internal reorganization of the Corporation or Subsidiary in which the proportionate interests of the Shareholders are maintained;
- (n) redeem or purchase any outstanding Shares of the Corporation or any Subsidiary;
- (o) any change in the Dividend Policy of the Corporation approved by the Shareholders pursuant to Section 5.2(c) of this Agreement; and
- (p) any sale, transfer or other disposition by the Corporation of any of the shares of any Subsidiary, other than for the purposes of an internal reorganization of the Corporation in which the proportionate interests of the Shareholders are maintained.

5.2 **Business Plan and Dividend Policy.**

- (a) Within 90 days from the date of this Agreement, the Shareholders shall use their in best good faith efforts to have approved the business plan for the Corporation (the "**Business Plan**") which is a one year business plan and includes capitalization and financing policies for the Corporation.
- (b) The Corporation shall, in each financial year, present an updated business plan for the Corporation, approved by the Board, to the Shareholders for informational purposes.
- (c) As at the date of this Agreement, the Shareholders have approved a policy (a copy of which is attached as Schedule B to this Agreement) (the "**Dividend Policy**") concerning the declaration and payment of dividends by the Corporation on its issued and outstanding Shares from time to time.

ARTICLE 6
RESTRICTIONS ON SHARE TRANSFERS

- 6.1 **Standstill Period - Restricted Sales of Shares.** No Shareholder may sell all or any portion of its Shares without the prior written consent of all of the other Shareholders during the Standstill Period. After the Standstill Period has expired, a Shareholder may only sell, transfer, assign or otherwise dispose of the whole or any part of its Shares in accordance with this Agreement.
- 6.2 **Agreement Binding on Transferees.** No Shares of the Corporation or any Subsidiary shall be effectively issued, sold, assigned, transferred, disposed of, or conveyed by a Shareholder to any Person except in accordance with this Agreement and until the proposed transferee or purchaser executes and delivers to the Parties hereto an agreement to the same effect as this Agreement and any further agreement with respect to the Corporation or Subsidiary to which the Shareholders are then, or are then required to be, a party. Upon the proposed transferee or purchaser so doing, such agreements shall enure to the benefit of and be binding upon all of the Parties to them as if all had executed and delivered the same agreements at the same time.
- 6.3 **Permitted Transferees.**
- (a) Subject to the restrictions on transfer or sale in Section 10.5 hereof, a Shareholder may, without the consent of the other Shareholders, transfer any or all of the Shares owned by it to any Person (hereinafter in this Section 6.3 referred to as a "**Permitted Transferee**") provided that the Permitted Transferee is wholly-owned by such Shareholder or, if such Shareholder is a corporation, the Permitted Transferee is wholly-owned by the Controlling Shareholder of such Shareholder and provided that prior to any such transfer:
- (i) the Permitted Transferee shall undertake in writing, by signing a counterpart of this Agreement, to be bound by the terms and conditions of this Agreement; and
- (ii) the Controlling Shareholder of such Permitted Transferee represents, warrants, and undertakes in writing that it shall wholly own such Permitted Transferee for as long as such Permitted Transferee holds Shares of the Corporation.
- (b) In the event that the transferee of the Shares ceases to be a Permitted Transferee for the purposes of this Section 6.3 then the Shares shall be promptly transferred back to the Shareholder.

ARTICLE 7
RIGHT OF FIRST REFUSAL

- 7.1 **First Right of Refusal.**

- (a) Any Shareholder (hereinafter in this Article 7 referred to as the “**Selling Shareholder**”) who desires to transfer or sell all or any portion of its Shares (hereinafter in this Article 7 referred to as the “**Offered Shares**”) after the Standstill Period other than to a Permitted Transferee, shall give notice of such proposed sale (hereinafter in this Article 7 referred to as the “**Sale Notice**”) to the Corporation and to the other Shareholders and shall set out in the Sale Notice the terms upon which and the price at which it desires to sell the Offered Shares (such price being hereinafter in this Article 7 referred to as the “**Purchase Price**”). A Shareholder selling Shares under this Section 7.1 must sell all, and not less than all, of its Offered Shares, unless the other Shareholders otherwise agree.
- (b) Upon the Notice being given, the other Shareholders (hereinafter in this Article 7 referred to as the “**Remaining Shareholders**”) shall have the right to purchase all, but not less than all, of the Offered Shares for the Purchase Price on a Pro Rata basis.

7.2 Exercise of Right of First Refusal. The Remaining Shareholders shall have the option, exercisable by giving written notice of the exercise of such option (hereinafter in this Article 7 referred to as the “**Purchase Notice**”) to the Selling Shareholder and the Corporation within thirty (30) days (hereinafter in this Article 7 referred to as the “**Right of First Refusal Period**”) subsequent to the date of deemed receipt, pursuant to Section 12.1 hereof, by the Remaining Shareholders of the Sale Notice, to purchase all but not less than all of the Offered Shares, on a Pro Rata basis, determined on the basis of the ratio of the number of Shares owned by each Remaining Shareholder to the number of Shares owned by all Remaining Shareholders at the Purchase Price and the terms set forth in the Sale Notice. If all the Offered Shares have not been purchased by the Remaining Shareholders then the remaining Offered Shares shall be offered to those Remaining Shareholders which have purchased Offered Shares on a Pro Rata basis until all of the Offered Shares have been purchased. The closing of the sale of the Offered Shares shall occur on the first Business Day following the expiry of the sixty (60) day period following the date of deemed receipt, pursuant to Section 12.1 hereof, by the Remaining Shareholders and the Corporation of the Purchase Notice or, if the completion of such sale requires the prior approval of or notice to a third Person or Governmental Authority under Applicable Law or any instrument or agreement, within thirty (30) days after receipt of such approval or required period of notice or on such later date as may be agreed by the Parties.

7.3 Sale of Shares. In the event that the Remaining Shareholders do not exercise their right of first refusal pursuant to Section 7.2, the rights of the Remaining Shareholders, subject as hereinafter provided, to purchase the Offered Shares shall forthwith terminate and the Selling Shareholder, subject to the restrictions on transfer or sale specified in Section 10.5 hereof, may sell the Offered Shares to any Person (the “**Prospective Purchaser**”) within ninety (90) days after the termination of the Right of First Refusal Period, for a price not less than the Purchase Price and on other terms no more favourable to the Prospective Purchaser than those set forth in the Sale Notice, provided that the Prospective Purchaser agrees prior to such transaction to be bound by this Agreement and to become a party hereto in place of the Selling Shareholder with respect to the Offered

Shares. If the Offered Shares are not sold within such ninety (90) day period, or, if the completion of such sale requires the prior approval of or notice to a third Person or Governmental Authority under Applicable Law or any instrument or agreement, within thirty (30) days after receipt of such approval or any required period of notice, on such terms, the rights of the Remaining Shareholders pursuant to Sections 7.1 and 7.2 shall again take effect and so on from time to time.

- 7.4 Moratorium on Sales While Purchase Offer Outstanding.** Once a Shareholder gives a Sale Notice pursuant to Section 7.1 hereof, no other Shareholder shall be entitled to give a Sale Notice with respect to Shares until such time as the Offered Shares are either sold to the Remaining Shareholders, or a Prospective Purchaser, as the case may be, in accordance with the terms of this Article 7 or the sale of such Shares to the Prospective Purchaser does not occur within the time limits prescribed in Section 7.3. No Shareholder may proceed with any sale of any of the Shares owned by it without complying with the relevant provisions of this Agreement.

ARTICLE 8 **PURCHASE OF SHARES ON DEEMED WITHDRAWAL**

8.1 Deemed Withdrawal from the Corporation.

- (a) Subject to Section 8.1(b), for the purposes of this Article 8, a Shareholder shall be deemed to withdraw from the Corporation on that date when such Shareholder,
- (i) or its Controlling Shareholder: (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy or similar Applicable Law for the protection of creditors, including, the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors Arrangement Act* (Canada), the *Municipal Affairs Act* (Ontario) or other statute applicable to insolvent municipalities or has such petition filed against it and such petition is not withdrawn or dismissed for sixty (60) days after such filing; (ii) otherwise becomes bankrupt or insolvent (however evidenced); or (iii) is unable to pay its debts as they fall due;
 - (ii) fails, refuses or neglects to conform to any of the material terms and conditions of this Agreement, and fails to remedy any such material default within thirty (30) days of the deemed receipt, pursuant to Section 12.1 hereof, of a written notice from any other Shareholder giving details of such material default; or
 - (iii) has all or any portion of its Shares of the Corporation realized upon by an encumbrancer.
- (b) The Shareholders may unanimously agree to waive the provisions of this Article 8 with respect to any Shareholder that would otherwise have been deemed to withdraw from the Corporation pursuant to Section 8.1(a).

8.2 Purchase of Shares on a Shareholder's Withdrawal from the Corporation. In the event that a Shareholder is deemed to have withdrawn from the Corporation pursuant to the provisions of Section 8.1(a) hereof and the Shareholders have not agreed to waive the application of this Article 8 in accordance with Section 8.1(b), the Corporation irrevocably agrees to purchase, on the expiry of the one hundred and fifty (150) day period following the occurrence of such event, all and not less than all of the Shares of the Shareholder which is deemed to have withdrawn from the Corporation (hereinafter in this Section 8.2 referred to as the "**Withdrawing Shareholder**") at the Share Purchase Price. The closing of the sale of the Shares of the Withdrawing Shareholder to the Corporation shall take place at the offices of the Corporation at the address designated in Section 12.1 hereof at 10:00 in the morning (Toronto time) on the first Business Day following the expiry of the aforesaid one hundred and fifty (150) day period. The Share Purchase Price, determined pursuant to Section 8.4 hereof, shall be paid at such closing in Canadian dollars. In the event that the Corporation is not, at the time of such purchase of Shares, capable of fulfilling its obligations to pay for such Shares, either because it cannot do so in compliance with the OBCA, or other Applicable Law to the same effect, the sale of such Shares to the Corporation shall be completed with the balance of the Share Purchase Price for such Shares to be paid by the Corporation as soon as it is lawfully able to do so.

8.3 Sale of Shares on Deemed Withdrawal from the Corporation.

- (a) Upon a Shareholder being deemed to have withdrawn from the Corporation pursuant to the provisions of Section 8.1(a) hereof, such Shareholder hereby irrevocably offers to sell all of its Shares to the Corporation at a price per Share (hereinafter in this Article 8 the "**Share Purchase Price**") determined in the manner provided in Section 8.4 hereof and Schedule A hereto.
- (b) In all of the circumstances provided in Section 8.1(a), the remaining Shareholders shall have the right to require that the Corporation assign to them the right or obligation of the Corporation to purchase any or all of the Shares of a Shareholder deemed to have withdrawn from the Corporation as aforesaid and, pursuant to such assignment, the remaining Shareholders shall have the right to purchase such Shares, provided that in the opinion of tax counsel to the Corporation, the Withdrawing Shareholder will suffer no significant prejudice from an income tax perspective as a result of such Shares being purchased by the remaining Shareholders rather than by the Corporation.
- (c) In the event that the remaining Shareholders purchase such Shares, they shall be entitled to purchase them on a Pro Rata basis in proportion to their respective holdings of Shares or in any other proportion as they may choose, and the provisions of Section 8.2 of this Agreement shall apply *mutatis mutandis* provided however, that no Shareholder shall be obliged to purchase any such Shares.

8.4 Share Purchase Price Determination. The Share Purchase Price for the purposes of this Article 8 shall mean the fair market value (the "**Fair Market Value**") of each Share as at the financial year end of the Corporation immediately preceding the date

(hereinafter in this Article 8 (the “**Withdrawal Date**”) on which a Shareholder is deemed to withdraw from the Corporation as provided in Section 8.1(a). Such Share Purchase Price shall be determined in the manner provided in Schedule A hereto within the one hundred and twenty (120) days immediately following the Withdrawal Date. Fair Market Value per share shall be calculated on a pro-rata basis using “en bloc” Fair Market Value, without any premium or discount.

- 8.5 Cancellation of Shares.** Upon the acquisition of any Shares by the Corporation pursuant to this Article 8 of this Agreement, such Shares shall be cancelled and shall not be reissued.

ARTICLE 9 **BUY-SELL PROVISIONS**

9.1 Buy/Sell Notice.

- (a) Subject to paragraph (b), either of the Shareholders (the “**Offeror**”) shall be entitled to give notice (the “**Buy/Sell Notice**”) to the other Shareholder (the “**Offeree**”), which Buy/Sell Notice shall be signed by the Offeror and shall contain the following:
- (i) the price at which the Offeror will purchase or sell each Share;
 - (ii) an unconditional offer, irrevocable without the written consent of the Offeree, to purchase all of common shares beneficially owned by the Offeree at the said prices and upon and subject to the terms set forth in the Buy/Sell Notice; and
 - (iii) an unconditional offer, irrevocable without the written consent of the Offeree, to sell all of the Shares beneficially owned by the Offeror at the said prices and upon and subject to the terms set forth in the Buy/Sell Notice.
- (b) No Shareholder is entitled to exercise the rights provided for in paragraph (a) until the expiry of the Standstill Period.

- 9.2 Acceptance.** The Offeree shall be entitled to accept either of the offers contained in the Buy/Sell Notice by notice in writing delivered to the Offeror within 20 days of receipt by the Offeree of the Buy/Sell Notice.

