

Hydro One Brampton Networks Inc.

1800040

2002-12-31

DOLLARS ONLY

Capital Tax Calculation *continued from page 10*

B5. If taxable capital, **470** exceeds \$2,000,000 but is \$5,000,000 or less, complete the following calculations and transfer the total from **508** to **543** and complete the return from that point.

Calculation: Portion of Capital Tax relating to the days in the taxation year after May 4, 1999 and before January 1, 2000

(a) From 470 $0. \times .3000\% = +$ 490 0.

Deduct:							Days in taxation year after May 4, 1999 and before Jan 1, 2000
$\$2,400,000 - \frac{\text{From } 470}{\text{0.}} \times 1.5\%$	= - 492	0.	If 2,400,000 - 470 is negative, enter NIL in 492				552
(504 = 490 - 492)	= 504	0. x From 30	100.0000 %	x	0	= + 505	0.
		Ontario Allocation	**	365			(366 if leap year)

Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 1999 and before January 1, 2001

(b) From 470 $0. \times .3000\% = +$ 490 0.

Deduct: From 470

\$2,800,000 - 0 X 0.75% = - 493 0

(506 = 490 - 493) = 506 0 X From 30 100.0000 % X 0 = + 507 0

Ontario Allocation ** 365 (366 if leap year)

Days in taxation year after Dec 31, 1999. and before Jan 1, 2001 553

If 2,800,000 - 470 is negative, enter NIL in 493

Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 2000 and before October 1, 2001

(c) From $\boxed{470}$ $0. \times .3000\% = + \boxed{490}$ $0.$

[illegible]

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(d) Capital Tax for that portion of a taxation year that is after September 30, 2001 for a corporation whose taxable capital is \$5,000,000 or less and that is not associated, is NIL.

Total Capital Tax for the taxation year 505 + 507 + 522 = 508 0

Transfer to **543** on page 13
and complete the return from that point.

B6. If 470 exceeds \$5,000,000, complete the following calculations and transfer the amount from 508 to 543 and complete the return from that point.

Calculation: Portion of Capital Tax relating to the days in the taxation year before October 1, 2001

Days in taxation year
before Oct 1, 2001

(a) From 470 0. X From 30 100.0000 % X .3000 % X 0 = + 502 0.

Ontario Allocation

** 365
(366 if leap year)

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(b) From 470 _____ 0.

Exemption - 0.

Days in ~~taxation~~ year
after Sept 30, 2001
$$= \frac{471}{100,000} \times 100,000\% \times .3000\% \times \frac{365}{365} \dots\dots\dots = + \frac{523}{100,000}$$

Total Capital Tax for the taxation year 502 + 523 (366 if leap year) = 508 0.

Transfer to **543** on page 13
and complete the return from that point.

²² If floating taxation year, refer to Guide.

continued on Page 12

Capital Tax Calculation *continued from page 11***SECTION C**

If the corporation is a member of an associated group and/or partnership, complete the following two aggregate taxable capital calculations as applicable, and (x) ☐ 510 ☒ (Yes)

Note: Calculation #2 is not required if the taxation year commences after September 30, 2001.

Taxable Capital of the corporation + From ☐ 470 273,054,959.

Calculation 1

Determine aggregate taxable capital of an associated group and/or partnership having a permanent establishment in Canada

Names of associated corporations or related partners having a permanent establishment in Canada

See attached

Aggregate Taxable Capital ☐ 470 + ☐ 531 = ☐ 540 9504569918.

If ☐ 540 above is \$5,000,000 or less, the corporation's Capital Tax for the portion of the taxation year after September 30, 2001, is NIL.

Enter NIL in ☐ 523 in E1(d) or E2(b), as applicable.

If ☐ 540 above is greater than \$5,000,000, the corporation must compute its share of the \$5,000,000 exemption below in order to calculate its Capital Tax for the portion of the taxation year after September 30, 2001.

From ☐ 470 273,054,959. + From ☐ 540 9504569918. × 5,000,000 = ☐ 541 143,644.
Transfer to Section E2(b)

Calculation 2

Determine aggregate taxable capital of an associated group and/or partnership that does NOT have a permanent establishment in Canada

Names of Canadian & Foreign associated corporations or related partners with no permanent establishment in Canada

Total Aggregate Taxable Capital ☐ 540 + ☐ 514 = ☐ 520 9504569918.

If ☐ 520 is greater than \$2,000,000 and less than \$3,200,000 and a portion of the taxation year is before October 1, 2001, the corporation must compute the following ratio.

From ☐ 470 273,054,959. + From ☐ 520 0. = ☐ 521 .0000.
Transfer to Section E1(a) and/or (b) and/or (c) as applicable

SECTION D

This section applies if the corporation IS a member of an associated group and/or partnership whose total AGGREGATE taxable capital at ☐ 520 is \$2,000,000 or less.

Enter NIL in ☐ 550 and complete the return from that point.

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Capital Tax Calculation *continued from Page 12***SECTION E**

This section applies if the corporation IS a member of an associated group and/or partnership whose total AGGREGATE taxable capital at

520 exceeds \$2,000,000.**E1** If the total aggregate taxable capital **520** exceeds \$2,000,000 but is \$3,200,000 or less, complete the following calculations and transfer the total From **508** to **543** and complete the return from that point.

Calculation: Portion of Capital Tax relating to the days in the taxation year after May 4, 1999 and before January 1, 2000

(a) From **470** 0. x .3000% = + **490** 0.

Deduct:

From **520** 0. x 1.5% x From **521** .0000 = - **492** 0.(**504** = **490** - **492**) = **504** 0.If 2,400,000 - **520** is negative, enter NIL in **492**

Days in taxation year after May 4, 1999 and before Jan 1, 2000

From **30** 100.0000% x **552** 0 = + **505** 0.

Ontario Allocation ** 365 (366 if leap year)

Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 1999 and before January 1, 2001

(b) From **470** 0. x .3000% = + **490** 0.

Deduct:

From **520** 0. x 0.75% x From **521** .0000 = - **493** 0.(**506** = **490** - **493**) = **506** 0.If 2,800,000 - **520** is negative, enter NIL in **493**

Days in taxation year after Dec 31, 1999 and before Jan 1, 2001

From **30** 100.0000% x **553** 0 = + **507** 0.

Ontario Allocation ** 365 (366 if leap year)

Calculation: Portion of Capital Tax relating to the days in the taxation year after December 31, 2000 and before October 1, 2001

(c) From **470** 0. x .3000% = + **490** 0.

Deduct:

From **520** 0. x 0.5% x From **521** .0000 = - **495** 0.(**509** = **490** - **495**) = **509** 0.If 3,200,000 - **520** is negative, enter NIL in **495**

Days in taxation year after Dec 31, 2000 and before Oct 1, 2001

From **30** 100.0000% x **557** 0 = + **522** 0.

Ontario Allocation ** 365 (366 if leap year)

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(d) Capital Tax for that portion of a taxation year that is after September 30, 2001 for a corporation whose total aggregate taxable capital at

540 is \$5,000,000 or less is NIL. Enter NIL= + **523** 0.Total Capital Tax for the taxation year **505** + **507** + **522** + **523**= **508** 0.Transfer to **543** and complete the return from that point.**E2** If the total aggregate taxable capital at **520** exceeds \$3,200,000 complete the following calculations and transfer the total From **508** to **543** and complete the return from that point.

Calculation: Portion of Capital Tax relating to the days in the taxation year before October 1, 2001

(a) From **470** 273,054,959. x From **30** 100.0000% x .3000% x **556** 0 = + **502** 0.

Days in taxation year before Oct 1, 2001

Ontario Allocation ** 365 (366 if leap year)

Calculation: Portion of Capital Tax relating to the days in the taxation year after September 30, 2001

(b) From **470** 273,054,959.

From **541** (section C) - 143,644.

= **471** 272,911,315. x From **30** 100.0000% x .3000% x **560** 365 = + **523** 818,734.

Days in taxation year after Sept 30, 2001

Ontario Allocation ** 365 (366 if leap year)

Total Capital Tax for the taxation year **502** + **523**= **508** 818,734.

** If floating taxation year, refer to Guide.

Transfer to **543** and complete the return from that point.

Capital Tax before application of specified credits

Subtract: Specified Tax Credits applied to reduce capital tax payable (Refer to Guide)

Capital Tax **543** - **546**= **543** 818,734.= **546** 0.= **550** 818,734.

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Transfer to Page 18

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Capital Tax continued from page 13**Calculation of Capital Tax for Financial Institutions****I.1. Credit Unions only**For taxation years commencing after May 4, 1999 enter NIL in **550** on page 13, and complete the return from that point.**I.2. Other than Credit Unions**(Retain details of calculations for amounts in boxes **565** and **570**. Do not submit with this tax return.)

565	0.	x	0.00%	X From	30	%	X	555	0	+ **	0	(366 if leap year)	=	+	569	0.	
Lesser of adjusted TPUC and Basic Capital Amount in accordance with Division B.1																	
Days in taxation year																	
Ontario Allocation																	
570	0.	x	571	0.00%	X From	30	%	X	555	0	+ **	0	(366 if leap year)	=	+	574	0.
Adjusted TPUC in accordance with Division B.1 in excess of Basic Capital Amount																	
Capital Tax Rate (Refer to Guide)																	
Days in taxation year																	
Ontario Allocation																	

Capital Tax for Financial Institutions – other than Credit Unions (before Sections II)
569 + **574** = **575** 0.

** If floating taxation year, refer to Guide.

II. Small Business Investment Tax Credit

(Retain details of eligible investment calculation and, if claiming an investment in CSBIF, retain the original letter approving the credit issued in accordance with the Community Small Business Investment Fund Act. Do not submit with this tax return.)

Allowable Credit for Eligible Investments	585 0.
Financial institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? (x) <input type="checkbox"/> Yes	

Capital Tax – Financial Institutions
575 - **585** = **586** 0.

Transfer to **543** on Page 13

Premium Tax (s.74.2 & 74.3) (Refer to Guide)

(1) Uninsured Benefits Arrangements	587 0.	x 2%	588 0.
Applies to Ontario-related uninsured benefits arrangements.			
(2) Unlicensed Insurance (enter premium tax payable in 588 and attach a detailed schedule of calculations. If subject to tax under (1) above, add both taxes together and enter total tax in 588 .)			
Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.			
Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide)			
Premium Tax 588 - 589	590 0.		
Transfer to page 18			

Reconcile net income (loss) for federal income tax purposes with net income (loss) for Ontario purposes if amounts differ

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1

+ 600 3,092,539.

Transfer to page 16

Add:

Federal capital cost allowance	+ 601 9,148,530.
Federal cumulative eligible capital deduction	+ 602 3,003,532.
Ontario taxable capital gain	+ 603 0.
Federal non allowable reserves. Balance beginning of year	+ 604 3,900,000.
Federal allowable reserves. Balance end of year	+ 605 0.
Ontario non-allowable reserves. Balance end of year	+ 606 4,867,444.
Ontario allowable reserves. Balance beginning of year	+ 607 0.
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	+ 608 0.
Federal resource allowance	+ 609 0.
Federal depletion allowance	+ 610 0.
Federal foreign exploration and development expenses	+ 611 0.
Management fees, rents, royalties and similar payments to non-arm's length non-residents	

Number of Days in Taxation Year

		Days before May 2, 2000	Total Days	
612	0. x 5 + 15,5000 x	22	0 + 73 365	= + 630 0.

		Days after May 1, 2000 and before Jan 1, 2001		Total Days	
612	0. x 5 + 14,5000 x	24	0 + 73	365	= + 631 0.

		Days after Dec 31, 2000 and before Oct 1, 2001		Total Days			
612	0. x	5 +	14,0000 x	26	0 +	73	365 = + 632 0.

	Days after Sept 30, 2001 and before Jan 1, 2003	Total Days	
<div>612</div> <div>0. x 5 + 12,5000 X</div>	<div>28</div> <div>365</div> <div>+</div> <div>73</div> <div>365</div>	<div>= +</div> <div>633</div> <div>0.</div>	

	Days after Dec 31, 2002 and before Jan 1, 2004		Total Days	
612	0.	$\times 5 + 12,500 \times$	31	0 + 73 365 = + 634 0.

Total add-back amount for Management fees, etc. 630 + 631 + 632 + 633 + 634 = 0. + 613 0.

Federal allowable business investment loss + 620 0.

Total of other items not allowed by Ontario but allowed federally (Attach schedule) + 614 0.

Federal Scientific Research Expenses claimed in year from federal form T661 0.

Negative Ontario SR&ED Pool amounts from Ontario schedule 161 line 473 + 0.

= 0. + 615 0.

Subtotal of Additions 601 to 611 + 613 + 620 + 614 + 615 = 20,919,506. 640 20,919,506.

Transfer to page 16

Reconcile net income (loss) for federal income tax purposes with net income (loss) for Ontario purposes if amounts differ

continued from Page 15

Net Income (loss) for federal income tax purposes, per federal T2 SCH 1 From + **600** 3,092,539.

Subtotal of Additions From + **640** 20,919,506.

Deduct:

Ontario capital cost allowance + **650** 9,148,530.
 Ontario cumulative eligible capital deduction + **651** 3,002,939.
 Federal taxable capital gain + **652** 0.
 Ontario non-allowable reserves. Balance beginning of year + **653** 3,900,000.
 Ontario allowable reserves. Balance end of year + **654** 0.
 Federal non-allowable reserves. Balance end of year + **655** 4,867,444.
 Federal allowable reserves. Balance beginning of year + **656** 0.
 Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE)
(Retain calculations. Do not submit.) + **657** 0.
 Ontario depletion allowance + **658** 0.
 Ontario resource allowance + **659** 0.
 Ontario research and development super allowance *(Attach schedule)* + **660** 0.
 Government Assistance relating to provincial deductions for scientific research and
 experimental development added back for federal income tax purposes as a result of
 the Federal 2000 Budget + **674** 0.
 Ontario current cost adjustment *(Attach schedule)* + **661** 0.

Ontario New Technology Tax Incentive (ONTTI) Gross-up

Applies only to those corporations whose Ontario allocation is less than 100% in the current taxation year.

Capital Cost Allowance (Ontario) (CCA) on prescribed qualifying
 intellectual property deducted in the current taxation year **662** 0.

ONTTI Gross-up deduction calculation:

Gross-up of CCA

From **662** 0. x **100** - From **662** 0. = **663** 0.
 From **30** 100.0000
 Ontario Allocation

Workplace Child Care Tax Incentive: (Applies to qualifying expenditures incurred after May 5, 1998.)

Qualifying expenditures: **665** 0. x 30.00% x **100** = **666** 0.
 From **30** 100.0000
 Ontario Allocation

Workplace Accessibility Tax Incentive: (Applies to qualifying expenditures incurred after July 1, 1998.)

Qualifying expenditures: **667** 0. x 100.00% x **100** = **668** 0.
 From **30** 100.0000
 Ontario Allocation

Number of Employees accommodated **669** 0

Ontario School Bus Safety Tax Incentive (OSBSTI): (Applies to the eligible acquisition of school buses purchased after May 4, 1999 and before January 1, 2006.) (Refer to Guide)

Qualifying expenditures: **670** 0. x 30.00% x **100** = **671** 0.
 From **30** 100.0000
 Ontario Allocation

Educational Technology Tax Incentive: (Applies to qualifying amounts incurred after May 2, 2000.)

Qualifying expenditures: **672** 0. x 15.00% x **100** = **673** 0.
 From **30** 100.0000
 Ontario Allocation

Ontario allowable business investment loss + **678** 0.

Ontario Scientific Research Expenses claimed in the year from Ontario form CT161 + **679** 0.

Total of other deductions allowed by Ontario *(Attach schedule)* + **684** 0.

Subtotal of Deductions

650 to **660** + **674** + **661** + **663** + **666** + **668** + **671** + **673** + **678** + **679** + **684** = 20,918,913. **680** 20,918,913.

Net income (loss) for Ontario Purposes **600** + **640** - **680** = **690** 3,093,132.