- 9.3 Purchase and Sale.** If the Offeree accepts the offer referred to in Subsection 9.1(a)(ii), the Offeree shall sell to the Offeror and the Offeror shall purchase from the Offeree all of the Shares beneficially owned by the Offeror (the “**Offered Shares**”) at the prices and, subject to the provisions of this Agreement, upon the terms set forth in the Buy/Sell Notice. If the Offeree accepts the offer referred to in Subsection 9.1(a)(iii), the Offeree shall purchase from the Offeror and the Offeror shall sell to the Offeree all of the shares of the Corporation beneficially owned by the Offeror at the prices and, subject to the provisions of this agreement, upon the terms set forth in the Buy/Sell Notice. If the

Offeree does not accept either of the said offers within the said 20 day period, the Offeree shall be deemed to have accepted the offer referred to in Subsection 9.1(a)(ii), on the last day of the said 20 day period and the Offeree shall sell to the Offeror and the Offeror shall purchase from the Offeree all of the Offered Shares beneficially owned by the Offeree at the prices set forth in the Buy/Sell Notice. Notwithstanding anything in the Buy/Sell Notice to the contrary, the aggregate purchase price for the Offered Shares shall be paid in full at the Time of Closing. The closing of a transaction of purchase and sale contemplated in this Article shall take place at the on the date (the "**Date of Closing**") which is 15 days following the acceptance by the Offeree of one of the offers contained in the Buy/Sell Notice. If, at the Time of Closing, a Shareholder (the "**Refusing Shareholder**") neglects or refuses to complete the transaction of purchase and sale herein contemplated, the other Shareholder (the "**Enforcing Shareholder**") shall have the right, without prejudice to any other rights which the Enforcing Shareholder may have, to give to the Refusing Shareholder, within five days of the Date of Closing, a notice that the Enforcing Shareholder intends to purchase from the Refusing Shareholder all of the Shares beneficially owned by the Refusing Shareholder at a purchase price for each share equal to 90% of the price for shares set forth in the Buy/Sell Notice (the "**New Purchase Price**"). The resulting transaction of purchase and sale shall take place on the date (the "**New Date of Closing**") which is 15 days following the receipt or deemed receipt of the aforesaid notice. On the New Date of Closing, the Refusing Shareholder shall sell all of the Shares beneficially owned by it to the Enforcing Shareholder who shall purchase the same for the New Purchase Price, which shall be payable in accordance with the terms contained in this Article for the payment of the purchase price of the Offered Shares.

ARTICLE 10
PROVISIONS APPLICABLE TO SALES OF SHARES

- 10.1 Application to All Sales.** Except as, or in addition to what, may otherwise be provided in this Agreement, this Article 10 shall apply to any sale of Shares effected pursuant to the provisions of this Agreement.
- 10.2 Closing.** The closing of all sales of Shares effected pursuant to this Agreement shall take place at the offices of the Corporation at the address designated in Section 12.1 hereof, at the Time of Closing on the date stipulated, either pursuant to the provisions hereof or pursuant to any agreement executed in connection with any such sale, as the date on which such closing is to occur.
- 10.3 Cancellation of Share Certificates.** The President of the Corporation, or such other officer as may be designated by resolution of the directors of the Corporation shall attend all closings of any such sale of Shares and shall deliver to the Corporation for cancellation share certificates evidencing Shares which are to be sold and shall take custody of new share certificates, if any, issued in replacement of such cancelled share certificates so that at all times the Corporation shall have custody of share certificates representing all of the Shares.
- 10.4 Resignation of Seller's Nominees.** At the closing of any sale of Shares, the Shareholder selling its Shares shall cause to be delivered to the Corporation signed resignations of its

nominees as directors of the Corporation and any Subsidiary, and shall assign and transfer to the purchaser of such Shares, all of its right, title and interest in such Shares.

10.5 Transfer Taxes and Other Tax Impacts of a Proposed Sale.

- (a) A Shareholder selling Shares to any Person agrees that, if permitted by the Electricity Act and any other Applicable Law to claim any credit against transfer tax payable by it pursuant to Subsection 94(1) of the Electricity Act, such Shareholder will claim only such proportion of the credits available in respect of any taxation year of the Corporation pursuant to Subsection 94(4) that is pro rata to: (i) the number of Shares it holds at such time in the Corporation to all outstanding Shares of the Corporation; and (ii) the number of days in such taxation year in which it holds such Shares.
- (b) In the event that any proposed sale or transfer of Shares would result or results in tax or an amount in respect of payments in lieu of tax being exigible from the Corporation or any Shareholder other than the Shareholder selling its Shares (the "**Non-Selling Shareholder(s)**"), whether transfer tax, income tax, capital tax or other tax (and including any taxes or related expenses resulting from the Corporation no longer being tax exempt pursuant to Section 149(1)(d.6) of the *Income Tax Act (Canada)*), all such tax and expenses shall be an expense to the selling Shareholder which shall indemnify the Corporation with respect thereto, and notwithstanding any other provision of this Agreement to the contrary, the proposed sale or transfer shall not be completed unless all such tax and expenses of the Corporation or any Non-Selling Shareholder are first paid in full by the Shareholder which wishes to sell its Shares.
- (c) A Shareholder selling Shares to any Person shall, as required by the Electricity Act or any other Applicable Law, pay all transfer taxes payable under the Electricity Act in respect of such sale such that the sale shall not be void.

10.6 Additional Provisions: Loans, Guarantees. In conjunction with any sale of all Shares:

- (a) if the Shareholder selling all of its Shares is indebted to the Corporation, the Corporation may, at its option, require such Shareholder to repay in full all indebtedness which it owes to the Corporation on or before the closing of such sale of Shares;
- (b) if the Corporation is indebted to the Shareholder selling all of its Shares, the Shareholder selling Shares may, at its option, require the Corporation to repay in full all indebtedness which it owes to such Shareholder on or before the closing of such sale of Shares; and
- (c) if the Shareholder selling all of its Shares has provided a guarantee, letter of credit, security or other financial assistance to the Corporation, the Corporation shall use its commercially reasonable efforts to replace or release such guarantee, letter of credit, security or other financial assistance within ninety (90) days after the closing of such sale of Shares.

- 10.7 **Priority of Liquidity Provisions.** In the event that any initiating notice has been delivered by any Party pursuant to Article 7, Article 8 or Article 9 of this Agreement, then no additional notice may be given by a Party under any such other Articles of this Agreement until such time as the process and procedures commenced by the first initiating notice have been completed in accordance with this Agreement.

ARTICLE 11
CONFIDENTIALITY

- 11.1 **Confidential Information.** The Shareholders hereby acknowledge that they have had and will have access to confidential information and trade secrets concerning the business of the Corporation and the Corporation's Affiliates, if any, and their customers and suppliers (hereinafter in this Article 11 referred to as the "**Information**") and they each undertake and agree that they shall not, and their Controlling Shareholder shall not, directly or indirectly, use, disclose or divulge to any Person or other entity any of the Information otherwise than in the ordinary course of business of the Corporation, and its Affiliates and as may be required by Applicable Law or order of any Governmental Authority.
- 11.2 **Survival of Obligations.** The obligations and covenants in this Article 11 shall survive the termination of this Agreement.

ARTICLE 12
NOTICES

- 12.1 **Notices.** Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be given by facsimile or other means of electronic communication or by hand-delivery as provided below. Any such notice or other communication, if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the Business Day following the sending, or if delivered by hand, shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this Section 12.1. Notices and other communications shall be addressed as follows:

- (a) in the case of Collingwood:

P.O. Box 189
43 Stewart Road
Collingwood, ON L9Y 3Z5

Attention: Clerk
Fax No.: (705) 445-2448

- (b) in the case of PowerStream:

161 Cityview Boulevard

Vaughan, ON L4H 0A9

Attention: Dennis Nolan, Executive Vice-President, Corporate Services
and Secretary
Fax No.: (905) 532-4616

(c) in the case of Corporation and the Subsidiaries:

c/o the Corporation
P.O. Box 189
43 Stewart Road
Collingwood, ON L9Y 3Z5

Attention: Ed Houghton
Fax No.: (705) 445-2549

With a copy to:

PowerStream
161 City View Boulevard
Vaughan, ON L4H 0A9

Attention: Dennis Nolan, Executive Vice-President, Corporate Services
and Secretary
Fax No.: (905) 532-4616

Notwithstanding the foregoing, any notice or other communication required or permitted to be given by any party pursuant to or in connection with any arbitration procedures contained in this Agreement or in any Schedule to this Agreement may only be delivered by hand.

ARTICLE 13 **DISPUTE RESOLUTION**

- 13.1 Disputes.** Each Shareholder shall appoint one or more representatives who shall be responsible for administering this Agreement on its behalf and for representing its respective interests in disputes relating to this Agreement. Any dispute between Shareholders relating to this Agreement that is not resolved between such representatives within ten (10) Business Days of a date that a Party notifies the other Party of such dispute shall be referred by the Parties' representatives in writing to the senior management of each Shareholder for resolution. Such senior management shall use good faith efforts to resolve the dispute for a period of up to ten (10) Business Days.
- 13.2 Arbitration.** If agreed to by all parties to a dispute that is not resolved by the procedure set forth in Section 13.1 above, such dispute may be referred to and resolved by arbitration by a single arbitrator in accordance with the provisions of the *Arbitration Act, 1991* (Ontario), subject to the following modifications and additions:

- (a) The arbitration shall take place in the Province of Ontario, and shall be conducted in English;
- (b) The arbitration shall be conducted by a single arbitrator having no financial, business or personal interest in the outcome of the arbitration. The arbitrator shall be appointed jointly by agreement of the parties to such dispute. In the event the parties to such dispute are unable to agree on the appointment of the arbitrator within ten (10) days after notice of a demand for arbitration is given by a party and agreed to by the other parties to such dispute, then the arbitrator shall be selected pursuant to the provisions of the *Arbitration Act, 1991 (Ontario)*.
- (c) The arbitrator shall have the authority to award any remedy or relief that a court could order or grant in accordance with this Agreement including, without limitation, specific performance of any obligation, the issuance of an interim, interlocutory or permanent injunction, or the imposition of sanctions for abuse or frustration of the arbitration process.
- (d) The arbitral award shall be in writing, stating the reasons for the award and be final and binding on the parties to such dispute with no rights of appeal.

ARTICLE 14
MISCELLANEOUS

- 14.1 Termination.** This Agreement shall terminate upon (a) the written agreement of all the Parties hereto to this effect, (b) the bankruptcy, receivership, or dissolution of the Corporation, or (c) the ownership of all the Shares of the Corporation, excluding any Subsidiary, by one Shareholder.
- 14.2 Successors and Assigns.** This Agreement shall be binding upon, and enure to the benefit of, the Parties hereto and their respective successors and permitted assigns.
- 14.3 Assignment.** Except as specifically provided in this Agreement, none of the Parties hereto may assign its rights or obligations under this Agreement without the prior written consent of all of the other Parties hereto.
- 14.4 Time is of the Essence.** Time shall be the essence of this Agreement in all respects.
- 14.5 Further Assurances.** Each Party hereto shall promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and matters in connection with this Agreement that the other Parties may reasonably require, for the purposes of giving effect to this Agreement.
- 14.6 Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or telecopied form and the Parties shall accept any signatures received by a receiving telecopy machine as original signatures of the Parties; provided, however, that

any Party providing its signature in such manner shall promptly forward to the other Parties an original of the signed copy of this Agreement which was so telecopied.

14.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable herein.

14.8 Amendments and Waivers.

- (a) No amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by all of the Parties hereto.
- (b) No waiver of any breach of any provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

14.9 Severability. If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.

14.10 Collingwood HoldCo. Notwithstanding any other provision of this Agreement, Collingwood shall have the right in its sole and absolute discretion without the consent of PowerStream, following written notice to PowerStream:

- (a) to assign this Agreement and all benefits and obligations hereunder to its wholly-owned subsidiary (the "**HoldCo**"), which shall assume the obligations and liabilities of Collingwood under this Agreement and be novated into this Agreement in the place and stead of Collingwood (except as expressly provided in this Section 14.10), and this Agreement shall thereafter apply to HoldCo *mutatis mutandis*; and
- (b) to transfer to HoldCo all of its shares in the capital of the Corporation;

provided that:

- (c) the assignment described in (a) above may not take place unless and until the transfer described in (b) above; and
- (d) HoldCo agrees in writing with Collingwood and PowerStream to assume and be bound by the terms and conditions of this Agreement.

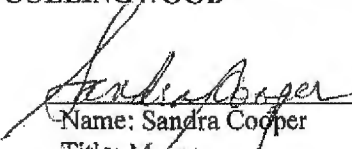
The transfer described in (b) above shall be deemed not to be a transfer of or sale of Shares pursuant to Article 6 or Article 7 of this Agreement nor shall it give rise to any rights of PowerStream thereunder of consent, first refusal or otherwise. Notwithstanding the foregoing, Collingwood shall remain liable to PowerStream for any obligations and liabilities of HoldCo under this Agreement.

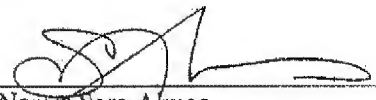
14.11 Certain Transactions. PowerStream shall be entitled to merge with, become affiliated with, acquire any equity in, enter into any outsourcing, consulting, service or management agreement or other business arrangements with, directly or indirectly, any Distributor (as defined in the *Electricity Act, 1988* (Ontario), except for the restrictions on such business arrangements as have been mutually agreed upon in writing by the Parties.

[NEXT PAGE IS THE EXECUTION PAGE]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the day first above written.

THE CORPORATION OF THE TOWN OF COLLINGWOOD

By: 
Name: Sandra Cooper
Title: Mayor

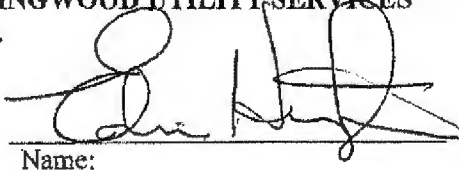
By: 
Name: Sara Amas
Title: Clerk

POWERSTREAM INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

COLLINGWOOD UTILITY SERVICES CORP.

By: 
Name:
Title:

By: _____
Name:
Title:


IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the day first above written.

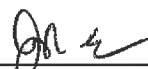
THE CORPORATION OF THE TOWN OF COLLINGWOOD

By: _____
Name: Sandra Cooper
Title: Mayor

By: _____
Name: Sara Almas
Title: Clerk

POWERSTREAM INC.

By: 
Name: Dennis Nolan
Title: EVP, Corporate Services & Secretary

By: 
Name: John Glicksman
Title: EVP & Chief Financial Officer

COLLINGWOOD UTILITY SERVICES CORP.

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
VALUATION METHOD

In this Schedule, the vendor and the purchaser of the Shares being sold pursuant to Article 8 of this Agreement are called the “**Vendor**” and the “**Purchaser**”, respectively.

Negotiation. If the value of the Shares must be established pursuant to any provision of this Agreement, then the Vendor and the Purchaser shall negotiate honestly and in good faith to agree upon the fair market value of the Shares.

Failure to Agree. If the Vendor and the Purchaser do not agree upon the fair market value of the Shares on or before the 20th Business Day after the date on which the obligation to sell or purchase Shares arises under this Agreement, then the fair market value of the Shares shall be determined in accordance with the following provisions:

- (a) the Purchaser shall by notice to the Vendor nominate three independent business valuers each of whom deals at Arm’s Length with the Purchaser and has experience in valuing businesses similar to the business carried on by the Corporation; the notice must be accompanied by a *curriculum vitae* of each business valuator containing the following information concerning the nominee’s:
 - (i) educational background and professional qualifications;
 - (ii) prior business valuation experience, including details of the nature of the business valued and the methodology used; and
 - (iii) the business valuation principles that the valuator proposes to use to determine the fair value of the Shares.
- (b) The Vendor shall select one of the three business valuers nominated by the Purchaser by notice to be given to the Purchaser within two Business Days after the day on which the Vendor receives the nomination notice, failing which, the Purchaser may select one of the business valuers. The business valuator so selected shall be the “**Valuator**” for the purposes of this Agreement and shall proceed to determine the fair market value of all of the Shares being sold in accordance with the provisions of this Schedule A and Article 8.

Valuation by Valuator. The Valuator agreed upon or selected in accordance with this Schedule A to determine the fair market value of the Shares being sold shall act as a business valuator and not as an arbitrator or umpire. The Valuator shall apply such business valuation principles as the Valuator deems appropriate. The Vendor and the Purchaser shall provide guidance to the Valuator in respect of the valuation methodologies and approaches to be used, which would include a discounted cash flow approach. Subject to this guidance, the Valuator may consult such other expert valuers as it considers advisable. The fair market value of the Shares shall be determined without regard for any restrictions applying to the transfer of Shares. The fees and disbursements of the Valuator shall be borne equally by the Vendor and the Purchaser.

Valuation Conclusive. The determination of the fair market value of the Shares being sold pursuant to this Agreement in accordance with this Schedule A, whether based upon the agreement of the Vendor and the Purchaser or the determination by the Valuator, shall be conclusive and binding upon the Vendor and the Purchaser, and there shall be no appeal from the determination.

SCHEDULE B
CORPORATION AND SUBSIDIARIES DIVIDEND POLICY

The Dividend Policy for the Corporation and its Subsidiaries is based on the philosophy that the purpose of the dividend policy is to provide the Shareholders with a steady income stream from dividends while providing Collus with an appropriate capital structure and working capital level in order to operate as a viable business. The Dividend Policy philosophy would be consistent with the objectives and guiding principles of Collus.

Dividend amounts will be determined as follows:

Each entity shall normally pay a minimum of 50% of annual net income, as dividends, with consideration given to the following:

- (a) cash position at the beginning of the year;
- (b) working capital requirements for the current year;
- (c) net capital expenditures required for the current year; and
- (d) other cash requirements of the Corporation and the Subsidiaries, as applicable.

SCHEDULE C
CHARTER DOCUMENTS OF CORPORATION AND EACH SUBSIDIARY

11368862.16

COLLINGWOOD UTILITY SERVICES CORP.
(the "Corporation")

WHEREAS pursuant to By-law 2012-011 the sole shareholder of the Corporation as of the date of the By-law, The Corporation of the Town of Collingwood (the "Town"), approved a transaction (the "Transaction") wherein the Town will sell 50% of its shares in the issued capital of the Corporation to PowerStream Inc.;

AND WHEREAS the Transaction has been completed and the current shareholders of the Corporation have agreed to amend the name of the Corporation to reflect the existence of both shareholders;

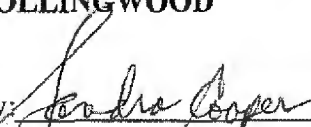
ARTICLES OF AMENDMENT

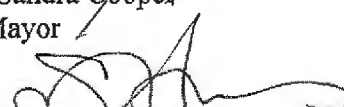
NOW THEREFORE BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT the following resolution, signed by all the shareholders of the above corporation entitled to vote thereon, is hereby passed pursuant to the provisions of the *Business Corporations Act* (Ontario) (the "Act"):

1. The articles of the Corporation be amended substantially in the form annexed hereto as Schedule A.
2. Any one director or officer of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation to execute and deliver Articles of Amendment, in duplicate, to the Director appointed under the Act and to sign and execute all other documents and to do all other things necessary or advisable in connection with the foregoing.
3. These resolutions may be signed in one or more counterparts, and via facsimile, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

DATED as of the 30 day of July 2012.

**THE CORPORATION OF THE TOWN OF
COLLINGWOOD**

By: 
Name: Sandra Cooper
Title: Mayor

By: 
Name: Sara Almas
Title: Clerk

POWERSTREAM INC.

By: _____
Name:
Title:

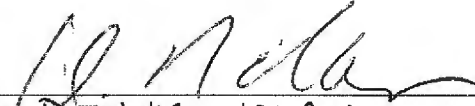
By: _____
Name:
Title:

DATED as of the 31st day of July, 2012.

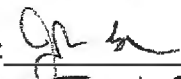
THE CORPORATION OF THE TOWN OF COLLINGWOOD

POWERSTREAM INC.

By: _____
Name: Sandra Cooper
Title: Mayor

By: 
Name: DENNIS NOLAN
Title: EVP CORPORATE SERVICES + SECRETARY

By: _____
Name: Sara Almas
Title: Clerk

By: 
Name: JOHN GLICKSMAN
Title: EVP + CHIEF FINANCIAL OFFICER

SCHEDULE A

Draft Articles of Amendment

(See attached)

12839537.3

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Ontario Corporation Number
Numéro de la société en Ontario

1402918

Form 3
Business
Corporations
Act

Formule 3
Loi sur les
sociétés par
actions

**ARTICLES OF AMENDMENT
STATUTS DE MODIFICATION**

1. The name of the corporation is: (Set out in BLOCK CAPITAL LETTERS)
Dénomination sociale actuelle de la société (écrire en LETTRES MAJUSCULES SEULEMENT) :

C	O	L	L	I	N	G	W	O	O	U	T	I	L	I	T	S	E	R	V	I	C	E	S	C
O	R	P	.																					

2. The name of the corporation is changed to (if applicable) : (Set out in BLOCK CAPITAL LETTERS)
Nouvelle dénomination sociale de la société (s'il y a lieu) (écrire en LETTRES MAJUSCULES SEULEMENT) :

C	O	L	L	I	N	G	W	O	O	P	O	W	E	R	S	T	R	E	A	M	U	T	I	L	I	T
Y	S	E	R	V	I	C	E	S	C	O	R	P	.													

3. Date of incorporation/amalgamation:
Date de la constitution ou de la fusion :

2000/04/13

(Year, Month, Day)
(année, mois, jour)

4. Complete only if there is a change in the number of directors or the minimum / maximum number of directors.
Il faut remplir cette partie seulement si le nombre d'administrateurs ou si le nombre minimal ou maximal d'administrateurs a changé.

Number of directors is/are: minimum and maximum number of directors is/are:
Nombre d'administrateurs : nombres minimum et maximum d'administrateurs :

Number minimum and maximum
Nombre minimum et maximum

or **1** **20**

5. The articles of the corporation are amended as follows:
Les statuts de la société sont modifiés de la façon suivante :

Paragraph 1 of the Articles of the Corporation is hereby amended by changing the corporate name to "COLLINGWOOD POWERSTREAM UTILITY SERVICES CORP."

6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la *Loi sur les sociétés par actions*.
7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

(Year, Month, Day)
(année, mois, jour)

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

COLLINGWOOD UTILITY SERVICES CORP.

(Print name of corporation from Article 1 on page 1)
(Veuillez écrire le nom de la société de l'article un à la page une).

By/
Par :

(Signature)
(Signature)

Edwin Houghton

President

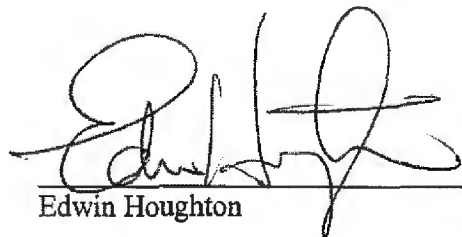
(Description of Office)
(Fonction)

COLLINGWOOD UTILITY SERVICES CORP.**Certificate With Respect to
Section 171(3) of the
*Business Corporations Act (Ontario)***

I, **Edwin Houghton**, President and Chief Executive Officer of **COLLINGWOOD UTILITY SERVICES CORP.** (the "Corporation"), refer to the proposed change of the name of the Corporation to "**COLLINGWOOD POWERSTREAM UTILITY SERVICES CORP.**" and certify that there are reasonable grounds for believing that:

1. the Corporation is able to pay its liabilities as they become due, and
2. the realizable value of the Corporation's assets is not less than the aggregate of its liabilities.

DATED as of the 30 day of July, 2012.



Edwin Houghton

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Government Services

Ministère des
Services gouvernementaux

Ontario Corporation Number
Numéro de la société en Ontario

1402918

**Ontario
CERTIFICATE**

This is to certify that these articles
are effective on

CERTIFICAT

Ceci certifié que les présents statuts
entrent en vigueur le

AUGUST 20 AOUT, 2012

Director / Directrice
Business Corporations Act / Loi sur les sociétés par actions

Form 3
Business
Corporations
Act

Formule 3
Loi sur les
sociétés par
actions

**ARTICLES OF AMENDMENT
STATUTS DE MODIFICATION**

1. The name of the corporation is: (Set out in BLOCK CAPITAL LETTERS)
Dénomination sociale actuelle de la société (écrire en LETTRES MAJUSCULES SEULEMENT) :

C	O	L	L	I	N	G	W	O	O	U	T	I	L	I	T	Y	S	E	R	V	I	C	E	S	C
O	R	P	.																						

2. The name of the corporation is changed to (if applicable): (Set out in BLOCK CAPITAL LETTERS)
Nouvelle dénomination sociale de la société (s'il y a lieu) (écrire en LETTRES MAJUSCULES SEULEMENT) :

C	O	L	L	I	N	G	W	O	O	P	O	W	E	R	S	T	R	E	A	M	U	T	I	L	I	T
Y	S	E	R	V	I	C	E	S	C	O	R	P	.													

3. Date of incorporation/amalgamation:
Date de la constitution ou de la fusion :

2000/04/13

(Year, Month, Day)
(année, mois, jour)

4. Complete only if there is a change in the number of directors or the minimum / maximum number of directors.
Il faut remplir cette partie seulement si le nombre d'administrateurs ou si le nombre minimal ou maximal d'administrateurs a changé.

Number of directors is/are: minimum and maximum number of directors is/are:
Nombre d'administrateurs : nombres minimum et maximum d'administrateurs :

Number minimum and maximum
Nombre minimum et maximum

or ou

5. The articles of the corporation are amended as follows:
Les statuts de la société sont modifiés de la façon suivante :

Paragraph 1 of the Articles of the Corporation is hereby amended by changing the corporate name to "COLLINGWOOD POWERSTREAM UTILITY SERVICES CORP."

- 6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la *Loi sur les sociétés par actions*.
- 7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

2012/07/30

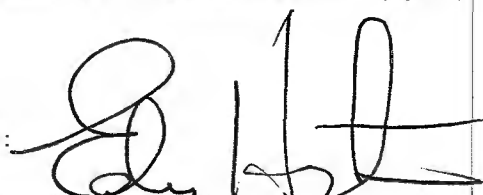
(Year, Month, Day)
(année, mois, jour)

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

COLLINGWOOD UTILITY SERVICES CORP.

(Print name of corporation from Article 1 on page 1)
(Veuillez écrire le nom de la société de l'article un à la page une).

By/
Par :



(Signature)
(Signature)

Edwin Houghton

President

(Description of Office)
(Fonction)

COLLUS POWER CORP.
(the "Corporation")

The following resolution, signed by the sole shareholder of the above corporation entitled to vote thereon, is hereby passed pursuant to the provisions of the *Business Corporations Act* (Ontario) (the "Act"), as a special resolution:

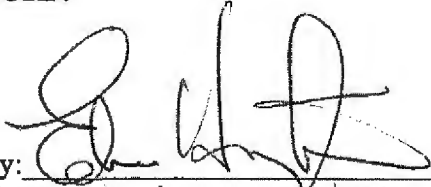
ARTICLES OF AMENDMENT

RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The articles of the Corporation be amended substantially in the form annexed hereto as Schedule A.
2. Any one director or officer of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation to execute and deliver Articles of Amendment, in duplicate, to the Director appointed under the Act and to sign and execute all other documents and to do all other things necessary or advisable in connection with the foregoing.
3. These resolutions may be signed in one or more counterparts, and via facsimile, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

DATED as of the 30 day of July 2012.

**COLLINGWOOD UTILITY SERVICES
CORP.**

By: 
Name: Edwin Houghton
Title: President & C.E.O.

SCHEDULE A

Draft Articles of Amendment

(See attached)

12840562.1

6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la *Loi sur les sociétés par actions*.
7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

(Year, Month, Day)
(année, mois, jour)

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

COLLUS POWER CORP.

(Print name of corporation from Article 1 on page 1)
(Veuillez écrire le nom de la société de l'article un à la page une).

By/
Par :

(Signature)
(Signature)

Edwin Houghton

President

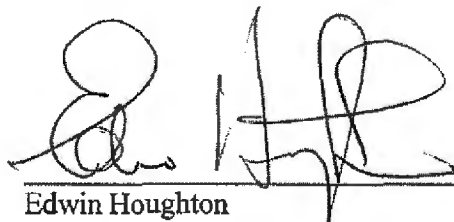
(Description of Office)
(Fonction)

COLLUS POWER CORP.**Certificate With Respect to
Section 171(3) of the
*Business Corporations Act (Ontario)***

I, **Edwin Houghton**, President and Chief Executive Officer of **COLLUS POWER CORP.** (the "Corporation"), refer to the proposed change of the name of the Corporation to "**COLLUS POWERSTREAM CORP.**" and certify that there are reasonable grounds for believing that:

1. the Corporation is able to pay its liabilities as they become due, and
2. the realizable value of the Corporation's assets is not less than the aggregate of its liabilities.