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Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses (9) (10)	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2)	710 (2)	720 (2)	730	740	750
	0	0	0	0	0	0
Add:	701	711	721	731	741	751
Current year's losses (7)	0	0	0	0	0	0
Losses from predecessor corporations (3)	702	712	722	732		752
	0	0	0	0		0
Subtotal	703	713	723	733	743	753
	0	0	0	0	0	0
Subtract:	704	715 (4)	724	734 (4)	744 (4)	754 (4)
Utilized during the year to reduce taxable income	0	0	0	0	0	0
Expired during the year	705		725	735	745	
	0		0	0	0	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 18	716 (2) to Page 18	726 (2) to Page 18	736 (2) to Page 18	746	
	0	0	0	0	0	
Subtotal	707	717	727	737	747	757
	0	0	0	0	0	0
Balance at End of Year	709 (8)	719	729	739	749	759
	0	0	0	0	0	0

Notes:

- (1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34.
- (3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- (4) To the extent of applicable gains/income/at-risk amount only.
- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.
- (7) Include amount from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in 709 must equal total of 829 + 839.
- (9) Total Capital Losses for a year is the excess of 100% of the Capital Losses in the taxation year minus 100% of the Capital Gains (less any reserves) in the taxation year. Total Capital Losses is before the inclusion rate has been applied.
- (10) In the 2001 CT23 this column now refers to Total Capital Losses (100% of loss), whereas previously the column referred to Net Capital Losses (75% of loss or after the inclusion rate has been applied). Loss amounts that are not carried at 100% of the loss must be grossed back up to 100% by multiplying the balance by 1.333333. No adjustment is required where losses are carried at 100% of the loss amount.

Analysis of Balance by Year of Origin

Year of Origin (oldest year first) year month day	Non-Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only (9) (10)	Farm Losses	Restricted Farm Losses
800 1994-07-31				850	870
				0	0
801 1995-07-31				851	871
				0	0
802 1996-07-31				852	872
				0	0
803 1997-07-31	820	830	840	853	873
	0	0	0	0	0
804 1998-07-31	821	831	841	854	874
	0	0	0	0	0
805 1999-07-31	822	832	842	855	875
	0	0	0	0	0
806 2000-07-31	823	833	843	856	876
	0	0	0	0	0
807 2001-07-31	824	834	844	857	877
	0	0	0	0	0
808 2001-12-31	825	835	845	858	878
	0	0	0	0	0
809 2002-12-31	826	836	846	859	879
	0	0	0	0	0
Total	829	839	849	869	889
	0	0	0	0	0

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Request for Loss Carry-Back (s.80(16))

Applies to corporations requesting a reassessment of the return of one or more previous taxation years under s.80(16) with respect to one or more types of losses carried back.

- If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.
- Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.
- Refunds arising from the loss carry-back adjustment may be applied by the Minister of Finance to amounts owing under *any Act administered by the Ministry of Finance*.

- Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.
- The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:
 - the first day of the taxation year after the loss year,
 - the day on which the corporation's return for the loss year is delivered to the Minister, or
 - the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.
- If a loss is being carried back to a predecessor corporation, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

Application of Losses

	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss	910 0	920 0	930 0	940 0
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income				
Predecessor Ontario Corporation's Tax Account No. (MOF)	Taxation Year Ending year month day			
i) 3rd preceding 901	911 0	921 0	931 0	941 0
ii) 2nd preceding 902	912 0	922 0	932 0	942 0
iii) 1st preceding 903	913 0	923 0	933 0	943 0
Total loss to be carried back	From 706 0	From 716 0	From 726 0	From 736 0
Balance of loss available for carry-forward	919 0	929 0	939 0	949 0

Summary

Income tax	From 230 or 320	38,642
Corporate Minimum Tax	From 280	56,053
Capital Tax	From 550	28,187
Premium Tax	From 580	0
Total Tax Payable	= 950	1,261,429
Subtract: Payments	= 960	3,219,713
Capital Gains Refund (s.48)	= 965	0
Qualifying Environmental Trust Tax Credit (Refer to Guide)	= 985	0
Specified Tax Credits (Refer to Guide)	= 955	0
Other (specify)	=	0
Balance	= 970	-1,958,284
If payment due	Enclosed * 990	0
If overpayment: Refund (Refer to Guide)	= 975	0
Apply to	year month day 2003-01-31 980	1,958,284

(Includes credit interest)

- * Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, payable to the **MINISTER OF FINANCE** and print your Ontario Corporation's Tax Account No. (MOF) on the back of cheque or money order.

Certification

I am an authorized signing officer of the corporation. I certify that this CT23 return, including all schedules and statements filed with or as part of this CT23 return, has been examined by me and is a true, correct and complete return and that the information is in agreement with the books and records of the corporation. I further certify that the financial statements accurately reflect the financial position and operating results of the corporation as required under section 75 of the *Corporations Tax Act*. The method of computing income for this taxation year is consistent with that of the previous year, except as specifically disclosed in a statement attached.

Name (please print)

TONY PAUL

Title

CONTROLLER

Full Residence Address

910 Melton Drive

Mississauga

ON CA L4Y-1K

Signature

Date

JUNE 10, 2003

Note: Section 76 of the Corporations Tax Act provides penalties for making false or misleading statements or omissions.

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Corporate Minimum Tax - Schedule A:

Calculation of CMT Base



Banks - Net income/loss as per report accepted by Superintendent of Financial Institutions (SFI) under the Bank Act (Canada), adjusted so consolidation/equity methods are not used.

Net Income/Loss (unconsolidated, determined in accordance with GAAP)

+ [2100] 6,179,348.

Subtract (to the extent reflected in net income/loss):

Provision for recovery of income taxes	+ [2101]	0.
Provision for deferred income taxes (credits)	+ [2102]	0.
Equity income from corporations	+ [2103]	0.
Share of partnership(s)/joint venture(s) income	+ [2104]	0.
Dividends received/receivable deductible under fed.s.112	+ [2105]	0.
Dividends received/receivable deductible under fed.s.113	+ [2106]	0.
Dividends received/receivable deductible under fed.s.83(2)	+ [2107]	0.
Federal Part VI.1 tax paid on dividends declared and paid after May 5, 1997, under fed.s.191.1(1)	+ [2108]	0.
		0. x 9/4
		0.

Subtotal

= [2109] 0.

Add (to extent reflected in net income/loss):

Provision for current taxes	+ [2110]	4,888,016.
Provision for deferred income taxes (debits)	+ [2111]	0.
Equity losses from corporations	+ [2112]	0.
Share of partnership(s)/joint venture(s) losses	+ [2113]	0.

Dividends that have been deducted to arrive at net income per Financial Statements.

Applies to dividends that have been declared and paid after May 5, 1997, under fed.s.57.4(1.1) (excluding dividends under fed.s.137(4.1))

+ [2114] 0.

= 4,888,016. + [2115] 4,888,016.

Subtotal

Add/Subtract:

Amounts relating to s.57.9 election/regulations for disposals etc. of property for current/prior years

** Fed.s.85	+ [2116]	0.	or - [2117]	0.
** Fed.s.85.1	+ [2118]	0.	or - [2119]	0.
** Fed.s.97	+ [2120]	0.	or - [2121]	0.
** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years	+ [2122]	0.	or - [2123]	0.
** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years	+ [2124]	0.	or - [2125]	0.
** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years	+ [2126]	0.	or - [2127]	0.

Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income

- [2150] 0.

Subtotal (Additions) = 0.

+ [2128] 0.

Subtotal (Subtractions)

= 0. [2129] 0.

** Other adjustments

+ [2130] 0.

Subtotal ± [2100] - [2109] + [2115] + [2128] - [2129] ± [2130]

= [2131] 11,067,364.

** Share of partnership(s)/joint venture(s) adjusted net income/loss

+ [2132] 0.

Adjusted net income (loss) (if loss, transfer to [2202] in Schedule B: Continuity of CMT Losses Carried Forward, Page 20.)

= [2133] 11,067,364.

Deduct: * CMT losses: pre-1994 Loss

+ From [2210] 0.

* CMT losses: other eligible losses

+ From [2211] 0.

= 0. [2134] 0.

* CMT losses applied cannot exceed adjusted net income or increase a loss

** Retain calculations. Do not submit with this tax return.

CMT Base

= [2135] 11,067,364.

Transfer to CMT Base on Page 8

Hydro One Brampton Networks Inc.

1800040

2002-12-31

DOLLARS ONLY

Corporate Minimum Tax (CMT)**Schedule B: Continuity of CMT Losses Carried Forward**

Balance at Beginning of year (1), (2)	.....	+	2201	0.	
Add: Current year's losses	.....	+	2202	0.	
Losses from predecessor corporations on amalgamation (3)	.....	+	2203	0.	
Losses from predecessor corporations on wind-up (3)	.....	+	2204	0.	
Amalgamation (x) 2205 <input type="checkbox"/> Yes Wind-up (x) 2206 <input type="checkbox"/> Yes	=	0.	+	2207	0.
Subtotal	=	0.	+	2207	0.
Adjustments (attach schedule)	.....	±	2208	0.	
CMT losses available	2201 + 2207 ± 2208	=	2209	0.	
Subtract: Pre-1994 loss utilized during the year to reduce adjusted net income	.....	+	2210	0.	
Other eligible losses utilized during the year to reduce adjusted net income (4)	.....	+	2211	0.	
Losses expired during the year	.....	+	2212	0.	
Subtotal	=	0.	-	2213	0.
Balances at End of Year (5)	2209 - 2213	=	2214	0.	

Notes:

(1) Pre-1994 CMT loss (see s.57.1(1)) should be included in the balance at beginning of the year. Attach schedule showing computation of pre-1994 CMT loss.

(2) Where acquisition of control of the corporation has occurred, the utilization of CMT losses can be restricted. (see s.57.5(3) and s.57.5(7))

(3) Include and indicate whether CMT losses are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.57.5(8) and s.57.5(9))

(4) CMT losses must be used to the extent of the lesser of the adjusted net income 2213 and CMT losses available 2209.

(5) Amount in 2214 must equal sum of 2270 + 2290.

Schedule C: Analysis of CMT Losses Year End Balance by Year of Origin

For a pre-1994 loss, use the date of the last taxation year end before your corporation's first taxation year commencing after 1993.

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	2001-12-31	2260 0	2280 0
2241	2002-12-31	2261 0	2281 0
2242		2262 0	2282 0
2243		2263 0	2283 0
2244		2264 0	2284 0
2245		2265 0	2285 0
2246		2266 0	2286 0
2247		2267 0	2287 0
2248		2268 0	2288 0
2249		2269 0	2289 0
Totals		2270 0	2290 0

The sum of amounts 2270 + 2290
must equal amount in 2214.

Corporate Minimum Tax (CMT)



Schedule D: Continuity of CMT Credit Carryovers

Balance at Beginning of year (1) + 2301 0.

Add: Current year's CMT Credit (280 on page 8. If negative, enter NIL) + From 280 56,053.

CMT Credit Carryovers from predecessor corporations (2) + 2302 0.

Amalgamation (x) 2303 ☐ Yes Wind-up (x) 2304 ☐ Yes

Subtotal = 56,053. + 2305 56,053.

Adjustments (Attach schedule) ± 2306 0.

CMT credit carryover available 2301 + 2305 ± 2306 = 2307 56,053.

Transfer to Page 8

Subtract: CMT Credit utilized during the year to reduce income tax (Page 8) + From 310 0.

CMT Credit expired during the year + 2308 0.

Subtotal = 0. - 2309 0.

Balance at End of Year (3) 2307 - 2309 = 2310 56,053.

Notes:

- (1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))
- (2) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))
- (3) Amount in 2310 must equal sum of 2370 + 2390.

Schedule E: Analysis of CMT Credit Carryovers Year End Balance by Year of Origin

Year of Origin (Federal year only) mm - dd - yy	CMT Credit Carryovers at Expiration	CMT Credit Carryovers of Predecessor Corporations
2000-12-31		
2001-12-31		
2002-12-31		
2003-12-31		
2004-12-31		
2005-12-31		
2006-12-31		
2007-12-31		
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2095-12-31		
2096-12-31		
2097-12-31		
2098-12-31		
2099-12-31		
2100-12-31		

The sum of amounts 2370 + 2390
must equal amount in 2310.

MCBS

Corporations that are incorporated, continued or amalgamated under the *Ontario Business Corporations Act*)



Page 23 of 24

To submit additional Director or Officer Information, please photocopy this page and attach the completed schedules with your return.

Identification

Corporation's Legal Name (including punctuation)	Ontario Corporation No. (MCBS)	Date of Incorporation or Amalgamation						
Hydro One Brampton Networks Inc.	1414330	<table border="1"> <tr> <td>year</td> <td>month</td> <td>day</td> </tr> <tr> <td>2000</td> <td>05</td> <td>01</td> </tr> </table>	year	month	day	2000	05	01
year	month	day						
2000	05	01						

Director/Officer Information

Full Name and Address for Service:									
Last Name			First Name			Middle Name(s)			
O'Hearn			Gerry						
Street Number and Name						Suite			
44 Pennington Place									
City/Town/Village			Province/State		Country		Postal/Zip Code		
Brampton			ON		CA		L6S-5S8		
Director			Officer						
Are you a resident Canadian? <i>(Applies to directors of business corporations only)</i> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			Indicate the appointment period for each of the following:				Other Titles <i>(please specify)</i> :		
			Date Appointed		Date Ceased				
			year	month	day	year	month	day	
President									<input type="checkbox"/> Chair <input type="checkbox"/> Chief Executive Officer
Secretary									<input type="checkbox"/> Chair Person <input type="checkbox"/> Chief Financial Officer
Treasurer									<input type="checkbox"/> Chairman <input type="checkbox"/> Chief Information Officer
General Manager									<input type="checkbox"/> Chairwoman <input type="checkbox"/> Chief Operating Officer
Other (specify)									<input type="checkbox"/> Vice-Chair <input type="checkbox"/> Chief Administrative Officer
Date Elected									<input type="checkbox"/> Vice-President <input type="checkbox"/> Comptroller
year month day 2001-07-31									<input type="checkbox"/> Assistant Secretary <input type="checkbox"/> Authorized Signing Officer
Date Ceased									<input type="checkbox"/> Assistant Treasurer <input type="checkbox"/> Chief Manager
year month day									<input type="checkbox"/> Executive Director <input type="checkbox"/> Managing Director
									<input type="checkbox"/> Other (untitled)

Director/Officer Information

Full Name and Address for Service:			
Last Name		First Name	Middle Name(s)
Albert		Roger	
Street Number and Name		Suite	
20 Cotswold Court			
City/Town/Village		Province/State	Country
Georgetown		ON	CA
		Postal/Zip Code	
		L7G-5E5	
Director		Officer	
Are you a resident Canadian? <i>(Applies to directors of business corporations only)</i> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Indicate the appointment period for each of the following:	
Date Elected year month day 2002-10-02		Date Ceased year month day 2000-05-01	
Date Ceased year month day		Other Titles <i>(please specify)</i> :	
President Secretary Treasurer General Manager Other (specify)		<input type="checkbox"/> Chair <input type="checkbox"/> Chair Person <input type="checkbox"/> Chairman <input type="checkbox"/> Chairwoman <input type="checkbox"/> Vice-Chair <input checked="" type="checkbox"/> Vice-President <input type="checkbox"/> Assistant Secretary <input type="checkbox"/> Assistant Treasurer <input type="checkbox"/> Chief Manager <input type="checkbox"/> Executive Director <input type="checkbox"/> Managing Director	
		<input type="checkbox"/> Chief Executive Officer <input type="checkbox"/> Chief Financial Officer <input type="checkbox"/> Chief Information Officer <input type="checkbox"/> Chief Operating Officer <input type="checkbox"/> Chief Administrative Officer <input type="checkbox"/> Comptroller <input type="checkbox"/> Authorized Signing Officer <input type="checkbox"/> Other (untitled)	

Note: Sections 13 and 14 of the *Corporations Information Act* provide penalties for making false or misleading statements or omissions.
CCH Canadian Ltd. - Corporate Taxprep, 2002 CT23, ver. 1-2003, 0093

Schedule A: Information on Ontario Corporations

(Corporations that are incorporated, continued or amalgamated under the Ontario Business Corporations Act)



To submit additional Director or Officer Information, please photocopy this page and attach the completed schedules with your return.

Identification

Corporation's Legal Name (including punctuation)	Ontario Corporation No. (MCBS)	Date of Incorporation or Amalgamation
Hydro One Brampton Networks Inc.	1414330	year month day 2000-05-01

Director/Officer Information

Full Name and Address for Service:			
Last Name	First Name	Middle Name(s)	
Gibbon	Jamie		
Street Number and Name		Suite	
95 Laughlin Crescent			
City/Town/Village	Province/State	Country	Postal/Zip Code
Georgetown	ON	CA	L7G-5R3
Director	Officer		
Are you a resident Canadian? (Applies to directors of business corporations only)	Indicate the appointment period for each of the following:		Other Titles (please specify):
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			<input type="checkbox"/> Chair <input type="checkbox"/> Chief Executive Officer
Date Elected	Date Appointed	Date Ceased	<input type="checkbox"/> Chair Person <input type="checkbox"/> Chief Financial Officer
year month day 2002-10-02	year month day	year month day	<input type="checkbox"/> Chairman <input type="checkbox"/> Chief Information Officer
Date Ceased	President		<input type="checkbox"/> Chairwoman <input type="checkbox"/> Chief Operating Officer
year month day	Secretary		<input type="checkbox"/> Vice-Chair <input type="checkbox"/> Chief Administrative Officer
	Treasurer		<input checked="" type="checkbox"/> Vice-President <input type="checkbox"/> Comptroller
	General Manager		<input type="checkbox"/> Assistant Secretary <input type="checkbox"/> Authorized Signing Officer
	Other (specify)		<input type="checkbox"/> Assistant Treasurer <input type="checkbox"/> Chief Manager
			<input type="checkbox"/> Executive Director <input type="checkbox"/> Managing Director
			<input type="checkbox"/> Other (untitled)

Director/Officer Information

Full Name and Address for Service:			
Last Name	First Name	Middle Name(s)	
Matthews	Keith		
Street Number and Name		Suite	
152 Cornwall Heights			
City/Town/Village	Province/State	Country	Postal/Zip Code
Brampton	ON		L6W-2J2
Director	Officer		
Are you a resident Canadian? (Applies to directors of business corporations only)	Indicate the appointment period for each of the following:		Other Titles (please specify):
<input type="checkbox"/> Yes <input type="checkbox"/> No			<input type="checkbox"/> Chair <input checked="" type="checkbox"/> Chief Executive Officer
Date Elected	Date Appointed	Date Ceased	<input type="checkbox"/> Chair Person <input type="checkbox"/> Chief Financial Officer
year month day	year month day	year month day	<input type="checkbox"/> Chairman <input type="checkbox"/> Chief Information Officer
	President		<input type="checkbox"/> Chairwoman <input type="checkbox"/> Chief Operating Officer
	Secretary		<input type="checkbox"/> Vice-Chair <input type="checkbox"/> Chief Administrative Officer
	Treasurer		<input type="checkbox"/> Vice-President <input type="checkbox"/> Comptroller
	General Manager		<input type="checkbox"/> Assistant Secretary <input type="checkbox"/> Authorized Signing Officer
	Other (specify)		<input type="checkbox"/> Assistant Treasurer <input type="checkbox"/> Chief Manager
			<input type="checkbox"/> Executive Director <input type="checkbox"/> Managing Director
			<input type="checkbox"/> Other (untitled)

Schedule A: Information on Ontario Corporations(Corporations that are incorporated, continued or amalgamated under the
Ontario Business Corporations Act)

To submit additional Director or Officer Information, please photocopy this page and attach the completed schedules with your return.

Identification

Corporation's Legal Name (including punctuation)	Ontario Corporation No. (MCBS)	Date of Incorporation or Amalgamation
Hydro One Brampton Networks Inc.	1414330	year month day 2000-05-01

Director/Officer Information

Full Name and Address for Service:					
Last Name		First Name		Middle Name(s)	
Frey		David			
Street Number and Name				Suite	
29 Parkview Place					
City/Town/Village		Province/State		Country	
Brampton		ON			
Postal/Zip Code		L6W-2G2			
Director		Officer			
Are you a resident Canadian? (Applies to directors of business corporations only)		Indicate the appointment period for each of the following:		Other Titles (please specify):	
<input type="checkbox"/> Yes <input type="checkbox"/> No				<input type="checkbox"/> Chair <input type="checkbox"/> Chief Executive Officer	
Date Elected		Date Appointed		<input type="checkbox"/> Chair Person <input type="checkbox"/> Chief Financial Officer	
year month day		year month day		<input type="checkbox"/> Chairman <input type="checkbox"/> Chief Information Officer	
		2000-05-01		<input type="checkbox"/> Chairwoman <input type="checkbox"/> Chief Operating Officer	
Date Ceased		Date Ceased		<input type="checkbox"/> Vice-Chair <input type="checkbox"/> Chief Administrative Officer	
year month day		year month day		<input checked="" type="checkbox"/> Vice-President <input type="checkbox"/> Comptroller	
		2000-05-01		<input type="checkbox"/> Assistant Secretary <input type="checkbox"/> Authorized Signing Officer	
				<input type="checkbox"/> Assistant Treasurer <input type="checkbox"/> Other (unfilled)	
				<input type="checkbox"/> Chief Manager <input type="checkbox"/> Executive Director	
				<input type="checkbox"/> Managing Director	

Director/Officer Information

Full Name and Address for Service:					
Last Name		First Name		Middle Name(s)	
FORMUSA		LAURA			
Street Number and Name				Suite	
27 WANLESS DRIVE					
City/Town/Village		Province/State		Country	
TORONTO		ON			
Postal/Zip Code		M4N-3B6			
Director		Officer			
Are you a resident Canadian? (Applies to directors of business corporations only)		Indicate the appointment period for each of the following:		Other Titles (please specify):	
<input type="checkbox"/> Yes <input type="checkbox"/> No				<input type="checkbox"/> Chair <input type="checkbox"/> Chief Executive Officer	
Date Elected		Date Appointed		<input type="checkbox"/> Chair Person <input type="checkbox"/> Chief Financial Officer	
year month day		year month day		<input type="checkbox"/> Chairman <input type="checkbox"/> Chief Information Officer	
		2002-10-02		<input type="checkbox"/> Chairwoman <input type="checkbox"/> Chief Operating Officer	
Date Ceased		Date Ceased		<input type="checkbox"/> Vice-Chair <input type="checkbox"/> Chief Administrative Officer	
year month day		year month day		<input type="checkbox"/> Vice-President <input type="checkbox"/> Comptroller	
				<input type="checkbox"/> Assistant Secretary <input type="checkbox"/> Authorized Signing Officer	
				<input type="checkbox"/> Assistant Treasurer <input type="checkbox"/> Other (unfilled)	
				<input type="checkbox"/> Chief Manager <input type="checkbox"/> Executive Director	
				<input type="checkbox"/> Managing Director	

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Hydro One Brampton Networks Inc.

Corp. Tax Acct. No. : 1800040

Year Ended:

2002-12-31

ONTARIO CT23 SUPPLEMENTARY - LIST OF ASSOCIATED CORPORATIONS

	Ontario Corp.						No Perm
Name of Associated Corporation	Tax Number	Taxation Year end	Taxable Capital	Total Assets (Note 1)	Total Revenue (Note 1)	Taxable Income (Note 2)	Estab in Canada
Hydro One Networks Inc.	1800029	2002-12-31	8783225279	9133664434	3687819437		0
Hydro One Inc.	1800002	2002-12-31	35,816,027	8995275530	295,607,000		0
Hydro One Telecom Inc.	1800031	2002-12-31	36,443,499	44,456,159	21,106,931		0
Hydro One Markets Inc.	1800033	2002-12-31	2,585,532	23,983	2,736,111		0
1316664 Ontario Inc.	1800028	2002-12-31	51,552,913	66,290,997	0		0
Hydro One Remote Communities	1800030	2002-12-31	44,439,195	48,813,366	36,025,204		0
Hydro One Network Services Inc	1800036	2002-12-31	276,898,499	587,253,781	899,168,569		0
Hydro One Delivery Services In	1800034	2002-12-31	554,015	2,493,057	0		0
Hydro One Telecom Link Limited	1800343	2002-12-31	0	0	3,415		0
Hydro One Brampton Inc.	1800039	2002-12-31	0	126,326,505	2,800,000		0
Hydro One Brampton Services	1800038	2002-12-31	0	498,768	10,057		0
Hydro One Lake Erie Link Manag	2006059	2002-12-31	0	0	0		0
Hydro One Lake Erie Link Compa	2006059	2002-12-31	0	0	0		0

TOTALS

9231514959 19005096580 4945276724 0

Note 1: Enter total assets and total revenues only if "Corporate Minimum Tax (CMT)" is applicable.

Note 2: Enter Taxable Income amounts only if "Surtax on a CCPC" is applicable
(i.e. IDSBC is applicable).**Ontario CT23 Supplementary**

CCH Canadian Ltd. - Corporate Taxprep, 2002 CT23, ver. 1-2003

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5g)? (Y/N) N

1	2	3	4	5	6	7	8	9	10	11	12	13
Class number	Ontario undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of the prior year's CCA schedule)	Cost of acquisitions during the year (new property must be available for use)	Net (show negative amounts in brackets)	Proceeds of dispositions during the year (amount not to exceed the capital cost)	Ontario undepreciated capital cost (column 2 plus column 3 or minus column 4 minus column 5)	50% rule (1/2 of the amount, if any, by which the net cost of acquisitions column 7) exceeds column 5)	Reduced undepreciated capital cost (column 6 minus acquisitions column 7)	CCA rate %	Recapture of capital cost allowance	Terminal loss	Ontario capital cost allowance (column 8 multiplied by column 9; or a lower amount)	Ontario undepreciated capital cost at the end of the year (column 6 minus column 12)

See note 1
belowSee note 2
below

1	133,929,347	27,147,416	-152,429	0	160,924,334	13,573,708	147,350,626	4	0	0	5,894,025	155,030,309
2	43,748,344	0	0	0	43,748,344	0	43,748,344	6	0	0	2,624,901	41,123,443
8	854,742	225,030	0	0	1,079,772	112,515	967,257	20	0	0	193,451	886,321
10	1,203,276	343,801	0	19,450	1,527,627	162,175	1,365,452	30	0	0	409,636	1,117,991
12	26,517	0	0	0	26,517	0	26,517	100	0	0	26,517	0
Total	179,762,226	27,716,247	-152,429	19,450	207,306,594	13,848,398	193,458,196		0	0	9,148,530	198,158,064

Enter in boxes [650] [650] on the CT23

Note 1. Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3.

List separately any acquisitions that are not subject to the 50% rule. See Regulation 1100(2) and (2.2) of the "Income Tax Act" (Canada).

Note 2. The net cost of acquisitions is the cost of acquisitions plus or minus certain adjustments from column 4.

Note 3. If the taxation year is shorter than 365 days, prorate the CCA claim.

Note 4. Ontario recapture should be included in net income after deducting the federal recapture and the Ontario terminal loss is deducted from net income after including the federal terminal loss.



Ministry of Finance
Corporations Tax Branch
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Ontario Cumulative Eligible Capital Deduction Schedule 10

(For taxation years 2000 and later)

Corporation's Legal Name	Ontario Corporations Tax Account No. (MOF)	Taxation Year End
Hydro One Brampton Networks Inc.	1800040	2002-12-31

- For use by a corporation that has eligible capital property.
- A separate cumulative eligible capital account must be kept for each business.

Part 1 - Calculation of current year deduction and carry-forward

Ontario Cumulative eligible capital – balance at end of preceding taxation year (if negative, enter zero) **42,878,114^A**

Add: Cost of eligible capital property acquired during the taxation year + **28,012^B**
Amount transferred on amalgamation or wind-up of subsidiary + **0^C**
Other adjustments + **0^D**

Total of B + C + D = **28,012** X 0.75 = **21,009^E**

Subtotal A + E = **42,899,123^F**

Deduct: Ontario proceeds of sales (less outlays and expenses not otherwise deductible)
from the disposition of all eligible capital property during the taxation year + **0^G**
The gross amount of a reduction in respect of a forgiven debt obligation
as provided for in subsection 80(7) of the *Income Tax Act* (Canada) + **0^H**
Other adjustments + **0^I**

Total of G + H + I = **0** X 0.75 = **0^J**

Ontario cumulative eligible capital balance F – J = **42,899,123^K**

If K is negative, enter zero at line M and proceed to Part 2

Current year deduction **42,899,123^K** X 7.00% * = **3,002,939^L**

* The maximum current year deduction is 7%. However, you can claim any amount up to the maximum.
Enter amount in box **651** of the CT23

Ontario cumulative eligible capital - closing balance K – L (if negative, enter zero) = **39,896,184^M**

Note: Any amount up to the maximum deduction of 7% may be claimed. Taxation years starting after December 21, 2000, the deduction may not exceed the maximum amount prorated for the number of days in the taxation year divided by 365 or 366 days.

Part 2 - Amount to be included in income arising from disposition

Only complete this part if the amount at line K is negative

Amount from line K above (show as a positive amount) **0^N**

Total cumulative eligible capital deductions from income for
taxation years beginning after June 30, 1988 **0¹**

Total of all amounts which reduced cumulative eligible capital
in the current or prior years under subsection 80(7) of the ITA **0²**

Total of cumulative eligible capital deductions claimed for
taxation years beginning before July 1, 1988 **0³**

Negative balances in the cumulative eligible capital account
that were included in income for taxation years beginning
before July 1, 1988 **0⁴**

Line 3 deduct line 4 **0**

Total lines 1 + 2 + 5 **0⁵**

Line T from previous Ontario Schedule 10 for taxation years ending after February 27, 2000 **0⁶**

Deduct line 7 from line 6 **0⁷**

N – O (cannot be negative) **0^O**

Amount on line 5 **0** X 1/2 **0^P**

P – Q **0^Q**

Amount on line R **0** X 2/3 * **0^R**

Lesser of line N or line O **0^S**

Amount to be included in income S + T **0^T**

* Note: For taxation years ending after February 27, 2000 and before October 18, 2000 use 8/9 to calculate S

Hydro One Brampton Networks Inc.

Financial Statements

(unaudited)

December 31, 2002

HYDRO ONE BRAMPTON NETWORKS INC.

STATEMENTS OF INCOME AND RETAINED EARNINGS (unaudited)

	Year ended December 31, 2002	Five months ended December 31, 2001 (note 1)	Seven months ended July 31, 2001 (note 1)
Statement of Income <i>(Canadian dollars in thousands)</i>			
Revenue			
Distribution	275,858	109,712	136,217
Other	1,882	696	2,623
Total revenue	277,740	110,408	138,840
Expenses			
Purchased power (Note 14)	230,184	96,092	118,127
Operation, maintenance and administration	14,354	4,534	9,584
Depreciation and amortization (Note 3)	12,694	4,761	6,053
Total expenses	257,232	105,387	133,764
Income before financing charges and provision for payments in lieu of corporate income taxes	20,508	5,021	5,076
Financing charges (Notes 4, 8 and 14)	9,441	1,148	3,134
Income before provision for payments in lieu of corporate income taxes	11,067	3,873	1,942
Provision for payments in lieu of corporate income taxes (Note 5)	4,888	-	-
Net income	6,179	3,873	1,942

	Year ended December 31, 2002	Five months ended December 31, 2001	Seven months ended July 31, 2001
Statement of Retained Earnings <i>(Canadian dollars in thousands)</i>			
Retained earnings, beginning of period	9,787	5,914	3,972
Net income	6,179	3,873	1,942
Less: dividends	(2,800)	-	-
Retained earnings, end of period	13,166	9,787	5,914

See accompanying notes to financial statements

HYDRO ONE BRAMPTON NETWORKS INC.
BALANCE SHEET (unaudited)

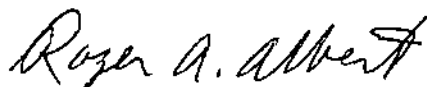
<i>December 31 (Canadian dollars in thousands)</i>	2002	2001
Assets		
Current assets:		
Cash	-	2,414
Accounts receivable (net of allowance for doubtful accounts 2002 - \$590; 2001 \$420)	31,950	34,870
Unbilled revenue	6,303	7,516
Materials and Supplies	3,125	2,878
Prepaid expenses	194	180
	41,572	47,858
Fixed assets in service (Note 6):	334,620	316,276
Less: Accumulated depreciation	130,368	118,989
	204,252	197,287
Other long-term assets:		
Goodwill (Note 1)	60,060	60,060
Regulatory assets (Note 7)	10,069	2,645
Deferred debt costs (Notes 1 and 8)	747	773
	70,876	63,478
Total assets	316,700	308,623
<i>See accompanying notes to financial statements</i>		

HYDRO ONE BRAMPTON NETWORKS INC.
BALANCE SHEET (unaudited) (continued)

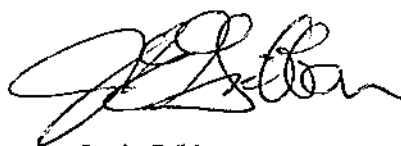
<i>December 31 (Canadian dollars in thousands)</i>	2002	2001
Liabilities		
Current liabilities:		
Bank indebtedness	8,041	-
Accounts payable and accrued charges	30,014	35,128
Accrued interest on long-term debt (Note 8)	844	828
Due to Hydro One Brampton Services Inc. (Note 14)	499	20
Due to Hydro One Brampton Inc. (Note 14)	1,100	1,100
Current portion of consumer deposits	900	900
	41,398	37,976
Long-term debt (Notes 8, 9 and 14)	143,000	143,000
Other long-term liabilities:		
Consumer deposits	3,211	2,399
Employee future benefits (Note 10)	4,364	3,900
	7,575	6,299
Total liabilities	191,973	187,275
Contingencies and commitments (Notes 12 and 13)		
Shareholder's equity (Note 11)		
Common shares (authorized: unlimited; issued: 2,000)	51,501	51,501
Contributed surplus (Note 1)	60,060	60,060
Retained earnings	13,166	9,787
Total shareholder's equity	124,727	121,348
Total Liabilities and Shareholder's equity	316,700	308,623

See accompanying notes to financial statements.