DATED as of the 30 day of July, 2012.



Edwin Houghton

- 6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la *Loi sur les sociétés par actions*.
- 7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

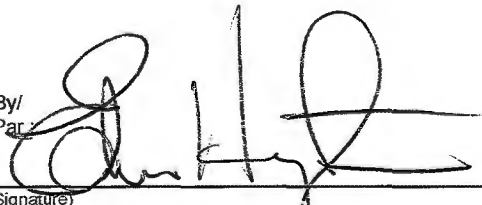
2012 / 07 / 30

(Year, Month, Day)
(année, mois, jour)

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

COLLUS POWER CORP.

(Print name of corporation from Article 1 on page 1)
(Veuillez écrire le nom de la société de l'article un à la page une).

By/
Par: 

(Signature)
(Signature)

President

(Description of Office)
(Fonction)

Edwin Houghton

COLLUS SOLUTIONS CORP.
(the "Corporation")

The following resolution, signed by the sole shareholder of the above corporation entitled to vote thereon, is hereby passed pursuant to the provisions of the *Business Corporations Act* (Ontario) (the "Act"), as a special resolution:

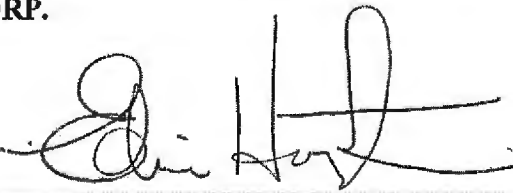
ARTICLES OF AMENDMENT

RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The articles of the Corporation be amended substantially in the form annexed hereto as Schedule A.
2. Any one director or officer of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation to execute and deliver Articles of Amendment, in duplicate, to the Director appointed under the Act and to sign and execute all other documents and to do all other things necessary or advisable in connection with the foregoing.
3. These resolutions may be signed in one or more counterparts, and via facsimile, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

DATED as of the 30 day of July, 2012.

**COLLINGWOOD UTILITY SERVICES
CORP.**

By: 

Name: Edwin Houghton
Title: President & CEO

SCHEDULE A

Draft Articles of Amendment

(See attached)

12841971.1

6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la *Loi sur les sociétés par actions*.
7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

(Year, Month, Day)
(année, mois, jour)

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

COLLUS SOLUTIONS CORP.

(Print name of corporation from Article 1 on page 1)
(Veuillez écrire le nom de la société de l'article un à la page une).

By/
Par :

(Signature)
(Signature)

Edwin Houghton

President

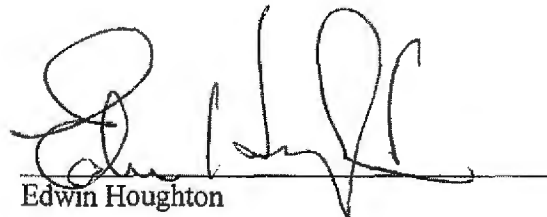
(Description of Office)
(Fonction)

COLLUS SOLUTIONS CORP.**Certificate With Respect to
Section 171(3) of the
*Business Corporations Act (Ontario)***

I, **Edwin Houghton**, President and Chief Executive Officer of **COLLUS SOLUTIONS CORP.** (the "Corporation"), refer to the proposed change of the name of the Corporation to "**COLLUS POWERSTREAM SOLUTIONS CORP.**" and certify that there are reasonable grounds for believing that:

1. the Corporation is able to pay its liabilities as they become due, and
2. the realizable value of the Corporation's assets is not less than the aggregate of its liabilities.

DATED as of the 30 day of July, 2012.



Edwin Houghton

- 6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la *Loi sur les sociétés par actions*.
- 7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

2012 / 07 / 30

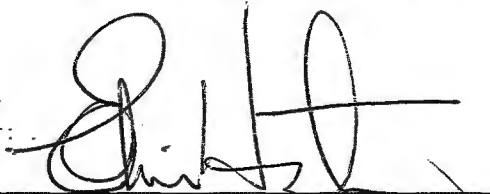
(Year, Month, Day)
(année, mois, jour)

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

COLLUS SOLUTIONS CORP.

(Print name of corporation from Article 1 on page 1)
(Veuillez écrire le nom de la société de l'article un à la page une).

By/
Par :



(Signature)
(Signature)

President

(Description of Office)
(Fonction)

Edwin Houghton

COLLUS ENERGY CORP.
(the "Corporation")

The following resolution, signed by the sole shareholder of the above corporation entitled to vote thereon, is hereby passed pursuant to the provisions of the *Business Corporations Act* (Ontario) (the "Act"), as a special resolution:

ARTICLES OF AMENDMENT

RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The articles of the Corporation be amended substantially in the form annexed hereto as Schedule A.
2. Any one director or officer of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation to execute and deliver Articles of Amendment, in duplicate, to the Director appointed under the Act and to sign and execute all other documents and to do all other things necessary or advisable in connection with the foregoing.
3. These resolutions may be signed in one or more counterparts, and via facsimile, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

DATED as of the 30 day of July, 2012.

**COLLINGWOOD UTILITY SERVICES
CORP.**

By: 

Name: Edwin Houghton

Title: president duc E.O

SCHEDULE A

Draft Articles of Amendment

(See attached)

12842207.1

6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la *Loi sur les sociétés par actions*.
7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

(Year, Month, Day)
(année, mois, jour)

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

COLLUS ENERGY CORP.

(Print name of corporation from Article 1 on page 1)
(Veuillez écrire le nom de la société de l'article un à la page une).

By/
Par :

(Signature)
(Signature)

Edwin Houghton

President

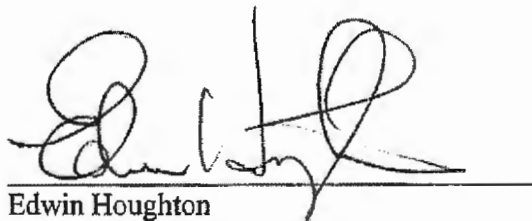
(Description of Office)
(Fonction)

COLLUS ENERGY CORP.**Certificate With Respect to
Section 171(3) of the
*Business Corporations Act (Ontario)***

I, **Edwin Houghton**, President and Chief Executive Officer of **COLLUS ENERGY CORP.** (the "Corporation"), refer to the proposed change of the name of the Corporation to "**COLLUS POWERSTREAM ENERGY CORP.**" and certify that there are reasonable grounds for believing that:

1. the Corporation is able to pay its liabilities as they become due, and
2. the realizable value of the Corporation's assets is not less than the aggregate of its liabilities.

DATED as of the 30 day of July, 2012.



Edwin Houghton

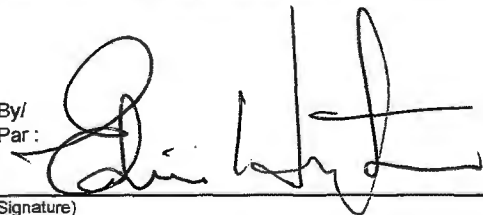
- 6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la *Loi sur les sociétés par actions*.
- 7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

2012, July 30
 (Year, Month, Day)
 (année, mois, jour)

These articles are signed in duplicate.
 Les présents statuts sont signés en double exemplaire.

COLLUS ENERGY CORP.

(Print name of corporation from Article 1 on page 1)
 (Veuillez écrire le nom de la société de l'article un à la page une).

By/
 Par : 

(Signature)
 (Signature)

President

(Description of Office)
 (Fonction)

Edwin Houghton

TO: COLLINGWOOD UTILITY SERVICES CORP.
(the "Corporation")

AND TO: THE SHAREHOLDERS AND DIRECTORS THEREOF

I, Douglas Orville Garbutt, resign as director of the Corporation. This resignation shall take effect on the date hereof.

DATED as of the 30 day of July, 2012.

WITNESS:

Pamela Hegg

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)
)
)

Douglas Orville Garbutt

Douglas Orville Garbutt

**TO: COLLINGWOOD UTILITY SERVICES CORP.
(the "Corporation")**

AND TO: THE SHAREHOLDERS AND DIRECTORS THEREOF

I, Mike Edwards, resign as director of the Corporation. This resignation shall take effect on the date hereof.

DATED as of the 30 day of July, 2012.

WITNESS:

Pamela Hagg

)
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)
)
)
)
)

Mike Edwards
Mike Edwards

COLLINGWOOD UTILITY SERVICES CORP.
(the "Corporation")

The following resolutions, signed by all the shareholders the above Corporation entitled to vote thereon, are hereby passed pursuant to the provisions of the *Business Corporations Act* (the "Act"):

WHEREAS Dean Muncaster, a director of the Corporation, passed away on the 13 day of March, 2012.

AND WHEREAS various members of the board of directors are resigning and new directors are being elected in their place.

ACKNOWLEDGEMENT AND RESIGNATION OF DIRECTORS

RESOLVED THAT:

The death of **Dean Muncaster**, and the resulting vacancy on the board of directors is hereby acknowledged.

The resignation of **Douglas Orville Garbutt** as director of the Corporation, effective July 30, 2012 be and is hereby accepted by the Corporation.

The resignation of **Mike Edwards** as director of the Corporation, effective July 30, 2012 be and is hereby accepted by the Corporation.

FIXING NUMBER OF DIRECTORS

WHEREAS the articles of the Corporation provide that the number of directors of the Corporation is a minimum of one (1) and a maximum of twenty (20);

NOW THEREFORE BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. the number of directors of the Corporation, and the number of directors of the Corporation to be elected at any annual meeting of the shareholders of the Corporation, is hereby determined to be six (6) until changed in a manner permitted by the *Business Corporations Act* (Ontario); and
2. hereafter, the directors of the Corporation are empowered to determine from time to time the number of directors of the Corporation, and the number of directors of the Corporation to be elected at any annual meeting of the shareholders of the Corporation, provided such number shall not be less than the minimum number, nor more than the maximum number, of directors of the Corporation provided for in the articles of the Corporation, as the same may be

- 2 -

amended from time to time; and provided the directors may not, between meetings of shareholders, appoint an additional director, if after such appointment, the total number of directors would be greater than one and one-third times the number of directors required to have been elected at the last annual meeting of shareholders.

ELECTION OF DIRECTORS

AND WHEREAS the articles of the Corporation provide that the Corporation shall have a minimum of one (1) director and a maximum of twenty (20) directors;

AND WHEREAS the number of directors of the Corporation within the minimum and maximum number of directors has been determined at six (6);

NOW THEREFORE BE IT RESOLVED THAT:

1. the following be and are hereby elected as directors of the corporation effective July 31, 2012 :

Brian Bentz
Jeff Lehman
Dan Horchik
David McFadden

2. the following are hereby confirmed as directors of the Corporation to hold office until the next annual meeting of shareholders or until their successors are elected or appointed, whichever occurs first:

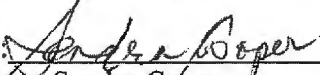
Sandra Cooper
David McFadden
Joan Pajunen
Brian Bentz
Jeff Lehman
Dan Horchik

2. any director or officer of the Corporation is hereby authorized, empowered and directed for and on behalf of the Corporation to file a Form 1, Notice of Change, with Ministry of Government Services and to sign and deliver all documents and to do all things necessary or advisable in connection with the foregoing.


DATED as of the 30 day of July 2012.

THE CORPORATION OF THE TOWN OF
COLLINGWOOD

POWERSTREAM INC.

By: 
Name: Sandra Cooper
Title: Mayor

By: _____
Name:
Title:

By: 
Name: Sara Almas
Title: Clerk

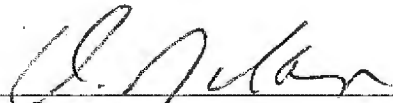
By: _____
Name:
Title:

DATED as of the 31st day of July, 2012.

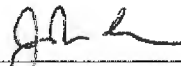
**THE CORPORATION OF THE TOWN OF
COLLINGWOOD**

POWERSTREAM INC.

By: _____
Name: Sandra Cooper
Title: Mayor

By:  _____
Name: DENNIS NOLAN
Title: EVP CORPORATE SERVICES + SECRETARY

By: _____
Name: Sara Almas
Title: Clerk

By:  _____
Name: JOHN GLICKSMAN
Title: EVP + CHIEF FINANCIAL OFFICER

12858365.2

TO: COLLINGWOOD UTILITY SERVICES CORP. (the "Corporation")

AND TO: THE DIRECTORS AND SHAREHOLDERS THEREOF

DIRECTOR'S CONSENT

The undersigned hereby:

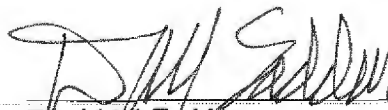
- (a) consents to act as a director of the Corporation;
- (b) acknowledges and declares that the undersigned is:
 - (i) at least 18 years of age and does not have the status of a bankrupt; and
 - (ii) a Canadian citizen ordinarily resident in Canada;
- (c) declares that the undersigned's address of service is:

██

- (d) undertakes to advise the Corporation in writing forthwith of any change in the undersigned's citizenship or residence, including a change in residence address; and
- (e) consents to the holding of any meeting of the directors or of a committee of directors of the Corporation by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

In the event the undersigned revokes this consent or resigns from the board of directors, this consent shall cease to have effect from the date of receipt in writing by the Corporation of such revocation or the effective date of such resignation.

DATED as of the 30th day of July, 2012.



David McFadden

TO: COLLINGWOOD UTILITY SERVICES CORP. (the "Corporation")
AND TO: THE DIRECTORS AND SHAREHOLDERS THEREOF

DIRECTOR'S CONSENT

The undersigned hereby:

- (a) consents to act as a director of the Corporation;
- (b) acknowledges and declares that the undersigned is:
 - (i) at least 18 years of age and does not have the status of a bankrupt; and
 - (ii) a Canadian citizen ordinarily resident in Canada;
- (c) declares that the undersigned's address of service is:
- (d) undertakes to advise the Corporation in writing forthwith of any change in the undersigned's citizenship or residence, including a change in residence address; and
- (e) consents to the holding of any meeting of the directors or of a committee of directors of the Corporation by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

In the event the undersigned revokes this consent or resigns from the board of directors, this consent shall cease to have effect from the date of receipt in writing by the Corporation of such revocation or the effective date of such resignation.