On behalf of the Board:



Roger Albert
Director



Jamie Gribbon
Director

HYDRO ONE BRAMPTON NETWORKS INC.
STATEMENT OF CASH FLOWS (unaudited)

	Year ended December 31, 2002	Five months ended December 31, 2001 (note 1)	Seven months ended July 31, 2001 (note 1)
<i>(Canadian dollars in thousands)</i>			
OPERATING ACTIVITIES			
Net income for the period	6,179	3,873	1,942
Adjustments for non-cash items:			
Depreciation and amortization	11,379	4,890	6,321
Regulatory assets <i>(note 7)</i>	(7,424)	(2,645)	—
Changes in non-cash balances related to operations <i>(note 15)</i>	(9,471)	4,644	148
Net cash from operations	663	10,762	8,411
FINANCING ACTIVITIES			
Issuance (repayment) of long-term debt	—	143,000	(114,578)
Reduction in common shares in exchange for debt	—	(143,000)	—
Deferred debt costs	26	(773)	—
Issuance of common shares in exchange for debt	—	—	112,940
Increase (decrease) in bank loan	—	(5,300)	5,300
Dividend paid	(2,800)	—	—
Net cash (used in) from financing activities	(2,774)	(6,073)	3,662
INVESTING ACTIVITIES			
Net additions to fixed assets	(18,344)	(12,345)	(7,927)
Amount due from related company <i>(note 14)</i>	10,000	(10,000)	—
Net cash used in investing activities	(8,344)	(22,345)	(7,927)
Net change in cash and cash equivalents during the period	(10,455)	(17,656)	4,146
Cash and cash equivalents, beginning of period	2,414	20,070	15,924
Cash and cash equivalents, end of period	(8,041)	2,414	20,070

See accompanying notes to financial statements

HYDRO ONE BRAMPTON NETWORKS INC.

NOTES TO FINANCIAL STATEMENTS (unaudited)

1. INCORPORATION AND ACQUISITION BY HYDRO ONE INC.

Hydro One Brampton Networks Inc. (the Company) (formerly Brampton Hydro Networks Inc.), was incorporated on April 25, 2000 under the *Business Corporations Act* (Ontario). The principal business of the Company is the distribution of electricity to customers within the City of Brampton, Ontario. This business is regulated by the Ontario Energy Board (OEB).

Effective August 1, 2001, Hydro One Inc. (Hydro One) purchased all outstanding shares of the Company's parent, Hydro One Brampton Inc., for cash from the Corporation of the City of Brampton under an agreement of purchase and sale dated October 31, 2000. On the same date, the name of the Company was changed to Hydro One Brampton Networks Inc.

The purchase equation was as follows:

(Canadian dollars in thousands)

Current assets	56,473
Current liabilities	(38,273)
Fixed assets	189,832
Long-term liabilities	(6,282)
	201,750
Consideration:	
Cash	260,200
Less additional costs associated with the purchase	(1,610)
Goodwill	60,060

The results of the Company for the comparative period have been presented for the seven months ended July 31, 2001 and the five months ended December 31, 2001 to reflect the acquisition by Hydro One on August 1, 2002.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the purpose of filing the Company's income tax returns. As these financial statements have not been prepared for general purposes, some users may require additional information.

The Company follows the push down basis of accounting whereby the values that arose in the purchase equation when the Company was acquired by Hydro One are "pushed down" to the accounts of the Company.

Regulation

Prior to Open Access (May 1, 2002), the Company purchased power on a fixed-price basis from Ontario Power Generation Inc. (OPG) and charged customers a bundled rate for the generation, transmission and distribution of electricity. Commencing with Open Access, the Company purchases power from the Independent Market Operator (IMO) administered spot market and charges distribution customer's unbundled rates, including the OEB-approved distribution rates.

The distribution rates originally set by the OEB for 2001 included an adjustment for one-third of the increase required to achieve an annual rate of return of 9.88% on deemed common equity. The OEB approved a second adjustment effective March 1, 2002. The Company was to make application to the OEB for the anticipated final one-third adjustment to be implemented in 2003. On December 9, 2002, the Province of Ontario (the Province) enacted the *Electricity Pricing, Conservation and Supply Act, 2002* (Bill 210), which amended the *Electricity Act, 1998* and other statutes for the purpose on implementing the Electricity Action Plan announced by the Premier of Ontario on November 11, 2002.

HYDRO ONE BRAMPTON NETWORKS INC.

NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

The more significant provisions of Bill 210 for the Company are as follows:

- Energy prices for low volume and designated consumers (as defined in Bill 210) are fixed at 4.3 cents per kWh, retroactive to May 1, 2002. Most of the Company's distribution customers (who consume, in the aggregate, approximately 40% of the energy distributed) qualify for the fixed energy price. In recognition of commodity prices in excess of 4.3 cents per kWh for the period from May 1, 2002 to December 1, 2002, Bill 210 required distributors to issue a \$75 refund to eligible consumers and to credit any remaining refund on future bills. The IMO has, and will continue to facilitate this price freeze through funding from Ontario Electricity Financial Corporation (OEFEC).

Distribution rates are capped until at least April 30, 2006. A rate application can be made to the OEB before this date with the written approval of the Minister of Energy.

- Effective December 1, 2002, the price paid by distributors to the IMO for wholesale market charges other than energy is largely fixed at the same price distributors are permitted to charge their customers. For the period May 1, 2002 to December 1, 2002, differences between the rates were accumulated in retail settlement variance accounts under the provisions of Article 490 in the OEB's *Accounting Procedures Handbook* for disposition through future offsetting variances or through approved rate adjustments.
- Bill 210 provides for the establishment or continuation of deferral accounts for certain amounts until disposition is addressed by the OEB. For the Company, the most significant accounts include: the retail settlement variance accounts and market ready costs.

Regulatory assets primarily represent costs that have been deferred because it is probable that they will be recovered in future rates. Regulatory assets recognized at December 31, 2002 are disclosed in Note 7. The rate cap created by Bill 210 limits the opportunity to recover increased costs and capital spending above current rate base levels through rates during the rate cap period, which is currently until at least April 30, 2006. A rate application can be made to the OEB before the end of this period with the written approval of the Minister of Energy. Bill 210 sets out the grounds for approval and stipulates that in deciding whether to give approval, the Minister must consider the interests of consumers with respect to prices and the reliability and quality of electricity services.

Recovery of regulatory assets is not incorporated in current rates. These regulatory assets primarily include the retail settlement variance accounts and the market ready costs. Bill 210 provides for the continuation of deferral accounts for these regulatory assets. In addition, the Minister of Energy has indicated, in a January 23, 2003 letter to distributors, that he will ask the OEB to complete, no later than December 31, 2003, a review of applications by distributors for recovery of the amounts that Bill 210 deems to be regulatory assets. The letter states that once the OEB completes its review and confirms the amounts to be recovered, recovery will commence no later than 2006.

The Company continues to believe that it is probable that the regulatory assets will be substantially recovered through future rates, although there is more uncertainty today about full recovery than existed before Bill 210. The Company intends to seek recovery of the retail settlement variance accounts and market ready costs, together with interest, through future rate applications.

The Company continually assesses the likelihood of a recovery of regulatory assets. If recovery through future rates was no longer considered probable, the amounts would be reflected in the results of operations in the period that the assessment was made.

The following regulatory treatments have resulted in accounting treatments differing from Canadian GAAP for enterprises operating in a non-rate regulated environment:

- Market ready costs have been deferred in accordance with the criteria set out in the OEB's *Electricity Distribution Rate Handbook*, the *Accounting Procedures Handbook* and in subsequent OEB guidelines. In the absence of such regulation, these costs would have been expensed when incurred under Canadian GAAP;
- The Company has deferred certain retail settlement variance amounts under the provisions of Article 490 in the OEB's *Accounting Procedures Handbook*;

HYDRO ONE BRAMPTON NETWORKS INC.

NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

- The Company provides for payments in lieu of corporate income taxes (PILs) using the taxes payable method as directed by the OEB. In accordance with OEB guidelines, PILs for 2001 were deferred as a regulatory asset and recovered through a rate adjustment implemented in 2002. The related expense was amortized in 2002.

Revenue Recognition

Distribution revenues attributable to the sale and delivery of electricity reflect actual consumption billed and an estimate for unbilled consumption. Unbilled revenue that relates to energy used by consumers from the last meter reading dates during the period to the end of the period are estimated based historical consumption. Actual results could differ from estimates made of unbilled electricity usage.

Corporate Income and Capital Taxes

Under the *Electricity Act, 1998*, the Company is required to make payments in lieu of corporate taxes to OEFC, commencing August 1, 2001, the date of purchase by Hydro One. These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the *Income Tax Act (Canada)* and the *Corporations Tax Act (Ontario)* as modified by the *Electricity Act, 1998*, and related regulations.

The Company provides for payments in lieu of corporate income taxes using the taxes payable method as directed by the OEB. Under the taxes payable method, no provisions are made for future income taxes because of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. When unrecorded future income taxes become payable, it is expected that they will be included in the rates approved by the OEB and recovered from the customers of the Company at that time.

Inter-Company Demand Facility

Hydro One maintains pooled bank accounts for its use and for the use of its subsidiaries, including the Company. The Company earns interest on positive inter-company balances based on the average of the bankers' acceptance rate at the beginning and end of the month, less 0.02%. The Company is charged interest on overdraft inter-company balances based on the same bankers' acceptance rate, plus 0.15%.

Materials and Supplies

Materials and supplies are acquired for internal construction or consumption. These assets are carried at the lower of average cost or net realizable value.

Fixed Assets and Depreciation

Fixed assets are recorded at cost and include contracted services, materials, labour, engineering costs and overheads. Certain assets may be acquired or constructed with financial assistance in the form of contributions from developers or customers. Contributions, whether in cash or in kind, will be offset against the related asset cost. Contributions in kind are valued at their fair market value at the date of their contribution.

When identifiable assets, such as buildings, distribution station equipment and equipment and furniture are retired or otherwise disposed of, their original cost and accumulated depreciation are removed from the accounts and the related gain or loss is included in the operating results for the related fiscal period. The cost and related accumulated depreciation of grouped assets such as transmission and distribution facilities is removed from the accounts at the end of their estimated service life.

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

Depreciation of fixed asset values is charged to operations on a straight-line basis over their estimated service lives as follows:

Land rights	2.00%
Buildings	2.00%
Distribution equipment	3.33% - 6.67%
Transformers and meters	4.00%
Trucks and equipment	12.05%
Office and computer equipment	10.0% - 20.00%

Construction in progress comprises fixed assets under construction, assets not yet placed into service and pre-construction activities related to specific projects expected to be constructed.

Construction in Progress

Financing costs are capitalized on fixed assets under construction, based on the allowance for funds used during construction, using an interest capitalization rate that approximates the average cost of all long-term funds borrowed. The rate applied during the year ended December 31, 2002 was 7% (2001 - 7%).

Impairment of Fixed Assets

In the event that facts and circumstances indicate that a fixed asset may be impaired, an evaluation of recoverability is performed. For purposes of such an evaluation, the estimated future undiscounted cash flows associated with the fixed asset are compared to the asset's carrying amount to determine if a write-down is required.

Goodwill

The carrying value of goodwill is evaluated for impairment on an annual basis, or more frequently if circumstances require, with any write-down of the carrying value of goodwill being charged against the results of operations. Goodwill impairment is assessed based on a comparison of the fair value of the reporting unit to the underlying carrying value of the reporting unit's net assets, including goodwill. The Company has determined that goodwill is not impaired.

Deferred Debt Costs

Deferred debt costs include the unamortized amounts of debt discounts or premiums arising from the issuance of debt and other costs. It also includes related debt costs transferred from the parent company. Deferred debt costs are amortized over the period to maturity of the debt on an annuity basis.

Pension and Other Post-Employment Benefits

The Company accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined benefit plan. Accounting treatment for post-employment benefits is described in Note 10.

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses for the year. Actual results could differ from estimates, including changes as a result of future decisions made by the OEB or the Minister of Energy.

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

3. DEPRECIATION AND AMORTIZATION

<i>Year ended December 31 (Canadian dollars in thousands)</i>	Year ended December 31, 2002	Five months ended December 31, 2001	Seven months ended December 31, 2001
Depreciation of fixed assets in service	11,049	4,761	6,053
Amortization of regulatory and other assets	1,645	-	-
	12,694	4,761	6,053

4. FINANCING CHARGES

<i>Year ended December 31 (Canadian dollars in thousands)</i>	Year ended December 31, 2002	Five months ended December 31, 2001	Seven months ended December 31, 2001
Interest on long term debt	9,954	1,291	3,415
Other interest (income) expense	(129)	82	122
Amortization of deferred debt costs	26	4	-
Less: capitalized interest	(410)	(229)	(403)
	9,441	1,148	3,134

5. PROVISION FOR PAYMENTS IN LIEU OF CORPORATE INCOME TAXES

The provision for payments in lieu of corporate income taxes (PILs) differs from the amount that would have been recorded using the combined Canadian Federal and Ontario statutory income tax rate. A reconciliation between the statutory and effective tax rates is provided as follows:

<i>Year ended December 31 (Canadian dollars in thousands)</i>	Year ended December 31, 2002	Five months ended December 31, 2001
Income before provision for PILs	11,067	3,873
Federal and Ontario statutory income tax rate	38.62%	42.01%
Provision for PILs at statutory rate	4,274	1,627
Increase (decrease) resulting from:		
Temporary differences:		
Capital cost allowance less (greater) than depreciation and amortization	233	(273)
Interest capitalized for accounting purposes but deducted for tax purposes	(158)	(229)
Employee future benefits other than pension expense in excess of cash payments	89	188
Other	(77)	229
Net temporary differences	87	(85)
Permanent differences	527	214
Provision for PILs before transfer to regulatory assets	4,888	1,756
Transfer to regulatory assets (note 7)	-	(1,756)
Provision for PILs	4,888	-
Effective income tax rate	44.17%	45.34%

Future income taxes have not been recorded in the accounts as they are expected to be recovered through future revenue. As at December 31, 2002, future income tax liabilities of \$370,000 (2001 - \$86,000) have not been recorded.

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

6. FIXED ASSETS

<i>December 31 (Canadian dollars in thousands)</i>	Fixed Assets in Service	Accumulated Depreciation	Net Book Value
2002			
Land and rights	8,598	81	8,517
Buildings	20,675	4,744	15,931
Distribution equipment	218,250	83,153	135,097
Transformers and meters	78,601	35,843	42,758
Trucks and equipment	6,655	4,967	1,688
Office and computer equipment	1,841	1,580	261
	334,620	130,368	204,252
2001			
Land and rights	7,763	73	7,690
Buildings	21,349	4,332	17,017
Distribution equipment	201,305	77,520	123,785
Transformers and meters	66,993	31,209	35,784
Trucks and equipment	6,351	4,636	1,715
Office and computer equipment	1,576	1,219	357
Construction in progress	10,939	-	10,939
	316,276	118,989	197,287

Financing costs are capitalized on fixed assets under construction as an allowance for funds used during construction. Capitalized financing costs were \$410 thousand in 2002 (2001 - \$632 thousand).

7. REGULATORY ASSETS

Regulatory assets and liabilities can arise because of the ratemaking process. As described in Note 2, the Company has recorded the following regulatory assets:

<i>December 31 (Canadian dollars in thousands)</i>	2002	2001
Retail settlement variance accounts	8,721	-
Market ready costs	1,348	889
Payments in lieu of taxes	-	1,756
	10,069	2,645

The Company ceased adding interest to the deferral accounts for the retail settlement variances and market ready costs as at December 1, 2002 for external financial reporting purposes. The Company intends to seek recovery of unrecorded interest amounts relating to the period after December 1, 2002 in future rate applications.

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

8. LONG-TERM DEBT

On November 13, 2001, the Board of Directors of the Company approved the reduction in the stated share capital of the Company by \$143 million and the distribution of this amount to Hydro One. On the same date, the Board of Directors of Hydro One approved the transfer of a term loan to Hydro One Brampton Networks of \$143 million with an interest rate of 6.95% in exchange for a promissory note for the same amount.

The note is subject to redemption or repurchase before maturity, in whole or in part, by Hydro One Brampton Networks. The principal amount bears interest at a rate of 6.95% per annum from the date of transfer. The promissory note matures on June 1, 2031.

Of the total deferred debt costs incurred by Hydro One, \$773 thousand was transferred into the Company and will be amortized on a straight-line basis over the 30-year term of the loan.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial instruments, except long-term debt approximate fair values. The fair value of long-term debt, based on period-end quoted market prices for the same or similar debt of the same remaining maturities, is provided in the following table:

<i>December 31 (Canadian dollars in millions)</i>	2002		2001	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	143,000	144,595	143,000	148,244

Financial assets create a risk that a counter-party will fail to discharge an obligation, causing a financial loss. As at December 31, 2002, there were no significant concentrations of credit risk with respect to any class of financial assets. The Company's revenue is earned from a broad base of customers. As a result, the Company did not earn a significant amount of revenue from any single customer. As at December 31, 2002, there were no significant balances of accounts receivable due from any single customer.

10. EMPLOYEE FUTURE BENEFITS

Employees of the Company participate in OMERS, a multi-employer public sector pension fund. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The Company's contributions to the pension plan are expensed when contributions are made. As a result of the contribution holiday since August 1998, no contributions have been made to the pension fund in 2002 or 2001. Effective January 1, 2003, the Company commenced contributing to OMERS. Contributions are estimated to be \$200 thousand in 2003; \$400 thousand in 2004; and \$600 thousand in 2005.

The Company also pays certain medical and life insurance benefits on behalf of its retired employees. The Company recognizes these post-retirement costs in the period in which the employees rendered the services.

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

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

<i>(Canadian dollars in thousands)</i>	2002	2001
Accrued benefit liability	4,364	3,900
Expense for the period	534	145
Benefits paid	70	25

The significant actuarial assumptions adopted in measuring the accrued benefit obligation are as follows:

Discount rate

The accrued benefit liability as at December 31, 2002 and the expense for the year ended December 31, 2002 were determined using a discount rate of 6% (2001 - 6%).

Salary levels

Future general salary and wage levels were assumed to increase at 2% (2001 - 2%) per annum.

Medical costs

Medical costs were assumed to increase at the Consumer Price Index ("CPI") rate plus a further increase of 10.5% in 2002 (2001 - 11.0%) graded down by annual decrements of 0.5% to the year 2009 and remaining constant thereafter.

Dental costs

Dental costs were assumed to increase at the CPI rate plus 1.0% (2001 - 1%) per annum.

11. SHAREHOLDER'S EQUITY

The authorized and issued share capital and contributed surplus are as follows:

<i>(Canadian dollars in thousands)</i>	Common Shares	Contributed Surplus
At July 31, 2001	194,501	-
Reduction in exchange for debt	(143,000)	-
Push down accounting	-	60,060
At December 31, 2001	51,501	60,060
At December 31, 2002	51,501	60,060

Dividends

Common dividends are declared at the sole discretion of the Board of Directors, and are recommended by management based upon results of operations, financial condition, cash requirements and other relevant factors such as industry practice and shareholder expectations.

In 2002, a common dividend in the amount of \$2,800 thousand was declared and paid to Hydro One Brampton Inc.

HYDRO ONE BRAMPTON NETWORKS INC.

NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

12. COMMITMENTS

The future minimum lease payments under operating leases for each of the five years subsequent to December 31, 2002 and in total thereafter are as follows: 2003 - \$479 thousand; 2004 - \$348 thousand; 2005 and thereafter - \$nil.

13. CONTINGENCIES

A class action claiming \$500 million in restitution payments plus interest was served on Toronto Hydro on November 18, 1998. The action was initiated against the former Toronto Hydro-Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario, which have charged late payment charges on overdue utility bills at any time after April 1, 1981. The claim is that late payment penalties result in the municipal electric utilities receiving interest at effective rates in excess of amounts allowed by law. The Electricity Distributors Association is undertaking the defence of this class action. At this time, it is not possible to quantify the effect, if any, on the financial statements of the Company.

14. RELATED PARTY TRANSACTIONS

Hydro One Brampton, Hydro One Brampton Services, Hydro One and its subsidiaries, OEFC, OPG, IMO and the Province of Ontario are related parties of the Company. Transactions between these parties and the Company were as follows:

The Company purchased power from the IMO administered spot market (from OPG prior to Open Access) in the amount of \$230,184 thousand in 2002 (2001 - \$214,219 thousand).

Provision for payments in lieu of corporate income taxes was paid or payable to the OEFC.

The amounts due to related parties because of the transactions referred to above are as follows:

<i>December 31 (Canadian dollars in thousands)</i>	2002	2001
Due from Hydro One	—	10,000
Accounts payable and accrued charges	14,658	21,495

As described in Note 8, at December 31, 2002, long-term debt of \$143,000 thousand was owing to Hydro One (December 31, 2001 - \$143,000 thousand). Financing charges for 2002 include interest expense on this for debt in the amount of \$9,954 thousand (2001 - \$1,291 thousand).

Hydro One Brampton Inc. Hydro One Brampton has an outstanding loan to the Company in the amount of \$1,100,000. Hydro One Brampton Service loaned \$499 thousand to the Company in 2002. Both loans are due on demand and are non-interest bearing.

Prior to August 1, 2001, the Company's sole shareholder was the City of Brampton. The Company provided electricity and services to the City of Brampton at the same prices and terms as other electricity customers consuming equivalent amounts of electricity. Streetlighting maintenance services are also provided at rates determined in relation to other service providers. Other construction services were provided at cost. A summary of the amounts charged by the Company to the City of Brampton prior to August 1, 2001 is as follows:

	Seven months ended July 31, 2001
<i>(Canadian dollars in thousands)</i>	
Electricity energy	1,507
Street lighting maintenance	383
Street lighting energy	633
Construction services	309

HYDRO ONE BRAMPTON NETWORKS INC.
NOTES TO FINANCIAL STATEMENTS (unaudited) (continued)

Interest expense for the seven months ended July 31, 2001 includes interest of \$3,281 on the note payable to the City of Brampton.

15. STATEMENTS OF CASH FLOWS

The changes in non-cash balances related to operations consists of the following:

<i>(Canadian dollars in thousands)</i>	Year ended December 31, 2002	Five months ended December 31, 2001	Seven months ended July 31, 2001
Accounts receivable and unbilled revenue (increase) decrease	(5,867)	(187)	643
Materials and supplies (increase) decrease	(247)	727	(880)
Prepaid expenses (increase) decrease	(14)	48	(126)
Accounts payable and accrued charges (decrease) increase	(5,114)	3,056	584
Due to Hydro One Brampton Services Inc. increase	479	154	112
Accrued interest increase (decrease)	16	828	(937)
Consumer deposits increase (decrease)	812	(102)	158
Employee future benefits increase	464	120	594
	(9,471)	4,644	148

16. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the December 31, 2002 financial statements.

17. SUBSEQUENT EVENT

On March 21, 2003, the Province announced an expansion to its 4.3 cents per kWh electricity price cap for customers with annual consumption of less than 250,000 kWh as well as an extension of the cap to designated customers. This will be effective retroactive to Open Access on May 1, 2002.

2003

Tax Returns and

Financial Statements



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

T2 CORPORATION INCOME TAX RETURN

200
Code 0301

This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Quebec, Ontario, or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporate return.

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing. If you need more information about items on the return, see the corresponding items in the *T2 Corporation - Income Tax Guide* (T4012).

Send one completed copy of this return, including schedules and the *General Index of Financial Information* (GIFI), to your tax services office or tax centre. You have to file the return within six months after the end of the corporation's taxation year. For more information on when and how to file T2 returns, see items 1 to 5 in the guide.

055 Do not use this area

Identification

Business Number (BN) 001 864867635RC0001

Corporation's name

002 Hydro One Brampton Networks Inc.

Has the corporation changed its name since the last time we were notified? 003 1 Yes ☐ 2 No ☒

If Yes, do you have a copy of the articles of amendment? 004 1 Yes ☐ 2 No ☐

Address of head office

Has the address changed since the last time we were notified? 010 1 Yes ☐ 2 No ☒

To which taxation year does this return apply?

Taxation year start

060 2003-01-01
YYYY/MM/DD

Taxation year-end

061 2003-12-31
YYYY/MM/DD

011 175 Sandalwood Parkway

012 City Province, territory, or state

015 Brampton 016 ON

Country (other than Canada) Postal code/ZIP code

017 018 L7A-1E8

Has there been an acquisition of control to which subsection 249(4) applies since the previous taxation year? 063 1 Yes ☐ 2 No ☒

If Yes, give the date control was acquired 065
YYYY/MM/DD

Mailing address (if different from head office address)

Has the address changed since the last time we were notified?

020 1 Yes ☐ 2 No ☒

021 c/o

022

023 City Province, territory, or state

025 026

Country (other than Canada) Postal code/ZIP code

027 028

Is the corporation a professional corporation that is a member of a partnership? 067 1 Yes ☐ 2 No ☒

Is this the first year of filing after:

Incorporation? 070 1 Yes ☐ 2 No ☒

Amalgamation? 071 1 Yes ☐ 2 No ☒

If Yes, complete and attach Schedule 24.

Has there been a windup of a subsidiary under section 88 during the current taxation year? 072 1 Yes ☐ 2 No ☒

If yes, complete and attach Schedule 24.

Location of books and records

031 175 Sandalwood Parkway

032 City Province, territory, or state

035 Brampton 036 ON

Country (other than Canada) Postal code/ZIP code

037 038 L7A-1E8

Is this the final taxation year before amalgamation? 076 1 Yes ☐ 2 No ☒

Is this the final return up to dissolution? 078 1 Yes ☐ 2 No ☒

Is the corporation a resident of Canada?

080 1 Yes ☒ 2 No ☐ If No, give the country of residence.

081 Is the non-resident corporation claiming an exemption under an income tax treaty? 082 1 Yes ☐ 2 No ☒

If yes, complete and attach Schedule 91.

If the corporation is exempt from tax under section 149, tick one of the following boxes:

- 085
- 1 ☐ Exempt under paragraph 149(1)(e) or (i)
 - 2 ☐ Exempt under paragraph 149(1)(j)
 - 3 ☐ Exempt under paragraph 149(1)(t)
 - 4 ☐ Exempt under other paragraphs of section 149

- 040 Type of corporation at the end of the taxation year
- 1 ☒ Canadian-controlled private corporation (CCPC)
 - 2 ☐ Other private corporation
 - 3 ☐ Public corporation
 - 4 ☐ Corporation controlled by a public corporation
 - 5 ☐ Other corporation (specify, below)

If the type of corporation changed during the taxation year, provide the effective date of the change 043
YYYY/MM/DD

Attachments

Financial statement information: For taxation years ending in 2000 and later, use GIFI schedules 100, 125, and 141.
Schedules – Answer the following questions. For each Yes response, attach to the T2 return the schedule that applies.

* We do not print these schedules.

Guide Item	Yes	Schedule
27 Is the corporation related to any other corporations?	<input checked="" type="checkbox"/>	9
28 Does the corporation have any non-resident shareholders?	<input type="checkbox"/>	19
29 Is the corporation an associated Canadian-controlled private corporation?	<input checked="" type="checkbox"/>	23
30 Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	<input type="checkbox"/>	49
32 Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	<input type="checkbox"/>	11
33 If you answered Yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	<input type="checkbox"/>	44
34 Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	<input type="checkbox"/>	14
35 Is the corporation claiming a deduction for payments to a type of employee benefit plan?	<input type="checkbox"/>	15
37 Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	<input type="checkbox"/>	T5004
38 Is the corporation a member of a partnership for which a partnership identification number has been assigned?	<input type="checkbox"/>	T5013
40 Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	<input type="checkbox"/>	22
41 Did the corporation have any foreign affiliates during the year?	<input type="checkbox"/>	25
42 Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal <i>Income Tax Regulations</i> ?	<input type="checkbox"/>	29
43 Has the corporation had any non-arm's length transactions with a non-resident?	<input type="checkbox"/>	T106
47 Has the corporation made payments to, or received amounts from, a retirement compensation arrangement in the year?	<input type="checkbox"/>	
46 For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	<input checked="" type="checkbox"/>	50
55 Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	<input checked="" type="checkbox"/>	1
78-81 Has the corporation made any charitable donations, gifts to Canada, a province, or a territory, or gifts of cultural or ecological property?	<input type="checkbox"/>	2
82,104 Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	<input checked="" type="checkbox"/>	3
69-76 Is the corporation claiming any type of losses?	<input type="checkbox"/>	4
132 Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	<input type="checkbox"/>	5
56 Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	<input type="checkbox"/>	6
103 i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	<input type="checkbox"/>	7
57 Does the corporation have any property that is eligible for capital cost allowance?	<input checked="" type="checkbox"/>	8
58 Does the corporation have any property that is eligible capital property?	<input checked="" type="checkbox"/>	10
59 Does the corporation have any resource-related deductions?	<input type="checkbox"/>	12
60 Is the corporation claiming reserves of any kind?	<input checked="" type="checkbox"/>	13
61 Is the corporation claiming a patronage dividend deduction?	<input type="checkbox"/>	16
62 Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	<input type="checkbox"/>	17
150 Is the corporation an investment corporation or a mutual fund corporation?	<input type="checkbox"/>	18
131 Was the corporation carrying on business in Canada as a non-resident corporation?	<input type="checkbox"/>	20
118 Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	<input type="checkbox"/>	21
155 Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	<input type="checkbox"/>	26 *
111 Does the corporation have any Canadian manufacturing and processing profits?	<input type="checkbox"/>	27
121 Is the corporation claiming an investment tax credit?	<input type="checkbox"/>	31
63 Is the corporation claiming any scientific research and experimental development expenditures?	<input type="checkbox"/>	T661
124 Is the corporation subject to gross Part I.3 tax?	<input checked="" type="checkbox"/>	33/34/35
124 Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	<input checked="" type="checkbox"/>	36
124 Is the corporation claiming a surtax credit?	<input type="checkbox"/>	37
128 Is the corporation subject to gross Part VI tax on capital of financial institutions?	<input type="checkbox"/>	38
128 Is the corporation claiming a Part I tax credit?	<input type="checkbox"/>	42
129 Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	<input type="checkbox"/>	43
129 Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	<input type="checkbox"/>	45
125 Is the corporation subject to Part II – Tobacco Manufacturers' surtax?	<input type="checkbox"/>	46
128 For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	<input type="checkbox"/>	39
128 For life insurance corporations: Is the corporation a member of a related group of insurance corporations with one or more members subject to the additional gross Part VI tax?	<input type="checkbox"/>	40
128 For deposit-taking institutions: Is the corporation a member of a related group of financial institutions (other than life insurance corporations) with one or more members subject to the additional Part VI tax?	<input type="checkbox"/>	41
152 Is the corporation claiming a Canadian film or video production tax credit refund?	<input type="checkbox"/>	T1131

Attachments – continued from page 2

Yes Schedule

Guide item

130	Is the corporation subject to Part XIII.1 tax?	<input type="checkbox"/>	92 *
153	Is the corporation claiming a film or video production services tax credit refund?	<input type="checkbox"/>	T1177
44	Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	<input type="checkbox"/>	T1134-A
44	Did the corporation have any controlled foreign affiliates?	<input type="checkbox"/>	T1134-B
44	Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	<input type="checkbox"/>	T1135
44	Did the corporation transfer or loan property to a non-resident trust?	<input type="checkbox"/>	T1141
44	Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	<input type="checkbox"/>	T1142
—	Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	<input type="checkbox"/>	T1145
—	Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	<input type="checkbox"/>	T1146
—	Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	<input type="checkbox"/>	T1174
—	Is the corporation claiming the BC mining exploration tax credit?	<input type="checkbox"/>	421
—	Is the corporation claiming the BC SR&ED tax credit?	<input type="checkbox"/>	T666

Additional information

Is the corporation inactive? ☐ 280 1 Yes ☐ 2 No ☒ X

Has the major business activity changed since the last return was filed? (enter Yes for first-time filers) ☐ 281 1 Yes ☐ 2 No ☒ X

What is the corporation's major business activity? ☐ 282 _____
(Only complete if Yes was entered at line 281.)