DATED as of the 31st day of July, 2012.




Brian Bentz

TO: COLLINGWOOD UTILITY SERVICES CORP. (the "Corporation")

AND TO: THE DIRECTORS AND SHAREHOLDERS THEREOF


DIRECTOR'S CONSENT

The undersigned hereby:

- (a) consents to act as a director of the Corporation;
- (b) acknowledges and declares that the undersigned is:
 - (i) at least 18 years of age and does not have the status of a bankrupt; and
 - (ii) a Canadian citizen ordinarily resident in Canada;
- (c) declares that the undersigned's address of service is:

- (d) undertakes to advise the Corporation in writing forthwith of any change in the undersigned's citizenship or residence, including a change in residence address; and
- (e) consents to the holding of any meeting of the directors or of a committee of directors of the Corporation by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

In the event the undersigned revokes this consent or resigns from the board of directors, this consent shall cease to have effect from the date of receipt in writing by the Corporation of such revocation or the effective date of such resignation.

DATED as of the 31st day of July, 2012.



Dan Horchik

TO: COLLINGWOOD UTILITY SERVICES CORP. (the "Corporation")

AND TO: THE DIRECTORS AND SHAREHOLDERS THEREOF

DIRECTOR'S CONSENT

The undersigned hereby:

- (a) consents to act as a director of the Corporation;
- (b) acknowledges and declares that the undersigned is:
 - (i) at least 18 years of age and does not have the status of a bankrupt; and
 - (ii) a Canadian citizen ordinarily resident in Canada;
- (c) declares that the undersigned's address of service is:

██

- (d) undertakes to advise the Corporation in writing forthwith of any change in the undersigned's citizenship or residence, including a change in residence address; and
- (e) consents to the holding of any meeting of the directors or of a committee of directors of the Corporation by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

In the event the undersigned revokes this consent or resigns from the board of directors, this consent shall cease to have effect from the date of receipt in writing by the Corporation of such revocation or the effective date of such resignation.

DATED as of the 30th day of JULY, 2012.


Jeff Lehman

COLLUS POWER CORP.
(the "Corporation")

The following resolutions, signed by the sole shareholder the above Corporation entitled to vote thereon, are hereby passed pursuant to the provisions of the *Business Corporations Act* (the "Act"):

WHEREAS Dean Muncaster, a director of the Corporation, passed away on the 13 day of March, 2012.

AND WHEREAS various members of the board of directors are resigning and new directors are being elected in their place.

ACKNOWLEDGEMENT AND RESIGNATION OF DIRECTORS

RESOLVED THAT:

The death of **Dean Muncaster**, and the resulting vacancy on the board of directors is hereby acknowledged.

The resignation of **Robert Arthur Davey** as director of the Corporation, effective _____ be and is hereby accepted by the Corporation. **Mr. Davey passed away*
[REDACTED], 2005

FIXING NUMBER OF DIRECTORS

WHEREAS the articles of the Corporation provide that the number of directors of the Corporation is a minimum of one (1) and a maximum of twenty (20);

NOW THEREFORE BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. the number of directors of the Corporation, and the number of directors of the Corporation to be elected at any annual meeting of the shareholders of the Corporation, is hereby determined to be six (6) until changed in a manner permitted by the *Business Corporations Act* (Ontario); and
2. hereafter, the directors of the Corporation are empowered to determine from time to time the number of directors of the Corporation, and the number of directors of the Corporation to be elected at any annual meeting of the shareholders of the Corporation, provided such number shall not be less than the minimum number, nor more than the maximum number, of directors of the Corporation provided for in the articles of the Corporation, as the same may be amended from time to time; and provided the directors may not, between meetings of shareholders, appoint an additional director, if after such appointment, the total number of directors would be greater than one and one-third times the number of directors required to have been elected at the last annual meeting of shareholders.

ELECTION OF DIRECTORS

AND WHEREAS the articles of the Corporation provide that the Corporation shall have a minimum of one (1) director and a maximum of twenty (20) directors;

AND WHEREAS the number of directors of the Corporation within the minimum and maximum number of directors has been determined at six (6);

NOW THEREFORE BE IT RESOLVED THAT:

1. the following be and are hereby elected as directors of the corporation effective

July 31, 2012:

Brian Bentz
Jeff Lehman
Dan Horchik
Joan Pajunen

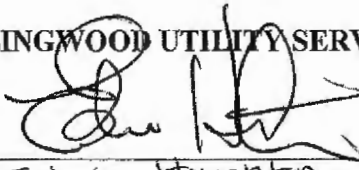
2. the following are hereby confirmed as directors of the Corporation to hold office until the next annual meeting of shareholders or until their successors are elected or appointed, whichever occurs first:

Sandra Cooper
David McFadden
Joan Pajunen
Brian Bentz
Jeff Lehman
Dan Horchik

2. any director or officer of the Corporation is hereby authorized, empowered and directed for and on behalf of the Corporation to file a Form 1, Notice of Change, with Ministry of Government Services and to sign and deliver all documents and to do all things necessary or advisable in connection with the foregoing.

DATED as of the 31st day of July, 2012.

COLLINGWOOD UTILITY SERVICES CORP.

By: 

Name: Edwin Houghton
Title: PRES & CEO

12858571.1

TO: COLLUS POWER CORP. (the "Corporation")
AND TO: THE DIRECTORS AND SHAREHOLDERS THEREOF

DIRECTOR'S CONSENT

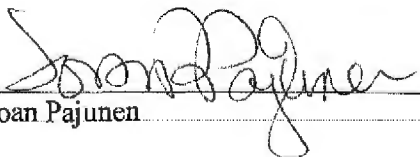
The undersigned hereby:

- (a) consents to act as a director of the Corporation;
- (b) acknowledges and declares that the undersigned is:
 - (i) at least 18 years of age and does not have the status of a bankrupt; and
 - (ii) a Canadian citizen ordinarily resident in Canada;
- (c) declares that the undersigned's address of service is:

- (d) undertakes to advise the Corporation in writing forthwith of any change in the undersigned's citizenship or residence, including a change in residence address; and
- (e) consents to the holding of any meeting of the directors or of a committee of directors of the Corporation by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

In the event the undersigned revokes this consent or resigns from the board of directors, this consent shall cease to have effect from the date of receipt in writing by the Corporation of such revocation or the effective date of such resignation.

DATED as of the day of July, 2012.


Joan Pajunen

TO: COLLUS POWER CORP. (the "Corporation")

AND TO: THE DIRECTORS AND SHAREHOLDERS THEREOF

DIRECTOR'S CONSENT

The undersigned hereby:

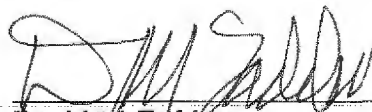
- (a) consents to act as a director of the Corporation;
- (b) acknowledges and declares that the undersigned is:
 - (i) at least 18 years of age and does not have the status of a bankrupt; and
 - (ii) a Canadian citizen ordinarily resident in Canada;
- (c) declares that the undersigned's address of service is:

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- (d) undertakes to advise the Corporation in writing forthwith of any change in the undersigned's citizenship or residence, including a change in residence address; and
- (e) consents to the holding of any meeting of the directors or of a committee of directors of the Corporation by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

In the event the undersigned revokes this consent or resigns from the board of directors, this consent shall cease to have effect from the date of receipt in writing by the Corporation of such revocation or the effective date of such resignation.

DATED as of the 30th day of July, 2012.



David McFadden

TO: COLLUS POWER CORP. (the "Corporation")
AND TO: THE DIRECTORS AND SHAREHOLDERS THEREOF

DIRECTOR'S CONSENT

The undersigned hereby:

- (a) consents to act as a director of the Corporation;
- (b) acknowledges and declares that the undersigned is:
 - (i) at least 18 years of age and does not have the status of a bankrupt; and
 - (ii) a Canadian citizen ordinarily resident in Canada;
- (c) declares that the undersigned's address of service is:
- (d) undertakes to advise the Corporation in writing forthwith of any change in the undersigned's citizenship or residence, including a change in residence address; and
- (e) consents to the holding of any meeting of the directors or of a committee of directors of the Corporation by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

In the event the undersigned revokes this consent or resigns from the board of directors, this consent shall cease to have effect from the date of receipt in writing by the Corporation of such revocation or the effective date of such resignation.

DATED as of the 31st day of July, 2012.



Dan Horchik

TO: COLLUS POWER CORP. (the "Corporation")
AND TO: THE DIRECTORS AND SHAREHOLDERS THEREOF

DIRECTOR'S CONSENT

The undersigned hereby:

- (a) consents to act as a director of the Corporation;
- (b) acknowledges and declares that the undersigned is:
 - (i) at least 18 years of age and does not have the status of a bankrupt; and
 - (ii) a Canadian citizen ordinarily resident in Canada;
- (c) declares that the undersigned's address of service is:

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- (d) undertakes to advise the Corporation in writing forthwith of any change in the undersigned's citizenship or residence, including a change in residence address; and
- (e) consents to the holding of any meeting of the directors or of a committee of directors of the Corporation by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

In the event the undersigned revokes this consent or resigns from the board of directors, this consent shall cease to have effect from the date of receipt in writing by the Corporation of such revocation or the effective date of such resignation.

DATED as of the 31st day of July, 2012.



Brian Bentz

TO: COLLUS POWER CORP. (the "Corporation")
AND TO: THE DIRECTORS AND SHAREHOLDERS THEREOF

DIRECTOR'S CONSENT

The undersigned hereby:

- (a) consents to act as a director of the Corporation;
- (b) acknowledges and declares that the undersigned is:
 - (i) at least 18 years of age and does not have the status of a bankrupt; and
 - (ii) a Canadian citizen ordinarily resident in Canada;
- (c) declares that the undersigned's address of service is:
- (d) undertakes to advise the Corporation in writing forthwith of any change in the undersigned's citizenship or residence, including a change in residence address; and
- (e) consents to the holding of any meeting of the directors or of a committee of directors of the Corporation by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

In the event the undersigned revokes this consent or resigns from the board of directors, this consent shall cease to have effect from the date of receipt in writing by the Corporation of such revocation or the effective date of such resignation.

DATED as of the 30th day of JULY, 2012.


Jeff Lehman

**TO: COLLUS SOLUTIONS CORP.
(the "Corporation")**

AND TO: THE SHAREHOLDERS AND DIRECTORS THEREOF

I, Douglas Orville Garbutt, resign as director of the Corporation. This resignation shall take effect on the date hereof.

DATED as of the 30 day of July, 2012.

WITNESS:

Pamela Hogg

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D Garbutt

Douglas Orville Garbutt

**TO: COLLUS SOLUTIONS CORP.
(the "Corporation")**

AND TO: THE SHAREHOLDERS AND DIRECTORS THEREOF

I, Mike Edwards, resign as director of the Corporation. This resignation shall take effect on the date hereof.

DATED as of the 30 day of July, 2012.

WITNESS:

Pamela Hogg

)
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)
)
)
)
)

Mike Edwards
Mike Edwards

COLLUS SOLUTIONS CORP.
(the "Corporation")

The following resolutions, signed by the sole shareholder the above Corporation entitled to vote thereon, are hereby passed pursuant to the provisions of the *Business Corporations Act* (the "Act"):

RESIGNATION OF DIRECTORS

RESOLVED THAT:

The resignation of **Douglas Orville Garbutt** as director of the Corporation, effective July 30, 2012 be and is hereby accepted by the Corporation.

The resignation of **Mike Edwards** as director of the Corporation, effective July 30, 2012 be and is hereby accepted by the Corporation.

FIXING NUMBER OF DIRECTORS

WHEREAS the articles of the Corporation provide that the number of directors of the Corporation is a minimum of one (1) and a maximum of twenty (20);

NOW THEREFORE BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. the number of directors of the Corporation, and the number of directors of the Corporation to be elected at any annual meeting of the shareholders of the Corporation, is hereby determined to be six (6) until changed in a manner permitted by the *Business Corporations Act* (Ontario); and
2. hereafter, the directors of the Corporation are empowered to determine from time to time the number of directors of the Corporation, and the number of directors of the Corporation to be elected at any annual meeting of the shareholders of the Corporation, provided such number shall not be less than the minimum number, nor more than the maximum number, of directors of the Corporation provided for in the articles of the Corporation, as the same may be amended from time to time; and provided the directors may not, between meetings of shareholders, appoint an additional director, if after such appointment, the total number of directors would be greater than one and one-third times the number of directors required to have been elected at the last annual meeting of shareholders.

ELECTION OF DIRECTORS

AND WHEREAS the articles of the Corporation provide that the Corporation shall have a minimum of one (1) director and a maximum of twenty (20) directors;

- 2 -

AND WHEREAS the number of directors of the Corporation within the minimum and maximum number of directors has been determined at six (6);

NOW THEREFORE BE IT RESOLVED THAT:

1. the following be and are hereby elected as directors of the corporation effective July 31, 2012:

Brian Bentz
Jeff Lehman
Dan Horchik
David McFadden
Sandra Cooper

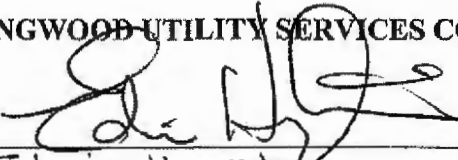
2. the following are hereby confirmed as directors of the Corporation to hold office until the next annual meeting of shareholders or until their successors are elected or appointed, whichever occurs first:

Sandra Cooper
David McFadden
Joan Pajunen
Brian Bentz
Jeff Lehman
Dan Horchik

2. any director or officer of the Corporation is hereby authorized, empowered and directed for and on behalf of the Corporation to file a Form 1, Notice of Change, with Ministry of Government Services and to sign and deliver all documents and to do all things necessary or advisable in connection with the foregoing.

DATED as of the 30 day of July, 2012.