If the major activity involves the resale of goods, indicate whether it is wholesale or retail ☐ 283 1 Wholesale ☐ 2 Retail ☐

Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

<input type="checkbox"/> 284	Electricity Distrib	<input type="checkbox"/> 285	100%
<input type="checkbox"/> 286		<input type="checkbox"/> 287	0%
<input type="checkbox"/> 288		<input type="checkbox"/> 289	0%

Did the corporation immigrate to Canada during the taxation year? ☐ 291 1 Yes ☐ 2 No ☒ X

Did the corporation emigrate from Canada during the taxation year? ☐ 292 1 Yes ☐ 2 No ☒ X

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI ☐ 300 16,465,975 A

Deduct:

Charitable donations from Schedule 2	<input type="checkbox"/> 311	<u>0</u>
Gifts to Canada, a province, or a territory from Schedule 2	<input type="checkbox"/> 312	<u>0</u>
Cultural gifts from Schedule 2	<input type="checkbox"/> 313	<u>0</u>
Ecological gifts from Schedule 2	<input type="checkbox"/> 314	<u>0</u>
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	<input type="checkbox"/> 320	<u>0</u>
Part VI.1 tax deduction from Schedule 43	<input type="checkbox"/> 325	<u>0</u>
Non-capital losses of preceding taxation years from Schedule 4	<input type="checkbox"/> 331	<u>0</u>
Net-capital losses of preceding taxation years from Schedule 4	<input type="checkbox"/> 332	<u>0</u>
Restricted farm losses of preceding taxation years from Schedule 4	<input type="checkbox"/> 333	<u>0</u>
Farm losses of preceding taxation years from Schedule 4	<input type="checkbox"/> 334	<u>0</u>
Limited partnership losses of preceding taxation years from Schedule 4	<input type="checkbox"/> 335	<u>0</u>
Taxable capital gains or taxable dividends allocated from a central credit union	<input type="checkbox"/> 340	<u>0</u>
Prospector's and grubstaker's shares	<input type="checkbox"/> 350	<u>0</u>
Subtotal		<u>0</u> B

Subtotal (amount A minus amount B) (if negative, enter "0") 16,465,975 C

Add:

Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions	<input type="checkbox"/> 355	<u>0</u> D
Taxable income (amount C plus amount D)	<input type="checkbox"/> 360	<u>16,465,975</u>
Income exempt under paragraph 149(1)(t)	<input type="checkbox"/> 370	<u>0</u>
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)		<u>16,465,975</u> Z

* This amount is equal to 3 times the Part VI.1 tax payable at line 724 on page 8.

Small business deduction**Canadian-controlled private corporations (CCPCs) throughout the taxation year**Income from active business carried on in Canada from Schedule 7 **400** 16,465,975 **A**Taxable income from line 360 on page 3, minus 10/3 of the amount at line 632* on page 7, minus 3 times the amount at line 636** on page 7, and minus any amount that, because of federal law, is exempt from Part I tax ... **405** 16,465,975 **B****Calculation of the business limit:**

For all CCPCs, calculate the amount at line 4 below.

200,000	x	Number of days in the taxation year before 2003	<u>0</u>	=	<u>0</u>	1
		Number of days in the taxation year	<u>365</u>			
225,000	x	Number of days in the taxation year in 2003	<u>365</u>	=	<u>225,000</u>	2
		Number of days in the taxation year	<u>365</u>			
250,000	x	Number of days in the taxation year in 2004	<u>0</u>	=	<u>0</u>	3
		Number of days in the taxation year	<u>365</u>			
275,000	x	Number of days in the taxation year in 2005	<u>0</u>	=	<u>0</u>	3.1
		Number of days in the taxation year	<u>365</u>			

Add amounts at lines 1, 2, 3, and 3.1 225,000 **4**Business limit (see notes 1 and 2 below) **410** 0 **C**

Notes: 1. For CCPCs that are not associated, enter the amount from line 4 at line 410. However, if the corporation's taxation year is less than 51 weeks, prorate the amount from line 4 by the number of days in the taxation year divided by 365, and enter the result on line 410.

2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered at line 410.

Business limit reduction:

Amount C 0 x 415*** 0 **D** = 0 **E**

11,250

Reduced business limit (amount C minus amount E) (if negative, enter "0") **425** 0 **F**

Small business deduction - 16.00% of whichever amount is least: A, B, C, or F **430** 0 **G**

(enter amount G on line 9 of page 7)

* Calculate the amount of foreign non-business income tax credit deductible at line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.

** Calculate the amount of foreign business income tax credit deductible at line 636 without reference to the corporate tax reductions under section 123.4.

***** Large corporation tax**

- The large corporation tax to be entered at line 415 is the gross Part I.3 tax, which is the amount before deducting the surtax credits, increased to reflect a full-year tax liability if the taxation year is less than 51 weeks. For the purpose of the business limit reduction, the gross Part I.3 tax is equal to 0.225% x (taxable capital employed in Canada minus \$10,000,000).
- If the corporation is not associated with any corporation in both the current and the preceding taxation years, enter the corporation's gross Part I.3 tax for its **preceding** taxation year.
- If the corporation is not associated with any corporation in the current taxation year, but was associated in the preceding taxation year, and its current taxation year:
 - starts before December 21, 2002, enter the corporation's gross Part I.3 tax for its **preceding** taxation year; or
 - starts after December 20, 2002, enter the corporation's gross Part I.3 tax for its **current** taxation year.
- For corporations associated in the current taxation year, see Schedule 23 for the special rules that apply.

Accelerated tax reduction**Canadian-controlled private corporations throughout the taxation year that claimed the small business deduction**Reduced business limit (amount from line 425) 0 x $\frac{300,000}{\text{line 4 above}}$ = 0 **A**Net active business income (amount from line 400) * 16,465,975 **B**Taxable income from line 360 on page 3 minus 3 times the amount at line 636** on page 7, and minus any amount that, because of federal law, is exempt for Part I Tax 16,465,975 **C****Deduct:**Aggregate investment income (amount from line 440 of page 6) 0 **D**Amount C minus amount D (if negative, enter "0") 16,465,975 16,465,975 **E**Amount A, B, or E above, whichever is less 0 **F**Amount Z from Part 9 of Schedule 27 0 x 100/7 = 0 **G**Amount QQ from Part 13 of Schedule 27 0 **H**Taxable resource income from line 435 of page 5 0 **I**Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17) 0 **J**Amount on line 400, 405, 410, or 425 of the small business deduction, whichever is less 0 **K**Total of amounts G, H, I, J, and K 0 0 **L**Amount F minus amount L (if negative, enter "0") 0 **M****Accelerated tax reduction** - 7% of amount M (enter amount N on line 637 of page 7) 0 **N**

* If the amount at line 450 of Schedule 7 is positive, members of partnerships need to use Schedule 70 to calculate net active business income.

** Calculate the amount of foreign business income tax credit deductible at line 636 without reference to the corporate tax reductions under section 123.4.

Resource deduction

Taxable resource income		435		0 A	
Amount A	0	x	Number of days in the taxation year in 2003	365	x 1% = 0 B
			Number of days in the taxation year	365	
Amount A	0	x	Number of days in the taxation year in 2004	0	x 2% = 0 C
			Number of days in the taxation year	365	
Amount A	0	x	Number of days in the taxation year in 2005	0	x 3% = 0 C.1
			Number of days in the taxation year	365	
Resource deduction - total of amounts B, C, and C.1				438	0 D
(enter amount D on line 10 of page 7)					

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the taxation year

Taxable income from line 360 on page 3		16,465,975 E			
Amount Z from Part 9 of Schedule 27	0 x 100/7	0 F			
Amount QQ from Part 13 of Schedule 27		0 G			
Taxable resource income from line 435 above		0 H			
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		0 I			
Amount on line 400, 405, 410, or 425 on page 4, whichever is less		0 J			
Aggregate investment income from line 440 of page 6		0 K			
Amount used to calculate the accelerated tax reduction (amount M of page 4)		0 L			
Total of amounts F, G, H, I, J, K, and L		0 M			
Amount E minus amount M (if negative, enter "0")		16,465,975 N			
Amount N	16,465,975	x	Number of days in the taxation year in 2001	0	x 1% = 0
			Number of days in the taxation year	365	
Amount N	16,465,975	x	Number of days in the taxation year in 2002	0	x 3% = 0 O
			Number of days in the taxation year	365	
Amount N	16,465,975	x	Number of days in the taxation year in 2003	365	x 5% = 823,299 P
			Number of days in the taxation year	365	
Amount N	16,465,975	x	Number of days in the taxation year after 2003	0	x 7% = 0 Q
			Number of days in the taxation year	365	
General tax reduction for Canadian-controlled private corporations - total of amounts year 2001, O, P, and Q				823,299 R	
(enter amount R on line 638 of page 7)					

General tax reduction

Corporations other than a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or a non-resident-owned investment corporation

Taxable income from line 360 of page 3		0 S			
Amount Z from Part 9 of Schedule 27	0 x 100/7	0 T			
Amount QQ from Part 13 of Schedule 27		0 U			
Taxable resource income from line 435 above		0 V			
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)		0 W			
Total of amounts T, U, V, and W		0 X			
Amount S minus amount X (if negative, enter "0")		0 Y			
Amount Y	0	x	Number of days in the taxation year in 2001	0	x 1% = 0
			Number of days in the taxation year	365	
Amount Y	0	x	Number of days in the taxation year in 2002	0	x 3% = 0 Z
			Number of days in the taxation year	365	
Amount Y	0	x	Number of days in the taxation year in 2003	365	x 5% = 0 AA
			Number of days in the taxation year	365	
Amount Y	0	x	Number of days in the taxation year after 2003	0	x 7% = 0 BB
			Number of days in the taxation year	365	
General tax reduction - total of amounts year 2001, Z, AA, and BB				0 CC	
(enter amount CC on line 639 of page 7)					

Refundable portion of Part I tax**Canadian-controlled private corporations throughout the taxation year**

Aggregate investment income 440 0 x 26 2/3% = 0 A
(amount P from Part 1 of Schedule 7)

Foreign non-business income tax credit from line 632 on page 7 0

Deduct:

Foreign investment income 445 0 x 9 1/3% = 0
(amount O from Part 1 of Schedule 7) (if negative, enter "0") 0 B

Amount A minus amount B (if negative, enter "0") 0 C

Taxable income from line 360 on page 3 16,465,975

Deduct:

Amount on line 400, 405, 410, or 425 on page 4, whichever is less 0

Foreign non-business
income tax credit from
line 632 of page 7 0 x 25/9 = 0

Foreign business income
tax credit from line 636
of page 7 0 x 3 = 0

16,465,975 x 26 2/3% = 4,390,927 D

Part I tax payable minus investment tax credit refund (line 700 minus line 780 of page 8) 3,971,593

Deduct: Corporate surtax from line 600 of page 7 184,419

Net amount 3,787,174 E

Refundable portion of Part I tax – Amount C, D, or E, whichever is less 450 0 F

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding taxation year 460 0

Deduct: Dividend refund for the previous taxation year 465 0

..... 0 A

Add the total of:

Refundable portion of Part I tax from line 450 above 0

Total Part IV tax payable from line 360 on page 2 of Schedule 3 0

Net refundable dividend tax on hand transferred from a predecessor
corporation on amalgamation, or from a wound-up subsidiary corporation 480 0

..... 0 B

Refundable dividend tax on hand at the end of the taxation year – Amount A plus amount B 485 0

Dividend refund**Private and subject corporations at the time taxable dividends were paid in the taxation year**

Taxable dividends paid in the taxation year from line 460 on page 2 of Schedule 3 11,000,000 x 1/3 3,666,667 A

Refundable dividend tax on hand at the end of the taxation year from line 485 above 0 B

Dividend refund – Amount A or B, whichever is less (enter this amount on line 784 of page 8) 0

Part I tax

Base amount of Part I tax – 38.00% of taxable income (line 360 or amount Z, whichever applies) from page 3 **550** 6,257,071 **A**

Corporate surtax calculation

Base amount from line A above	<u>6,257,071</u>	1
Deduct:		
10% of taxable income (line 360 or amount Z, whichever applies) from page 3	<u>1,646,598</u>	2
Investment corporation deduction from line 620 below	<u>0</u>	3
Federal logging tax credit from line 640 below	<u>0</u>	4
Federal qualifying environmental trust tax credit from line 648 below	<u>0</u>	5

For a mutual fund corporation or an investment corporation throughout the taxation year, enter amount a, b, or c below on line 6, whichever is less:

28.00% of taxable income from line 360 of page 3	<u>0</u> a	} <u>0</u> 6
28.00% of taxed capital gains	<u>0</u> b	
Part I tax otherwise payable	<u>0</u> c	
(line A plus lines C and D minus line F)		
Total of lines 2 to 6	<u>1,646,598</u>	7
Net amount (line 1 minus line 7)	<u>4,610,473</u>	8

Corporate surtax – 4.00% of the amount on line 8 **600** 184,419 **B**

Recapture of investment tax credit from line PPP in Part 21 of Schedule 31 **602** 0 **C**

Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income
(for a CCPC throughout the taxation year)

Aggregate investment income from line 440 on page 6	<u>0</u> i
Taxable income from line 360 on page 3	<u>16,465,975</u>
Deduct:	
Amount on line 400, 405, 410, or 425 of page 4, whichever is less	<u>0</u>
Net amount	<u>16,465,975</u> <u>16,465,975</u> ii

Refundable tax on CCPC's investment income – 6 2/3% of the lesser of amounts i or ii **604** 0 **D**

Subtotal (add lines A, B, C, and D) 6,441,490 **E**

Deduct:

Small business deduction from line 430 of page 4	<u>0</u> 9
Federal tax abatement	608 <u>1,646,598</u>
Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27	616 <u>0</u>
Investment corporation deduction	620 <u>0</u>
(taxed capital gains 624 <u>0</u>)	628 <u>0</u>
Additional deduction – credit unions from Schedule 17	632 <u>0</u>
Federal foreign non-business income tax credit from Schedule 21	636 <u>0</u>
Federal foreign business income tax credit from Schedule 21	637 <u>0</u>
Accelerated tax reduction from amount N of page 4	<u>0</u> 10
Resource deduction from line 438 of page 5	638 <u>823,299</u>
General tax reduction for CCPCs from amount R of page 5	639 <u>0</u>
General tax reduction from amount CC of page 5	640 <u>0</u>
Federal logging tax credit from Schedule 21	644 <u>0</u>
Federal political contribution tax credit	
Federal political contributions 646 <u>0</u>	648 <u>0</u>
Federal qualifying environmental trust tax credit	652 <u>0</u>
Investment tax credit from Schedule 31	<u>2,469,897</u>

Subtotal 2,469,897 **F**

Part I tax payable – Line E minus line F (enter amount G on line 700 of page 8)

3,971,593 **G**

Summary of tax and credits**Federal tax**

Part I tax payable from page 7	700	3,971,593
Part I.3 tax payable from Schedule 33, 34, or 35	704	481,025
Part II surtax payable from Schedule 46	708	0
Part IV tax payable from Schedule 3	712	0
Part IV.1 tax payable from Schedule 43	716	0
Part VI tax payable from Schedule 38	720	0
Part VI.1 tax payable from Schedule 43	724	0
Part XIII.1 tax payable from Schedule 92	727	0
Part XIV tax payable from Schedule 20	728	0
Total federal tax		4,452,618

Add provincial and territorial tax:Provincial or territorial jurisdiction **750** ON

(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

Net provincial and territorial tax payable (except Quebec, Ontario, and Alberta)

Provincial tax on large corporations (New Brunswick and Nova Scotia)

760 0**765** 0

0

Total tax payable **770** **4,452,618 A****Deduct other credits:**

Investment tax credit refund from Schedule 31	780	0
Dividend refund from page 6	784	0
Federal capital gains refund from Schedule 18	788	0
Federal qualifying environmental trust tax credit refund	792	0
Canadian film or video production tax credit refund from Form T1131	796	0
Film or video production services tax credit refund from Form T1177	797	0
Tax withheld at source	800	0

Total payments on which tax has been withheld **801** 0Allowable refund for non-resident-owned investment corporations from Schedule 26 **804** 0Provincial and territorial capital gains refund from Schedule 18 **808** 0Provincial and territorial refundable tax credits from Schedule 5 **812** 0Royalties deductible under Syncrude Remission Order **815** 0Tax remitted under Syncrude Remission Order **816** 0Tax instalments paid **840** **4,452,618****Total credits** **890** **4,452,618****4,452,618 B**Refund code **894** 0

Overpayment 0

Balance (line A minus line B) 0

Direct deposit request

To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:

☐ Start ☐ Change information **910** _____
Branch number

914 _____ **918** _____
Institution number Account number

If the result is negative, you have an overpayment.
If the result is positive, you have a balance unpaid.Enter the amount on whichever line applies.
We do not charge or refund a difference of less than \$2.

Balance unpaid 0

Enclosed payment **898** 0

If the corporation is a Canadian-controlled private corporation throughout the taxation year, does it qualify for the one-month extension of the date the balance of tax is due?

896 1 Yes ☐ 2 No ☒**Certification**

950 PAUL Last name in block letters **951** TONY First name in block letters **954** CONTROLLER Position, office or rank

am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I further certify that the method of calculating income for this taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

955 2004/06/17

Date (yyyy/mm/dd)

Signature of the authorized signing officer of the corporation

956 905-840-6300

Telephone number

Is the contact person the same as the authorized signing officer? If No, complete the information below

957 1 Yes ☒ 2 No ☐**958** _____
Name in block letters**959** _____
Telephone number**Language of correspondence - Langue de correspondance****990** Indicate the language of your choice.
Indiquer la langue de correspondance de votre choix.

1 English/Anglais

☒

2 Français/French

☐

Hydro One Brampton Networks Inc.
Account/Business No.: 864867635RC0001

Year Ended:

2003-12-31

Sch. 001

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

- The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes.
- Please provide us with the applicable details in the identification area, and complete the applicable lines that contain a numbered black box. You should report amounts in accordance with the Generally Accepted Accounting Principles (GAAP).
- Sections, subsections, and paragraphs referred to on this schedule are from the "Income Tax Act."
- For more information, see the "T2 Corporation Income Tax Guide."

Net income (loss) after taxes and
extraordinary items per financial statements 14,061,776 A

Additions:

Provision for income taxes - current	<input type="checkbox"/> 101	4,025,418	
Amortization of tangible assets	<input type="checkbox"/> 104	12,412,448	
Non-deductible meals and entertainment expenses	<input type="checkbox"/> 121	18,781	
Reserves from financial statements - balance at the end of the year	<input type="checkbox"/> 126	5,857,266	

Subtotal of additions		22,313,913	22,313,913

Other Additions:

Miscellaneous Other Additions:

<input type="checkbox"/> 600 Amortization of debt discount	<input type="checkbox"/> 290	25,920	
<input type="checkbox"/> 601 Partnership income per T5013	<input type="checkbox"/> 291	12,085	

Subtotal of Other Additions	<input type="checkbox"/> 199	38,005	38,005

Total Additions	<input type="checkbox"/> 500	22,351,918	22,351,918

Deductions:

Capital cost allowance from Schedule 8	<input type="checkbox"/> 403	9,745,574	
Cumulative eligible capital deduction from Schedule 10	<input type="checkbox"/> 405	2,810,132	
Reserves from financial statements - balance at the beginning of the year	<input type="checkbox"/> 414	4,867,444	

Subtotal of Deductions		17,423,150	17,423,150

Other Deductions:

Miscellaneous Other Deductions:

<input type="checkbox"/> 700 Capital tax not expensed (CT23 839,999-800,000 GL)	<input type="checkbox"/> 390	39,999	
<input type="checkbox"/> 701 Prospectus & underwriting fees	<input type="checkbox"/> 391	154,606	
<input type="checkbox"/> 704 Other deductions	<input type="checkbox"/> 394	2,329,964	

Subtotal of Other Deductions	<input type="checkbox"/> 499	2,524,569	2,524,569

Total Deductions	<input type="checkbox"/> 510	19,947,719	19,947,719

Net income (loss) for income tax purposes

(enter on line 300 on the T2 return)

16,465,975

=====

Attached Sch.
2003-12-31

Deferred costs deductible (Market Ready)	23,964.00
Income not earned (Regulatory A/C's movement)	2,083,856.00
O/H & maintenance capitalized (deductible for tax)	192,862.00
OPEB capitalized	29,282.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
Total	----- 2,329,964.00 =====

Hydro One Brampton Networks Inc.
Account/Business No.: 864867635RC0001

Year Ended:

2003-12-31

Sch. 003

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

**DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND
PART IV TAX CALCULATION (1998 and later taxation years)**

- This schedule is for use by any corporation to report:
 - non-taxable dividends under section 83;
 - deductible dividends under subsection 138(6);
 - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (b) or (d); or
 - taxable dividends paid for purposes of a dividend refund.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the "Income Tax Act."
- A recipient corporation is connected with a payer corporation at any time in a taxation year, if at that time the recipient corporation;
 - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
 - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation, at any time in the taxation year.
- If you need more space, continue on a separate schedule.
- For more information, see the sections about Schedule 3 in the "T2 Corporation Income Tax Guide."
- "X" under column A if dividend received from a foreign source. (Connected corporation only.)
- "X" under column B if the payer corporation is connected.

Part 1 - Dividends received during the taxation year

Complete if payer corporation is connected

A	B	C	D
Name of payer corporation (Use only one line per corporation, abbreviating its name if necessary)		Business Number	Taxation year end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends were paid YYYY/MM/DD

200

205

210

220

Hydro One Brampton Networks Inc.
Account/Business No.: 864867635RC0001

Year Ended:

2003-12-31

Sch. 003

Complete if payer corporation is connected
and is either a private corporation or
a subject corporation

Name of payer corporation	E Non-taxable dividend under section 83 230 0	F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (b), or (d) 240 0	G Total taxable dividends paid by connected payer corporation 250 0	H Dividend refund of the connected payer corporation 260 0	I Part IV tax before deductions F x 1/3 ** 270 0
Total (enter on line 320 of the T2 return)	0	0	0	0	0

For dividends received from non-connected corporation:

Part IV tax equals: Column F x Column H / Column G

** Life insurers are not subject of Part IV tax on subsection 138(6) dividends.

Public corporations (other than subject corporations) do not need to calculate Part IV tax.

0

320

0

330

0

335

C

340

5

345

0

0

 $\times 1/3$
$$=$$

0

360

0

D

420

430

11,000,000

0



0

0

0

0

®

C

C

C

Total 11,000,000

450

0

460

11,000,000

[illegible]

Hydro One Brampton Networks Inc.
Account/Business No.: 864867635RC0001

Year Ended:

2003-12-31

Sch. 003

Part 4 - Taxable dividends paid in the taxation year

Complete this part if the total taxable dividends paid in the taxation year for purposes of a dividend refund (line 460 above), is different from the total dividends paid in the taxation year.

Total taxable dividends paid in the taxation year for the purposes of

a dividend refund (From above) 11,000,000

Other dividends paid in the taxation year

(Total of 510 to 550) 0

Total dividends paid in the taxation year 11,000,000

Deduct:

Dividends paid out of capital dividend account 0

Capital gains dividends 0

Dividends paid on shares described in subsection 129(1.2) 0

Taxable dividends paid to a controlling corporation that was

bankrupt at any time in the year 0

Deemed dividends paid on a small business development bond 0

Subtotal 0

=====

Taxable dividends paid in the taxation year for purposes of a dividend refund 11,000,000

=====

Hydro One Brampton Networks Inc.
 Account/Business No.: 864867635RC0001 Year Ended:

Sch. 008
 2003-12-31

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5g)? [101] N

Class No.	UCC at Beginning of Year	Cost of Additions During Year	Adjustments	Lesser of Cost or Proceeds	1/2 of [203] - [207]	Rate %	Recapture of Capital Cost Allowance	Terminal Loss	Capital Cost Allowance	Undepreciated Capital Cost end of year
[200]	[201]	[203]	[205]	[207]	[211]	[212]	[213]	[215]	[217]	[220]
1	155,044,432	14,780,695	0	0	7,390,347	4	0	0	6,497,391	163,327,736
2	41,123,443	0	0	0	0	6	0	0	2,467,407	38,656,036
8	886,321	121,015	0	0	60,507	20	0	0	189,366	817,970
10	1,117,991	1,706,754	0	0	853,377	30	0	0	591,410	2,233,335
Total	198,172,187	16,608,464	0	0	8,304,231		0	0	9,745,574	205,035,077

Corporate Taxprep / Taxprep des sociétés - TP-08

Hydro One Brampton Networks Inc.

Sch. 009

Account/Business No.: 864867635RC0001 Year Ended:

2003-12-31

RELATED AND ASSOCIATED CORPORATIONS

This schedule is to be completed by a corporation having one or more of the following:

- related corporation(s)
- associated corporation(s)

Name	Ctry of resi- dence	Business Number (Note)	Rela- tion- ship Code	Number of common shares owned	% of common shares owned	Number of preferred shares owned	% of pre- ferred shares owned	Book value of capital stock
[100]	[200]	[300]	[400]	[500]	[550]	[600]	[650]	[700]
Hydro One Networks Inc.		870865821RC0001	3		0 0.00		0 0.00	0
Hydro One Inc.		869994731RC0001	3		0 0.00		0 0.00	0
Hydro One Telecom Inc.		868001066RC0001	3		0 0.00		0 0.00	0
Hydro One Markets Inc.		867584989RC0001	3		0 0.00		0 0.00	0
1316664 Ontario Inc.		884036625RC0001	3		0 0.00		0 0.00	0
Hydro One Remote Communities		870836269RC0001	3		0 0.00		0 0.00	0
Hydro One Network Services Inc		863550190RC0001	3		0 0.00		0 0.00	0
Hydro One Delivery Services In		869177246RC0001	3		0 0.00		0 0.00	0
Hydro One Telecom Link Limited		887867513RC0001	3		0 0.00		0 0.00	0
Hydro One Brampton Inc.		868794520RC0001	1		0 0.00		0 0.00	0
Hydro One Brampton Services		868794728RC0001	3		0 0.00		0 0.00	0
Hydro One Lake Erie Link Manag		878921519RC0001	3		0 0.00		0 0.00	0
Hydro One Lake Erie Link Compa		875606519RC0001	3		0 0.00		0 0.00	0

Note: Enter "NR" if a corporation is not registered.

Relationship code:

1 - Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated

The relationship code represents the relationship that the corporation named has to the filing corporation. For example, if the corporation is the parent corporation of the filing corporation, then the relationship code is "1".

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

- For use by a corporation that has eligible capital property. For more information, see the "T2 Corporation Income Tax Guide."
- A separate cumulative eligible capital account must be kept for each business.
- This form applies to taxation years that end after February 27, 2000.

Part 1 - Calculation of current year deduction and carry-forward

Cumulative eligible capital - Balance at end of preceding taxation year (If negative, enter "0")	200	39,904,063	A
Add:			
Cost of eligible capital property acquired during the taxation year	222	320,911	B
Amount transferred on amalgamation or wind-up of subsidiary	224	0	C
Other adjustments	226	0	D
(add amounts B, C, and D)		320,911 x 0.75 =	240,683 E
Subtotal (amount A plus amount E)	230	40,144,746	F
Deduct:			
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	242	0	G
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7)	244	0	H
Other adjustments	246	0	I
(add amounts G, H, and I)		0 x 0.75 =	0 J
Cumulative eligible capital balance (amount F minus amount J) (if amount K is negative, enter "0" at line M and proceed to Part 2)		40,144,746	K
Current year deduction (enter amount L at line 405 of Schedule 1)		amount K 40,144,746 x 7.00% =	2,810,132 L
Cumulative eligible capital - Closing balance Amount K minus amount L (if negative, enter "0")	300	37,334,614	M

Note

You can claim any amount up to the maximum deduction of 7%. For taxation years starting after December 21, 2000, the deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

Part 2 - Amount to be included in income arising from disposition

(complete this part only if the amount at line K is negative)

Amount from line K above (show as a positive amount) 0 N

Total of cumulative eligible capital deductions from income for
taxation years beginning after June 30, 1988 400 0 1

Total of all amounts which reduced cumulative eligible capital in
the current or prior years under subsection 80(7) 401 0 2

Total of cumulative eligible capital deductions claimed for
taxation years beginning before July 1, 1988 402 0 3

Negative balances in the cumulative eligible capital account
that were included in income for taxation years beginning
before July 1, 1988 408 0 4

Line 3 minus line 4 0 0 5

Total of lines 1, 2, and 5 0 6

Line T from Schedule 10 of previous taxation years ending
after February 27, 2000 409 0 7

Line 6 minus line 7 0 0 O

Line N minus line O (cannot be negative) 0 P
Amount on line 5 0 x 1/2 0 Q

Line P minus line Q 0 R
Amount on line R 0 x 2/3 * 0 S
Lesser of line N or line O 0 T

Amount to be included in income on line 108 of Schedule 1,
line S plus line T
For taxation years ending before February 28, 2000,
line N - line Q 410 0

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

CONTINUITY OF RESERVES
(1998 and later taxation years)

- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- References to parts, sections, subsections, paragraphs, and subparagraphs are from the federal "Income Tax Act".
- File one completed copy of this schedule with the corporation's "T2 Corporation Income Tax Return".
- For more information, see the "T2 Corporation Income Tax Guide".

Part 1 - Capital gains reserves

Description of property	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
	\$	\$	\$	\$	\$
001	002	003			004
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Totals	008	009	0	0	010
	=====	=====	=====	=====	=====

The total capital gains reserve at the beginning of the taxation year plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary should be entered on line 880, and the total capital gains reserve at the end of the taxation year, should be entered on line 885 of Schedule 6.

Financial Statement Reserves (not deductible)

Description	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
OPEB	4,364,000	0	63,000	0	4,427,000
RSVA Reserve (1580)	64,024	0	0	64,024	0
Reserve for Transition costs	200,000	0	0	200,000	0
Reserve for rebate payment	94,577	0	0	94,577	0
Other liab (2405)	144,843	0	353,625	144,843	353,625
Reg. assets contra (2320)	0	0	1,076,641	0	1,076,641
Reserves From Section 2 below	0	0	0	0	0
Totals	4,867,444	0	1,493,266	503,444	5,857,266
	=====	=====	=====	=====	=====

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.

The total closing balance should be entered on line 126 of Schedule 1 as an addition.