COLLINGWOOD UTILITY SERVICES CORP.

By: 
Name: Edwin Haughton
Title: PRES & CEO

12858620.1

TO: COLLUS SOLUTIONS CORP. (the "Corporation")
AND TO: THE DIRECTORS AND SHAREHOLDERS THEREOF

DIRECTOR'S CONSENT

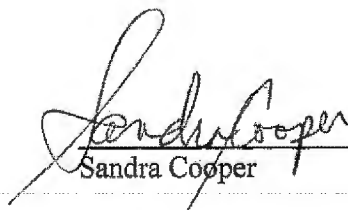
The undersigned hereby:

- (a) consents to act as a director of the Corporation;
- (b) acknowledges and declares that the undersigned is:
 - (i) at least 18 years of age and does not have the status of a bankrupt; and
 - (ii) a Canadian citizen ordinarily resident in Canada;
- (c) declares that the undersigned's address of service is:

- (d) undertakes to advise the Corporation in writing forthwith of any change in the undersigned's citizenship or residence, including a change in residence address; and
- (e) consents to the holding of any meeting of the directors or of a committee of directors of the Corporation by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

In the event the undersigned revokes this consent or resigns from the board of directors, this consent shall cease to have effect from the date of receipt in writing by the Corporation of such revocation or the effective date of such resignation.

DATED as of the 30 day of July, 2012.



Sandra Cooper

TO: COLLUS SOLUTIONS CORP. (the "Corporation")
AND TO: THE DIRECTORS AND SHAREHOLDERS THEREOF

DIRECTOR'S CONSENT

The undersigned hereby:

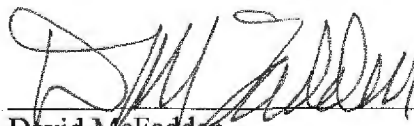
- (a) consents to act as a director of the Corporation;
- (b) acknowledges and declares that the undersigned is:
 - (i) at least 18 years of age and does not have the status of a bankrupt; and
 - (ii) a Canadian citizen ordinarily resident in Canada;
- (c) declares that the undersigned's address of service is:

██

- (d) undertakes to advise the Corporation in writing forthwith of any change in the undersigned's citizenship or residence, including a change in residence address; and
- (e) consents to the holding of any meeting of the directors or of a committee of directors of the Corporation by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

In the event the undersigned revokes this consent or resigns from the board of directors, this consent shall cease to have effect from the date of receipt in writing by the Corporation of such revocation or the effective date of such resignation.

DATED as of the 30th day of July, 2012.


David McFadden

TO: COLLUS SOLUTIONS CORP. (the "Corporation")

AND TO: THE DIRECTORS AND SHAREHOLDERS THEREOF

DIRECTOR'S CONSENT

The undersigned hereby:

- (a) consents to act as a director of the Corporation;
- (b) acknowledges and declares that the undersigned is:
 - (i) at least 18 years of age and does not have the status of a bankrupt; and
 - (ii) a Canadian citizen ordinarily resident in Canada;
- (c) declares that the undersigned's address of service is:

[REDACTED]

- (d) undertakes to advise the Corporation in writing forthwith of any change in the undersigned's citizenship or residence, including a change in residence address; and
- (e) consents to the holding of any meeting of the directors or of a committee of directors of the Corporation by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

In the event the undersigned revokes this consent or resigns from the board of directors, this consent shall cease to have effect from the date of receipt in writing by the Corporation of such revocation or the effective date of such resignation.

DATED as of the 30th day of JULY, 2012.


Jeff Lehman

TO: COLLUS SOLUTIONS CORP. (the "Corporation")
AND TO: THE DIRECTORS AND SHAREHOLDERS THEREOF

DIRECTOR'S CONSENT

The undersigned hereby:

- (a) consents to act as a director of the Corporation;
- (b) acknowledges and declares that the undersigned is:
 - (i) at least 18 years of age and does not have the status of a bankrupt; and
 - (ii) a Canadian citizen ordinarily resident in Canada;
- (c) declares that the undersigned's address of service is:
- (d) undertakes to advise the Corporation in writing forthwith of any change in the undersigned's citizenship or residence, including a change in residence address; and
- (e) consents to the holding of any meeting of the directors or of a committee of directors of the Corporation by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

In the event the undersigned revokes this consent or resigns from the board of directors, this consent shall cease to have effect from the date of receipt in writing by the Corporation of such revocation or the effective date of such resignation.

DATED as of the 31st day of July, 2012.


Brian Bentz

TO: COLLUS SOLUTIONS CORP. (the "Corporation")
AND TO: THE DIRECTORS AND SHAREHOLDERS THEREOF


DIRECTOR'S CONSENT

The undersigned hereby:

- (a) consents to act as a director of the Corporation;
- (b) acknowledges and declares that the undersigned is:
 - (i) at least 18 years of age and does not have the status of a bankrupt; and
 - (ii) a Canadian citizen ordinarily resident in Canada;
- (c) declares that the undersigned's address of service is:
- (d) undertakes to advise the Corporation in writing forthwith of any change in the undersigned's citizenship or residence, including a change in residence address; and
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In the event the undersigned revokes this consent or resigns from the board of directors, this consent shall cease to have effect from the date of receipt in writing by the Corporation of such revocation or the effective date of such resignation.

DATED as of the 31st day of July, 2012.


Dan Horchik

**TO: COLLUS ENERGY CORP.
(the "Corporation")**

AND TO: THE SHAREHOLDERS AND DIRECTORS THEREOF

I, Douglas Orville Garbutt, resign as director of the Corporation. This resignation shall take effect on the date hereof.

DATED as of the day of July, 2012.

WITNESS:

Pamela Hegg

)
)
)
)
)
)
)

D Garbutt

Douglas Orville Garbutt

**TO: COLLUS ENERGY CORP.
(the "Corporation")**

AND TO: THE SHAREHOLDERS AND DIRECTORS THEREOF

I, Mike Edwards, resign as director of the Corporation. This resignation shall take effect on the date hereof.

DATED as of the day of July, 2012.

WITNESS:

Pamela Hogg

)
)
)
)
)
)
)

Mike Edwards

Mike Edwards

COLLUS ENERGY CORP.
(the "Corporation")

The following resolutions, signed by the sole shareholder the above Corporation entitled to vote thereon, are hereby passed pursuant to the provisions of the *Business Corporations Act* (the "Act"):

WHEREAS Dean Muncaster, a director of the Corporation, passed away on the 13 day of MARCH, 2012.

AND WHEREAS various members of the board of directors are resigning and new directors are being elected in their place.

ACKNOWLEDGEMENT AND RESIGNATION OF DIRECTORS

RESOLVED THAT:

The death of **Dean Muncaster**, and the resulting vacancy on the board of directors is hereby acknowledged.

The resignation of **Douglas Orville Garbutt** as director of the Corporation, effective July 30, 2012 be and is hereby accepted by the Corporation.

The resignation of **Mike Edwards** as director of the Corporation, effective July 30, 2012 be and is hereby accepted by the Corporation.

FIXING NUMBER OF DIRECTORS

WHEREAS the articles of the Corporation provide that the number of directors of the Corporation is a minimum of one (1) and a maximum of twenty (20);

NOW THEREFORE BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. the number of directors of the Corporation, and the number of directors of the Corporation to be elected at any annual meeting of the shareholders of the Corporation, is hereby determined to be six (6) until changed in a manner permitted by the *Business Corporations Act* (Ontario); and
2. hereafter, the directors of the Corporation are empowered to determine from time to time the number of directors of the Corporation, and the number of directors of the Corporation to be elected at any annual meeting of the shareholders of the Corporation, provided such number shall not be less than the minimum number, nor more than the maximum number, of directors of the Corporation provided for in the articles of the Corporation, as the same may be

- 2 -

amended from time to time; and provided the directors may not, between meetings of shareholders, appoint an additional director, if after such appointment, the total number of directors would be greater than one and one-third times the number of directors required to have been elected at the last annual meeting of shareholders.

ELECTION OF DIRECTORS

AND WHEREAS the articles of the Corporation provide that the Corporation shall have a minimum of one (1) director and a maximum of twenty (20) directors;

AND WHEREAS the number of directors of the Corporation within the minimum and maximum number of directors has been determined at six (6);

NOW THEREFORE BE IT RESOLVED THAT:

1. the following be and are hereby elected as directors of the corporation effective July 31, 2012 :

Brian Bentz
 Jeff Lehman
 Dan Horchik
 David McFadden
 Sandra Cooper
 Joan Pajunen

2. the following are hereby confirmed as directors of the Corporation to hold office until the next annual meeting of shareholders or until their successors are elected or appointed, whichever occurs first:

Sandra Cooper
 David McFadden
 Joan Pajunen
 Brian Bentz
 Jeff Lehman
 Dan Horchik

2. any director or officer of the Corporation is hereby authorized, empowered and directed for and on behalf of the Corporation to file a Form 1, Notice of Change, with Ministry of Government Services and to sign and deliver all documents and to do all things necessary or advisable in connection with the foregoing.

DATED as of the 31st day of July 2012.

COLLINGWOOD UTILITY SERVICES CORP.

- 3 -



By:

Name: Edwin Houghton

Title: President & C.E.O.

12858667.1

TO: COLLUS ENERGY CORP. (the "Corporation")
AND TO: THE DIRECTORS AND SHAREHOLDER THEREOF

DIRECTOR'S CONSENT

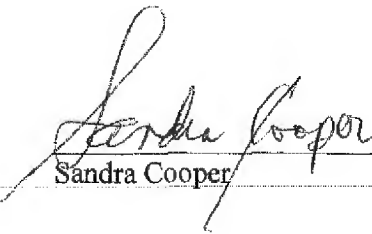
The undersigned hereby:

- (a) consents to act as a director of the Corporation;
- (b) acknowledges and declares that the undersigned is:
 - (i) at least 18 years of age and does not have the status of a bankrupt; and
 - (ii) a Canadian citizen ordinarily resident in Canada;
- (c) declares that the undersigned's address of service is:

- (d) undertakes to advise the Corporation in writing forthwith of any change in the undersigned's citizenship or residence, including a change in residence address; and
- (e) consents to the holding of any meeting of the directors or of a committee of directors of the Corporation by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

In the event the undersigned revokes this consent or resigns from the board of directors, this consent shall cease to have effect from the date of receipt in writing by the Corporation of such revocation or the effective date of such resignation.

DATED as of the 31st day of July, 2012.



Sandra Cooper

TO: COLLUS ENERGY CORP. (the "Corporation")
AND TO: THE DIRECTORS AND SHAREHOLDER THEREOF

DIRECTOR'S CONSENT

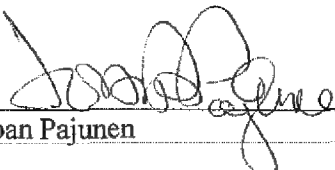
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In the event the undersigned revokes this consent or resigns from the board of directors, this consent shall cease to have effect from the date of receipt in writing by the Corporation of such revocation or the effective date of such resignation.

DATED as of the 31st day of July 2012.



Joan Pajunen

TO: COLLUS ENERGY CORP. (the "Corporation")
AND TO: THE DIRECTORS AND SHAREHOLDERS THEREOF

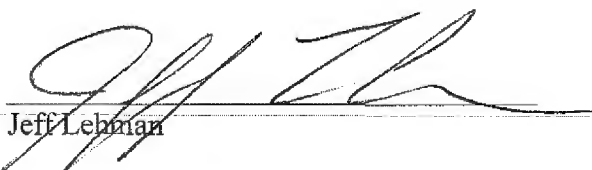
DIRECTOR'S CONSENT

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In the event the undersigned revokes this consent or resigns from the board of directors, this consent shall cease to have effect from the date of receipt in writing by the Corporation of such revocation or the effective date of such resignation.

DATED as of the 30th day of JULY, 2012.


Jeff Lehman

TO: COLLUS ENERGY CORP. (the "Corporation")
AND TO: THE DIRECTORS AND SHAREHOLDERS THEREOF

DIRECTOR'S CONSENT

The undersigned hereby:

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In the event the undersigned revokes this consent or resigns from the board of directors, this consent shall cease to have effect from the date of receipt in writing by the Corporation of such revocation or the effective date of such resignation.

DATED as of the 31st day of July, 2012.




Brian Bentz

TO: COLLUS ENERGY CORP. (the "Corporation")
AND TO: THE DIRECTORS AND SHAREHOLDERS THEREOF

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DATED as of the 31st day of July, 2012.



Dan Horchik

TO: COLLUS ENERGY CORP. (the "Corporation")
AND TO: THE DIRECTORS AND SHAREHOLDERS THEREOF

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DATED as of the 30th day of July, 2012.


David McFadden

AIRD & BERLIS LLP

Barristers and Solicitors

Corrine E. Kennedy
Associate
Direct: 419.865.7709
E-mail: ckennedy@airdberlis.com

August 15, 2012

BY COURIER

Ms. Kristen Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: Decision of the Ontario Energy Board (the "OEB") EB-2012-0056 re the application by the Corporation of the Town of Collingwood and PowerStream Inc. under section 86 of the *Ontario Energy Board Act, 1998*, seeking leave for PowerStream to acquire shares of Collingwood Utility Services Corp.

Further to and in accordance with the decision of the OEB in the above-noted matter (the "**Decision**"), we hereby notify you that the transaction contemplated by the Decision, whereby PowerStream Inc. would acquire a fifty percent interest in the issued and outstanding capital of Collingwood Utility Services Corp. from the Corporation of the Town of Collingwood, was completed on July 31, 2012.

Please do not hesitate to contact us if you have any questions or concerns about the information above.

Yours truly,

AIRD & BERLIS LLP


Corrine Kennedy

CEK

cc: Collus Power Corp
PowerStream Inc.

12948552.1

Ministry of Finance
Client Services Branch
33 King Street West
Oshawa ON L1H 8H5
Tel 905-436-4344
1-866-666-8297 ext 15064
Fax 905-433-5197

Ministère des Finances
Direction des services à la clientèle
33, rue King Ouest
PO Box 622
Oshawa ON L1H 8H5
Tél 905-436-4344
Télé. 905-433-5197



September 19, 2012

Aird & Berlis LLP
c/o Corrine E. Kennedy
Brookfield Place
Suite 1800 Box 754
181 Bay Street
Toronto, ON M5J 2T9

VIA: facsimile 416-863-1515 and mail

Dear Ms. Kennedy

RE: Proposed transfer of Municipal Electricity Property

Transferor:

**Collingwood Utility Services Corp.
43 Steward Rd. PO Box 189
Stn Main, Collingwood ON L9Y 3Z5
Account # 1800069**

Transferee:

**Powerstream Inc.
161 Cityview Blvd.
Vaughn ON L4H 0A9
Account # 1800418**

This is to acknowledge the receipt of your notice of proposed transfer. The notice was received by courier July 18, 2012

Upon review of the provided information, you will be notified of our position.

Should you require further information, please contact the undersigned at the above numbers.

Yours truly,

Lesley Houston
Senior Interest & Penalty Assessor
Specialty Accounting Unit
Client Services Branch

TOWN OF COLLINGWOOD



February 27, 2013

PowerStream Inc.
161 Cityview Blvd
Vaughan, Ontario
L4H 0A9

Collus PowerStream Corp.
P.O. Box 189
43 Stewart Road
Collingwood, ON L9Y 3Z5

Collus PowerStream Solutions Corp.
P.O. Box 189
43 Stewart Road
Collingwood, ON L9Y 3Z5

Collus PowerStream Energy Corp.
P.O. Box 189
43 Stewart Road
Collingwood, ON L9Y 3Z5

Collingwood PowerStream Utility Services Corp.
P.O. Box 189
43 Stewart Road
Collingwood, ON L9Y 3Z5

Dear Sirs:

Re: Share Purchase Agreement dated March 6, 2012 between PowerStream Inc. (the "Purchaser"), the Corporation of the Town of Collingwood (the "Vendor"), Collus Power Corp. (now, Collus PowerStream Corp., and referred to as "Collus"), Collus Solutions Corp. (now, Collus PowerStream Solutions Corp., and referred to as "Solutions"), Collus Energy Corp. (now, Collus PowerStream Energy Corp., and referred to as "Energy") and Collingwood Utility Services Corp. (now, Collingwood PowerStream Utility Services Corp., and referred to as "CUS")(the "Share Purchase Agreement")

All capitalized terms not otherwise defined in this letter have the meanings given to them in the Share Purchase Agreement.

Further to the Share Purchase Agreement and the transactions contemplated therein, which transactions closed effective July 31, 2012, the Town and the undersigned parties to the Share Purchase Agreement acknowledge, confirm and agree as follows:

1. **Final Dividend Adjustment Amount**

Section 2.1(7)(a) of the Share Purchase Agreement provides that the Vendor was required to deliver to the Purchaser, within 60 days of the Closing, the Working Capital Adjustment Documents, and pursuant to Section 2.1(7)(d), the Purchaser had 45 days after receipt of such Working Capital Adjustment Documents to notify the Vendor's Representative of its agreement or disagreement with the same. The Parties acknowledge that each of the Vendor and the Purchaser have acted in accordance with Section 2.1(7)(a) and (d) and have agreed to the Working Capital Adjustment attached as Schedule "A" hereto. The Parties further agree as follows:

- (a) In accordance with Section 2.1(7)(b) and (c) of the Share Purchase Agreement,
 - (i) the Recapitalization Dividend Amount is \$4,089,937.00;
 - (ii) the Final Recapitalization Dividend Amount is \$4,363,960.00;
 - (iii) the Additional Closing Dividend Amount is \$213,986.00;
 - (iv) the Final Additional Closing Dividend Amount is \$234,429; and
 - (v) the Final Dividend Adjustment Amount, as determined in accordance with the formula set out in Section 2.1(7)(h), is \$294,466.00 (being \$274,023.00 in connection with the Final Recapitalization Dividend Amount, and \$20,443.00 in connection with the Final Additional Closing Dividend Amount);
- (b) The directors' resolutions of each of Collus, Solutions and CUS, each dated as of July 30, 2012 and attached hereto as Schedule "B", declared and authorized payment of dividends in the amount of (i) the Recapitalization Dividend Amount, as adjusted by the Final Recapitalization Dividend Amount (in the case of Collus and CUS), and (ii) the Additional Closing Dividend Amount, as adjusted by the Final Additional Closing Dividend Amount (in the case of Solutions and CUS), and the Parties agree that the Final Dividend Adjustment Amount shall be paid by Collus and Solutions to CUS, and CUS to the Town, respectively, as already authorized and declared in accordance with such resolutions, and the Parties acknowledge that the Purchaser is not entitled to all or any portion of such funds, whether as a shareholder of CUS or otherwise.

2. **Release of Holdback Amount by the Escrow Agent**

In accordance with Section 2.1(6) of the Share Purchase Agreement, and Section 3.4 of the Escrow Agreement, which sections required the Holdback Amount to be held in the Escrow Account (as defined in the Escrow Agreement) by the Escrow Agent (as defined in the Escrow Agreement) and, in accordance with Section 3.5, released upon the execution and delivery of a joint direction of the Vendor and the Purchaser to the Escrow Agent, the Vendor and the Purchaser agree to enter into the Escrow Release Direction (as defined in the Escrow

- 3 -

Agreement), attached hereto as Schedule "C", directing the Escrow Agent to release the Holdback Amount from the Escrow Account.

3. Agreement with respect to Purchased Real Property

On January 20, 2012, Collus purchased a parcel of land, described more specifically in Schedule "D" hereto (the "Purchased Real Property"). Each of the Parties agrees that, should Collus sell the Purchased Real Property at any time after the date hereof,

- (a) the directors of Collus must approve any sale of the Purchased Real Property and the terms and conditions of any such sale, including, but not limited to, the purchase price;
- (b) the directors of Collus may declare and authorize the payment of a dividend to CUS in the amount of the sale proceeds of the Purchased Real Property (the "Sale Proceeds");
- (c) the directors of CUS may declare and authorize the payment of a dividend to the Town in the amount of the Sale Proceeds; and
- (d) the Purchaser hereby waives all right to all or part of such dividend from CUS, notwithstanding that it may otherwise be entitled to such dividend as a shareholder of CUS as at the date that the directors of CUS fix as the record date for purposes of declaring a dividend in the amount of the Sale Proceeds.

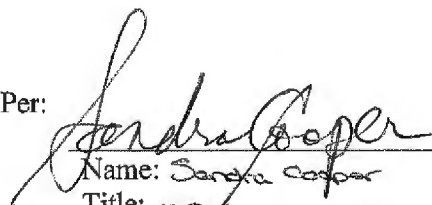
The Parties hereby consent to the declaration by Collus and CUS, respectively, of the dividend described in Section 3 of this letter agreement in accordance with Section 5.1(o) of the Shareholders' Agreement.

We look forward to continuing the successful development of our business relationship.

Yours very truly,

THE CORPORATION OF THE TOWN OF
COLLINGWOOD

Per:


Name: Sandra Cooper
Title: Mayor


Per:


Name: Sara Ayras

Title: *Chair*

Acknowledged and agreed upon this 27 day of February, 2013.

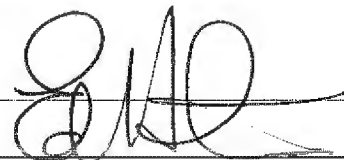
**COLLINGWOOD POWERSTREAM
UTILITY SERVICES CORP.**

Per: 
Name: *ED HOUGHTON*
Title: *PRESIDENT & CEO*

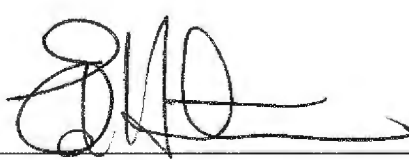
COLLUS POWERSTREAM CORP.

Per: 
Name: *ED HOUGHTON*
Title: *PRESIDENT & CEO*

**COLLUS POWERSTREAM ENERGY
CORP.**

Per: 
Name: *ED HOUGHTON*
Title: *PRESIDENT & CEO*

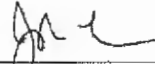
**COLLUS POWERSTREAM SOLUTIONS
CORP.**

Per: 

Name: *ED HOUGHTON*
Title: *PRESIDENT & CEO*

POWERSTREAM INC.

Per:



Name: *John Glicksman*
Title: *EVP & CFO*

Per:



Name: *Dennis Nolan BA, LLB*
Title: *EVP Corporate Services & Secretary
PowerStream Inc.*

Schedule A
Final Dividend Adjustment Amount Calculations

See attached.

DRAFT FOR DISCUSSION PURPOSES

Schedule B

Colius Power Corp.
 Calculation of Additional Recapitalization Dividend
 Based on Draft Audited Financial Statements as at July 31, 2012
 Non-IFRS Basis

	Net Book Value as at 31-Dec 2010 (Actual)	Net Book Value as at 31-Dec 2011 (Actual)	Net Book Value as at 31-Jul 2012 (Draft)
ASSETS			
Current Assets			
Cash	\$ 1,922,852	903,224	4,089,977
Other current assets	8,528,924	8,791,913	5,932,770
	11,451,746	9,695,037	11,022,747
Property, plant and equipment	12,765,581	15,156,809	15,037,918
Goodwill	276,704	276,704	276,704
Intangible assets - software	277,072	387,564	236,625
Future taxes recoverable	157,097	179,388	306,433
	<u>24,927,200</u>	<u>23,473,502</u>	<u>26,740,405</u>
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current Liabilities			
Accounts payable and accruals	7,394,308	6,562,882	5,811,799
Customers' deposits, current	490,796	524,234	539,585
Income taxes payable	-	56,842	169,659
	<u>7,815,044</u>	<u>7,143,958</u>	<u>6,534,827</u>
Employee future benefit costs	308,029	336,820	353,625
Net regulatory liabilities	1,414,987	332,374	3,603,684
Deferred revenues	-	-	358,544
Notes payable to Town of Collingwood	1,710,170	1,710,170	1,710,170
Long-term debt - Ontario Infrastructure (new)	-	-	6,300,000
Long-term debt - Ontario Infrastructure (old)	2,900,000	2,700,000	2,600,000
	<u>14,145,230</u>	<u>12,223,122</u>	<u>19,240,831</u>
Shareholder's Equity	\$ 10,781,970	11,250,380	7,499,574
Notes payable to Town	-	1,710,170	1,710,170
Town's net investment	-	12,960,550	9,309,744

(*) Current liabilities exclude the current portion of long-term debt and the current portion of regulatory assets and liabilities.

	Interim		
	Dec 31, 2011	July 31, 2012	Target
Proceeds to Town			
Shares (\$0.9)	8,000,000	8,000,000	8,000,000
Town note	1,710,170	1,710,170	1,710,170
Recap dividend	4,089,927	4,363,960	5,100,000
Solutions dividend	219,986	234,429	200,000
	<u>14,014,093</u>	<u>14,308,559</u>	<u>15,010,170</u>

	31-Dec-11
Regulatory Liability Cap (\$500K)	
Regulatory liabilities	(2,546,882)
Smart meters	2,840,500
Smart meters transferred to fixed assets	-
Other regulatory assets	374,208
Net regulatory liabilities	<u>(392,174)</u>
Regulatory liabilities, net	(392,174)
Smart meters transferred to fixed assets	-
Other liabilities, net	(892,174)
Hurdle	(500,000)
Add back to net working capital	167,826

Rate Base as at 31-Dec 2011 (Actual)	Additional Dividend Calculation
Investment in Fixed Assets	
PPE - December 31, 2011	13,186,809 A
PPE - December 31, 2010	12,789,586 B
Simple average - PPE	12,950,195 C
Allowance for NWC 2011 Cost of power	29,021,935
2011 DMA	5,156,490
Less: DMA amortization	(5,053,169)
Total costs	33,115,256
Allowance @ 15%	4,967,288 D
Actual Net Working Capital	
Current assets	9,693,097
Current liabilities (*)	(7,143,958)
	2,549,079 E
Shortfall in NWC	(2,418,209) E-D 1
Adjustment for \$500K reg cap	167,826 2
2012 repayment of LTD	- 3
Revised shortfall in NWC	(2,250,383) 4
Rate Base	17,937,483 C+D 5
Rate Base	\$ 17,937,483
Debt	10,750,490 60%
Equity	7,186,993 40%
Rate Base	17,937,483
	31-Dec-11 31-Jul-12
Projected Debt	
Infrastructure Ontario	2,700,000 6,300,000 6,300,000
Town note	1,710,170 1,700,000 2,600,000
Shortfall (excess) NWC	2,250,383 E 1,710,170 2,710,170
Recap dividend payable	4,089,927 F - -
	Unborrowed 40,320 140,320
	10,750,490 10,750,490
New IO borrowings	6,340,320 E+F Borrowed \$6.3 million
Debt to equity Ratio	
Shareholder's Equity - NBV	11,250,380 7,499,574
Less: Goodwill	(276,704) (276,704)
Less: Future taxes recoverable	(178,986) (304,411)
Less: Intangible assets (software)	(387,564) (236,625)
Less: Recap dividend	(4,089,927) (274,023)
Revised shareholder's equity	6,518,787 6,618,821
Long-term debt	10,750,490 10,610,170
	37.74% 88.01%
	62.26% 11.99%
Enterprise value	17,267,277 17,115,941

Schedule B
Collus, Solutions and CUS Dividend Resolutions

See attached.

COLLUS POWER CORP.
(the "Corporation")

The following resolution, signed by all the directors of the above Corporation, is hereby passed pursuant to the *Business Corporations Act* (Ontario):

DECLARATION OF DIVIDEND

WHEREAS the Corporation is a party to a share purchase agreement between Collingwood Utility Services Corp., Collus Solutions Corp., Collus Energy Corp., the Corporation of the Town of Collingwood and Powerstream Inc., dated the 6th day of March, 2012 (the "Share Purchase Agreement");

AND WHEREAS, pursuant to the Share Purchase Agreement, the directors of the Corporation wish to declare the Recapitalization Dividend, in the amount of \$4,089,937.00 which Recapitalization Dividend will be adjusted by the Working Capital Adjustment to the Final Recapitalization Dividend Amount (as such terms are defined in the Share Purchase Agreement);

AND WHEREAS the directors of the Corporation have no reasonable grounds for believing that the Corporation is, or after the payment of the contemplated by this resolution would be, unable to pay its liabilities as they become due;

AND WHEREAS the directors of the Corporation have no reasonable grounds for believing that the realizable value of the Corporation's assets would, by the declaration or payment of the dividend contemplated by this resolution, be less than the aggregate of (i) the Corporation's liabilities and (ii) the Corporation's stated capital of all classes of shares of the Corporation;

NOW THEREFORE BE IT RESOLVED THAT:

1. a dividend in the amount of the Recapitalization Dividend Amount, as adjusted by the Working Capital Amount to the Final Recapitalization Dividend Amount be, and the same hereby is, declared on the issued common shares of the Corporation, such dividend to be payable on the date determined by the directors of the Corporation to the holders of record of the common shares of the Corporation as at the date hereof;

2. any officer or director of the Corporation is hereby authorized and directed to do and perform all acts and things, including the execution of documents, necessary or desirable to give effect to the foregoing resolution; and

- 2 -

3. these resolutions may be signed in one or more counterparts, and via facsimile or PDF, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

[Remainder of page intentionally left blank]

DATED this 30th day of July, 2012.


David McFadden

Sandra Cooper

Sandra Cooper

11884659.6

DATED this 30th day of July, 2012.



David McFadden

Sandra Cooper

11884659.6

COLLINGWOOD UTILITY SERVICES CORP.
(the "Corporation")

The following resolution, signed by all the directors of the above Corporation, is hereby passed pursuant to the *Business Corporations Act* (Ontario):

DECLARATION OF DIVIDEND

WHEREAS the Corporation is a party to a share purchase agreement between Collus Power Corp. ("Collus"), Collus Solutions Corp., Collus Energy Corp., the Corporation of the Town of Collingwood and Powerstream Inc., dated the 6th day of March, 2012 (the "**Share Purchase Agreement**");

AND WHEREAS pursuant to the Share Purchase Agreement, Collus declared a dividend on the common shares in the amount of the Final Recapitalization Dividend Amount (as such term is defined in the Share Purchase Agreement);

AND WHEREAS the Corporation, as the sole shareholder of Collus, has received or will receive a dividend in the amount of the Final Recapitalization Dividend Amount;

AND WHEREAS pursuant to the Share Purchase Agreement, the directors of the Corporation wish to declare the Recapitalization Dividend, in the amount of \$4,089,937.00 which Recapitalization Dividend will be adjusted by the Working Capital Adjustment to the Final Recapitalization Dividend Amount (as such terms are defined in the Share Purchase Agreement);

AND WHEREAS the directors of the Corporation have no reasonable grounds for believing that the Corporation is, or after the payment of the dividend contemplated by this resolution would be, unable to pay its liabilities as they become due;

AND WHEREAS the directors of the Corporation have no reasonable grounds for believing that the realizable value of the Corporation's assets would, by the declaration or payment of the dividend contemplated by this resolution, be less than the aggregate of (i) the Corporation's liabilities and (ii) the Corporation's stated capital of all classes of shares of the Corporation;

NOW THEREFORE BE IT RESOLVED THAT:

1. a dividend in the amount of the Recapitalization Dividend Amount, as adjusted by the Working Capital Adjustment to the Final Recapitalization Dividend Amount, be, and the same hereby is, declared on the issued common shares of the Corporation, such dividend to be payable on the date determined by the directors of the Corporation to the holders of record of the common shares of the Corporation as at the date hereof;

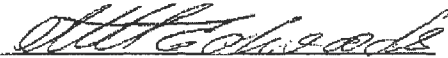
- 2 -

2. any officer or director of the Corporation is hereby authorized and directed to do and perform all acts and things, including the execution of documents, necessary or desirable to give effect to the foregoing resolution; and

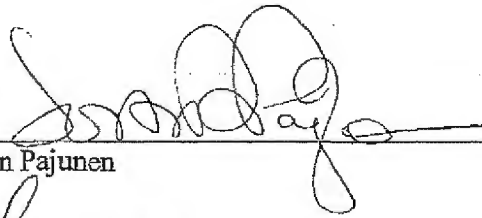
3. these resolutions may be signed in one or more counterparts, and via facsimile or PDF, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

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DATED this 30th day of July, 2012.



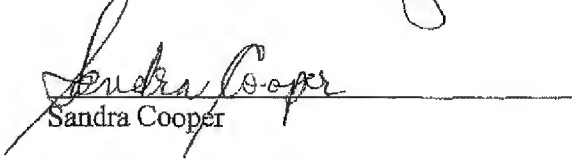
Mike Edwards



Joan Pajunen



Douglas Garbutt



Sandra Cooper

COLLUS SOLUTIONS CORP.
(the "Corporation")

The following resolution, signed by all the directors of the above Corporation, is hereby passed pursuant to the *Business Corporations Act* (Ontario):

DECLARATION OF DIVIDEND

WHEREAS the Corporation is a party to a share purchase agreement between Collingwood Utility Services Corp., Collus Power Corp., Collus Energy Corp., the Corporation of the Town of Collingwood and Powerstream Inc., dated the 6th day of March, 2012 (the "**Share Purchase Agreement**");

AND WHEREAS, pursuant to the Share Purchase Agreement, the directors of the Corporation wish to declare the Additional Closing Dividend, in the amount of \$213,986.00 which Additional Closing Dividend will be adjusted by the Working Capital Adjustment to the Final Additional Closing Dividend Amount (as such terms are defined in the Share Purchase Agreement);

AND WHEREAS the directors of the Corporation have no reasonable grounds for believing that the Corporation is, or after the payment of the dividend contemplated by this resolution would be, unable to pay its liabilities as they become due;

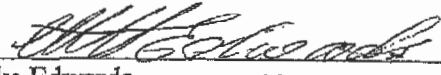
AND WHEREAS the directors of the Corporation have no reasonable grounds for believing that the realizable value of the Corporation's assets would, by the declaration or payment of the dividend contemplated by this resolution, be less than the aggregate of (i) the Corporation's liabilities and (ii) the Corporation's stated capital of all classes of shares of the Corporation;

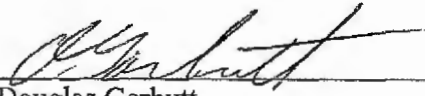
NOW THEREFORE BE IT RESOLVED THAT:

1. a dividend in the amount of the Additional Closing Dividend Amount, as adjusted by the Working Capital Adjustment to the Final Additional Closing Dividend Amount, be, and the same hereby is, declared on the issued common shares of the Corporation, such dividend to be payable on the date determined by the directors of the Corporation to the holders of record of the common shares of the Corporation as at the date hereof;
2. any officer or director of the Corporation is hereby authorized and directed to do and perform all acts and things, including the execution of documents, necessary or desirable to give effect to the foregoing resolution; and

DATED this 30th day of July, 2012.


Joan Pajunen


Mike Edwards


Douglas Garbutt

11915410.6

COLLINGWOOD UTILITY SERVICES CORP.
(the "Corporation")

The following resolution, signed by all the directors of the above Corporation, is hereby passed pursuant to the *Business Corporations Act* (Ontario):

DECLARATION OF DIVIDEND

WHEREAS the Corporation is a party to a share purchase agreement between Collus Power Corp., Collus Solutions Corp. ("Solutions"), Collus Energy Corp., the Corporation of the Town of Collingwood and Powerstream Inc., dated the 6th day of March, 2012 (the "Share Purchase Agreement");

AND WHEREAS pursuant to the Share Purchase Agreement, Solutions declared a dividend on the common shares in the amount of the Final Additional Closing Dividend Amount (as such term is defined in the Share Purchase Agreement);

AND WHEREAS the Corporation, as the sole shareholder of Solutions, has received, or will receive, a dividend in the amount of the Final Additional Closing Dividend Amount;

AND WHEREAS, pursuant to the Share Purchase Agreement, the directors of the Corporation wish to declare the Additional Closing Dividend, in the amount of \$213,986.00 which Additional Closing Dividend will be adjusted by the Working Capital Adjustment to the Final Additional Closing Dividend Amount (as such terms are defined in the Share Purchase Agreement);

AND WHEREAS the directors of the Corporation have no reasonable grounds for believing that the Corporation is, or after the payment of the dividend contemplated by this resolution would be, unable to pay its liabilities as they become due;

AND WHEREAS the directors of the Corporation have no reasonable grounds for believing that the realizable value of the Corporation's assets would, by the declaration or payment of the dividend contemplated by this resolution, be less than the aggregate of (i) the Corporation's liabilities and (ii) the Corporation's stated capital of all classes of shares of the Corporation;

NOW THEREFORE BE IT RESOLVED THAT:

1. a dividend in the amount of the Additional Closing Dividend Amount, as adjusted by the Working Capital Adjustment to the Final Additional Closing Dividend Amount, be, and the same hereby is, declared on the issued common shares of the Corporation, such dividend to be payable on the date determined by the directors of the Corporation to the holders of record of the common shares of the Corporation as at the date hereof;

- 2 -

2. any officer or director of the Corporation is hereby authorized and directed to do and perform all acts and things, including the execution of documents, necessary or desirable to give effect to the foregoing resolution; and

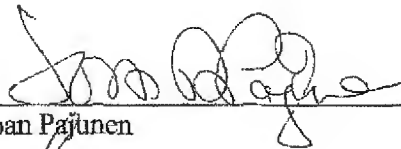
3. these resolutions may be signed in one or more counterparts, and via facsimile or PDF, as may be necessary, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set forth below.

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DATED this 30th day of July, 2012.



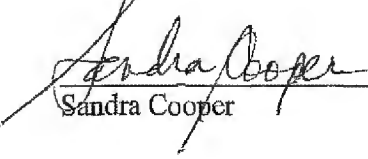
Mike Edwards



Joan Pajunen



Douglas Garbutt



Sandra Cooper

**Schedule C
Escrow Release Direction**

See attached.

JOINT DIRECTION

RE RELEASE OF ESCROW FUNDS

**POWERSTREAM INC. PURCHASE OF SHARES IN COLLINGWOOD UTILITY
SERVICES CORP. FROM THE CORPORATION OF THE TOWN OF
COLLINGWOOD (the "Transaction")**

TO: Aird & Berlis LLP ("A&B")

RE: Escrow agreement (the "Escrow Agreement") dated as of the 31st day of July, 2012 between the Corporation of the Town of Collingwood (the "Vendor"), PowerStream Inc. (the "Purchaser") and A&B

1. The parties hereto irrevocably direct A&B to pay CDNS1,000,000.00 (the "Escrow Funds") currently in the Escrow Account, to the Vendor (or as it may otherwise direct), such payment to be made within 5 Business Days of the date hereof and this joint direction shall constitute A&B's good and sufficient authority to do so.
 2. The Vendor confirms that it shall be solely responsible for the Escrow Agent's fees and expenses in accordance with Section 4.1 of the Escrow Agreement.
 3. The Vendor and the Purchaser hereby agree and confirm that, upon payment of the Escrow Funds to the Vendor, A&B has satisfied all of its obligations under the Escrow Agreement in respect of the Escrow Funds.
 4. This joint release may be executed in counterparts, each of which will be deemed to be an original and all of which will constitute together one and the same instrument and the parties agree that receipt by facsimile or other electronic means of an executed copy of this agreement will be deemed to be receipt of an original.
 5. All capitalized terms not defined herein have the meanings ascribed to them in the Escrow Agreement.
-

[Remainder of the page intentionally left blank]

Dated as of this ____ day of _____, 2013.

**THE CORPORATION OF THE TOWN OF
COLLINGWOOD**

Name:
Title:

Name:
Title:

POWERSTREAM INC.

Name:
Title:

13552140.2

Schedule D
Purchased Real Property

Ontario Street
Part of the North Half of Lot 43, Concession 8
Being Part 1 On Plan 51R26694

TOR_LAW\80550753
13828386.2

JOINT DIRECTION

RE RELEASE OF ESCROW FUNDS

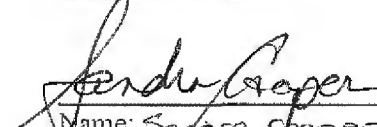
**POWERSTREAM INC. PURCHASE OF SHARES IN COLLINGWOOD UTILITY
SERVICES CORP. FROM THE CORPORATION OF THE TOWN OF
COLLINGWOOD (the "Transaction")**


- TO:** Aird & Berlis LLP ("A&B")
- RE:** Escrow agreement (the "Escrow Agreement") dated as of the 31st day of July, 2012 between the Corporation of the Town of Collingwood (the "Vendor"), PowerStream Inc. (the "Purchaser") and A&B
1. The parties hereto irrevocably direct A&B to pay CDN\$1,000,000.00 (the "Escrow Funds") currently in the Escrow Account, to the Vendor (or as it may otherwise direct), such payment to be made within 5 Business Days of the date hereof and this joint direction shall constitute A&B's good and sufficient authority to do so.
 2. The Vendor confirms that it shall be solely responsible for the Escrow Agent's fees and expenses in accordance with Section 4.1 of the Escrow Agreement.
 3. The Vendor and the Purchaser hereby agree and confirm that, upon payment of the Escrow Funds to the Vendor, A&B has satisfied all of its obligations under the Escrow Agreement in respect of the Escrow Funds.
 4. This joint release may be executed in counterparts, each of which will be deemed to be an original and all of which will constitute together one and the same instrument and the parties agree that receipt by facsimile or other electronic means of an executed copy of this agreement will be deemed to be receipt of an original.
 5. All capitalized terms not defined herein have the meanings ascribed to them in the Escrow Agreement.
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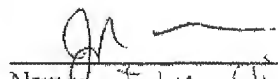
Dated as of this 27 day of February, 2013.

THE CORPORATION OF THE TOWN OF
COLLINGWOOD


Name: Sara Cooper
Title: Mayor


Name: Sara Amos
Title: Clerk

POWERSTREAM INC.


Name: John Glicksman
Title: EVP & CFO

13552140.2