Part 2 - Other reserves

Description		Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year	
	[X]	\$	\$	\$	\$	\$	
Reserve for doubtful debts.....	[]	110	0	115	0	120	0
Reserve for undelivered goods and services not rendered.....	[]	130	0	135	0	140	0
Reserve for prepaid rent.....	[]	150	0	155	0	160	0
Reserve for December 31, 1995 income.....	[]	170	0	175	0	180	0
Reserve for refundable containers.....	[]	190	0	195	0	200	0
Reserve for unpaid amounts.....	[]	210	0	215	0	220	0
Other tax reserves.....	[]	230	0	235	0	240	0
Totals		270	0	275	0	280	0

Enter "X" in the column above if the tax reserve has also been reported on the corporation's financial statements. This allows offsetting entries on Schedule 1, resulting in a zero effect on net income for tax purposes.

The amount from line 270 plus the amount from line 275 should be entered on line 125 of Schedule 1 as an addition.

The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

**AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS
TO ALLOCATE THE BUSINESS LIMIT (2003 and later taxation years)**

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for purposes of the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one taxation year ending in a calendar year, is required to file an agreement for each taxation year ending in that calendar year.

Column 1: Enter the legal name of each of the corporations in the associated group, including non-CCPCs and CCPCs that have filed an election under subsection 256(2) of the "Income Tax Act," not to be associated for purposes of the small business deduction.

Column 2: Provide the Business Number for each corporation (if a corporation is not registered, enter "NR").

Column 3: Enter the code that applies to each corporation:

- 1 - associated for purposes of allocating the business limit (unless association code 5 applies)
- 2 - CCPC that is a "third corporation" that has elected under subsection 256(2) not to be associated for purposes of the small business deduction
- 3 - non-CCPC that is a "third corporation" as defined in subsection 256(2)
- 4 - associated non-CCPC
- 5 - associated CCPC that is not associated for purposes of allocating the business limit because of a subsection 256(2) election made by a "third corporation."

Column 4: Enter the business limit for the year of each corporation in the associated group that is computed at line 4 on page 4 of each respective corporation's T2 return.

Column 5: Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 times the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A is equal to an amount in one of the following ranges, whichever applies:

- from \$200,001 to \$225,000, if the calendar year to which this agreement applies is 2003;
- from \$225,001 to \$250,000, if the calendar year to which this agreement applies is 2004;
- from \$250,001 to \$275,000, if the calendar year to which this agreement applies is 2005; or
- from \$275,001 to \$300,000, if the calendar year to which this agreement applies is 2006 or after.

Column 7: Complete this column for a CCPC that has more than one taxation year ending in a calendar year, and is associated in more than one of those years with another CCPC that has a taxation year ending in the same calendar year. Enter the taxation year to which this agreement applies.

Allocation of the business limit

Year Month Day

Date filed (do not use this area)..... 025

Year

Enter the calendar year to which the agreement applies..... 050 2003

Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below?..... 075 [Y/N] [N]

1	2	3	4	5	6	7
Names of associated corporations	Business Number of associated corporations	Association code	Business limit for the year (before the allocation)	Percentage of the business limit	Business limit allocated*	Taxation year end to which this agreement applies (YYYY/MM/DD)
			\$	%	\$	
100	200	300		350	400	500
Hydro One Brampton Networks Inc	864867635RC0001	1	225,000	.0000	0	
See attached			2925000	.0000	0	
			Total	.0000	0A	
				=====	=====	

Business limit reduction under subsection 125(5.1)

The business limit reduction is calculated in the small business deduction area of the T2 return.

One of the amounts used in this calculation is the "Large corporation tax" at line 415 of the T2 return.

If the corporation is a member of an associated group of corporations in the current taxation year, the amount to be entered at line 415 of the T2 return is equal to $0.225\% \times (A - \$10,000,000)$ where, "A" is the total of taxable capital employed in Canada** of each corporation in the associated group*** for its last taxation year ending in the preceding calendar year.

* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's taxation year is less than 51 weeks, prorate the amount in column 6 by the number of days in the taxation year divided by 365, and enter the result on line 410 of the T2 return.

** "Taxable capital employed in Canada" has the meaning assigned by subsection 181.2(1) or 181.3(1) or section 181.4 of the "Income Tax Act."

*** The associated group includes the corporation filing this schedule and each corporation that has an "association code" of 1 or 4 in column 3.

Hydro One Brampton Networks Inc.

Sch. 023-Supp.

Account/Business No.: 864867635RC0001 Year Ended:

2003-12-31

AGREEMENT AMONG ASSOCIATED CCPC's TO ALLOCATE THE BUSINESS LIMIT

1	2	3	4	5	6	7	8
Name of associated corporation	Business Number of associated corporation	Asso- ciation code	Business limit before the allo- cation	Percentage of the business limit allocated	Business limit allocated	Taxation year end to which this agreement applies	Part I.3 Tax
[100]	[200]	[300]		[350]	[400]	[500]	
Hydro One Networks Inc.	870865821RC0001	1	225,000	.0000	0		0
Hydro One Inc.	869994731RC0001	1	225,000	.0000	0		0
Hydro One Telecom Inc.	868001066RC0001	1	225,000	.0000	0		0
Hydro One Markets Inc.	867584989RC0001	1	225,000	.0000	0		0
1316664 Ontario Inc.	884036625RC0001	1	225,000	.0000	0		0
Hydro One Remote Communities	870836269RC0001	1	225,000	.0000	0		0
Hydro One Network Services Inc	863550190RC0001	1	225,000	.0000	0		0
Hydro One Delivery Services In	869177246RC0001	1	225,000	.0000	0		0
Hydro One Telecom Link Limited	887867513RC0001	1	225,000	.0000	0		0
Hydro One Brampton Inc.	868794520RC0001	1	225,000	.0000	0		0
Hydro One Brampton Services	868794728RC0001	1	225,000	.0000	0		0
Hydro One Lake Erie Link Manag	878921519RC0001	1	225,000	.0000	0		0
Hydro One Lake Erie Link Compa	875606519RC0001	1	225,000	.0000	0		0
TOTALS			2,925,000	.0000	0		0

Schedule 23-Supplementary

Corporate Taxprep / Taxprep des sociétés - TP-08

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

PART 1.3 TAX ON LARGE CORPORATIONS
(2000 and later taxation years)

- This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part 1.3 tax payable before the deduction for surtax credits.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal "Income Tax Act."
- Subsection 181(1) defines the terms "financial institution," "long-term debt," and "reserves."
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part 1.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- No Part 1.3 tax is payable for a taxation year by a corporation that was:
 - 1) a non-resident-owned investment corporation throughout the year;
 - 2) bankrupt [as defined by subsection 128(3)] at the end of the year;
 - 3) a deposit insurance corporation throughout the year, as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1);
 - 4) exempt from tax under section 149 throughout the year on all of its taxable income;
 - 5) neither resident in Canada nor carrying on a business through a permanent establishment in Canada at any time in the year; or
 - 6) a corporation described in subsection 136(2) throughout the year, the principal business of which was marketing (including any related processing) natural products belonging to or acquired from its members or customers.
- File the completed Schedule 33 with the "T2 Corporation Income Tax Return" no later than six months from the end of the taxation year.

Complete the following areas to determine the amounts needed to calculate Part 1.3 tax. If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, "Taxable capital employed in Canada."

Part 1 - Capital

Add the following amounts at the end of the year:

Reserves that have not been deducted in computing income for the year under Part 1.....	101	5,857,266
Capital stock (or members' contributions if incorporated without share capital).....	103	51,501,490
Retained earnings.....	104	16,228,000
Contributed surplus.....	105	60,059,581
Any other surpluses.....	106	0
Deferred unrealized foreign exchange gains.....	107	0
All loans and advances to the corporation.....	108	162,106,727
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations.....	109	0
Any dividends declared but not paid by the corporation before the end of the year.....	110	0
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year.....	111	0

Part 1 - Capital (cont'd)

Proportion of the amount, if any, by which the total of all amounts
(that would be determined under lines 101, 107, 108, 109, 111, and 112)
for the partnership of which the corporation is a member at the end
of the year exceeds the amount of the partnership's deferred unrealized
foreign exchange losses (see note below).....

112 0

Subtotal 295,753,064 295,753,064 A

Deduct the following amounts:

Deferred tax debit balance at the end of the year..... 121 0

Any deficit deducted in computing the shareholders' equity..... 122 0

Any amount deducted under subsection 135(1) in computing income under

Part I for the year, to the extent that the amount may reasonably be

regarded as being included in any of lines 101 to 112 above..... 123 0

The amount of deferred unrealized foreign exchange losses..... 124 0

Subtotal 0 0 B

Capital for the year (amount A minus amount B) (if negative, enter "0")..... 190 295,753,064

Note:

Lines 101, 107, 108, 109, 111, and 112 are determined as follows:

- Amounts owing to the member or to corporations that are other members of the partnership are not to be included.
- Amounts are determined as at the end of the last fiscal period of the partnership ending in the year of the corporation.
- Amounts at these lines apply to partnerships in the same way that they apply to corporations.
- The proportion of the total amounts is determined by the corporation's share of the partnership's income or loss for the fiscal period of the partnership.

Part 2 - Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation..... 401 0

A loan or advance to another corporation (other than a financial institution)..... 402 0

A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of

another corporation (other than a financial institution)..... 403 0

Long-term debt of a financial institution..... 404 0

A dividend receivable on a share of the capital stock of another corporation..... 405 0

A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim, or
similar obligation of, a partnership all of the members of which, throughout the year,
were other corporations (other than financial institutions) that were not exempt from

tax under Part I.3 (other than by reason of paragraph 181.1(3)(d))..... 406 0

An interest in a partnership (see note 1 below)..... 407 0

Investment allowance for the year..... 490 0

Part 4 - Taxable capital employed in Canada (cont'd)

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada.....

701

0

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada.....

711

0

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada.....

712

0

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below).....

713

0

Total deductions (add lines 711, 712, and 713)

0

0 E

Taxable capital employed in Canada

(line 701 minus amount E) (if negative, enter "0").....

790

0

Note:

Complete line 713 only if the country in which the corporation is resident imposed neither a capital tax for the year on similar assets, nor a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 - Calculation of gross Part 1.3 tax

Taxable capital employed in Canada (line 690 or 790, whichever applies)..... 295,753,064

Deduct: Capital deduction claimed for the year (for related corporations, enter the amount allocated on Schedule 36).....

801

0

Excess of taxable capital employed in Canada over capital deduction..... 295,753,064

811

295,753,064

Gross Part 1.3 Tax

Year	Line 811		Number of days	Number of days in the taxation year				
Before 2004	295,753,064	x	(365 /	365)	x	.2250%	=	665,444 1
2004	295,753,064	x	(0 /	365)	x	.2000%	=	0 2
2005	295,753,064	x	(0 /	365)	x	.1750%	=	0 3
Total Gross Part 1.3 tax (add lines 1, 2, and 3)								665,444 665,444 F

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of tax payable as follows:

Amount F	665,444	x	Number of days in the year	365	=	0 G
				365		

Gross Part 1.3 tax (amount F or G, whichever applies)..... 665,444

820

665,444

Part 6 - Calculation of current-year surtax credit available

- Corporations can claim a credit against their Part I.3 tax for the amount of Canadian surtax payable for the year. This is called the surtax credit.
- Any unused surtax credit can be carried back three years or carried forward seven years. Unused surtax credits must be applied in order of the oldest first.
- Refer to subsection 181.1(7) when calculating the amount deductible for a corporation's unused surtax credits where control of the corporation has been acquired between the year in which the credits arose and the year in which you want to claim them.

For a corporation that was a non-resident of Canada throughout the year, the lesser of a and b, below:

a) line 600 from the T2 return 0
b) line 700 from the T2 return 0 H

In any other case, the lesser of c and d below:

c) line 600 from the T2 return 184,419 x line 690 of this schedule 295,753,064 = 184,419

295,753,064
line 500 of this schedule
d) line 700 from the T2 return 3,971,593 184,419 I

Current-year surtax credit available (amount H or I, whichever applies) 830 184,419
=====

Part 7 - Calculation of current-year unused surtax credit

Current-year surtax credit available (line 830) 184,419

Taxable capital employed in Canada
(line 690 or 790, whichever applies) 295,753,064

Deduct: Capital deduction claimed for the year 0

Excess of taxable capital employed in Canada over capital deduction 295,753,064 a
=====

Less: Gross Part I.3 tax

Line a 295,753,064 x .2250% = 665,444 665,444 b

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of tax payable as follows:

Amount b 665,444 x Number of days in the year 365 = 0 c

365

Current-year unused surtax credit (if negative, enter "0") 850 0
Enter this amount at line 600 on Schedule 37 =====

* For the purposes of the calculation of current-year unused surtax credit, the calculation is performed on a capital deduction based on \$10 millions and a specified percentage of 0.225%.

Hydro One Brampton Networks Inc.
Account/Business No.: 864867635RC0001

Year Ended:

2003-12-31

Sch. 033

Part 8 - Calculation of net Part 1.3 tax payable

Gross Part 1.3 tax (line 820)		665,444	J
Deduct:			
Current-year surtax credit applied			
(the lesser of lines 820 and 830)	861	184,419	
Unused surtax credit from previous years applied	862	0	

Subtotal (cannot exceed amount on line 820)		184,419	K
		=====	
Net Part 1.3 tax payable (amount J minus amount K)		481,025	
		=====	
Enter this amount at line 704 of the T2 return			

Hydro One Brampton Networks Inc.

Attached Sch.

Loans & advances to the corp.

LT A/P & Accrued charges (2335/2336/451000)		3,512,675.00
Holdbacks payable (2340/352000)		14,363.00
S/T Customer's deposit (2214/390000)		900,000.00
Primary debt (2520/302000)		143,000,000.00
Due to HOBI		1,599,000.00
Other current liab.(2220/413740)		13,080,689.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
Total	-----	162,106,727.00
	=====	

Hydro One Brampton Networks Inc.
Account/Business No.: 864867635RC0001

Year Ended:

2003-12-31

Sch. 036

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

AGREEMENT AMONG RELATED CORPORATIONS - PART 1.3 TAX
(1998 and later taxation years)

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 or \$50,000,000 among the members of the related group.
- Do not file this agreement if no members of the related group are liable to pay Part 1.3 tax.

Are any members of the related group liable to pay Part 1.3 tax? [Y/N] [☒ Y]

- In cases where a related corporation has more than one taxation year ending in a calendar year, it is required to file an agreement for each taxation year ending in that calendar year.
- A corporation that is related to any other corporation at any time in a taxation year of the corporation ending in a calendar year may file such an agreement.
- In accordance with subsection 181.5(7) of the federal "Income Tax Act", a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.
- Attach additional schedules if space for agreement is not sufficient.

Agreement

Year Month Day

Date filed (for departmental use only)

Is this an amended agreement? [Y/N] [☐ N]

Enter the calendar year to which the agreement applies Year 2003

Note: This agreement must include all the information indicated below for all members of the related group, including members to which no amount of capital deduction is allocated for the year. However, any member which is exempt from Part 1.3 tax under subsection 181.1(3) is not required to be included.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year \$	Taxation year end to which this agreement applies (Note 2)
<input type="text" value="200"/>	<input type="text" value="300"/>	<input type="text" value="400"/>	<input type="text" value="500"/>
Hydro One Brampton Networks Inc	864867635RC0001	0	
See attached		10,000,000	

Total (Before 2004 must not exceed \$10,000,000 After 2003 must not exceed \$50,000,000)		10,000,000 =====	

Note 1: If a corporation is not registered enter, "NR".

Note 2: An entry is only required for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

Hydro One Brampton Networks Inc.
Account/Business No.: 864867635RC0001

Year Ended:

2003-12-31

T7B-1

Schedule of Instalment Remittances

Name of Corporation Contact: Tony Paul
Telephone Number: 905-840-6300

Effective Interest Date	Description (Instalment Remittance, Split Payment, Assessed Credit)	Amount of Credit
2003-01-31	Intalment	387,000
2003-02-28	Intalment	387,000
2003-03-31	Intalment	0
2003-04-30	Intalment	0
2003-05-30	Intalment	0
2003-06-30	Intalment	0
2003-07-31	Intalment	0
2003-08-29	Intalment	387,000
2003-09-30	Intalment	387,000
2003-10-31	Intalment	387,000
2003-11-28	Intalment	387,000
2003-12-31	Intalment	387,000
	Instal transfer	1,743,618

Total amount of instalments claimed (A) 4,452,618

Total instalments credited to the taxation year per T9 (B) 4,452,618

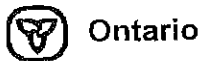
TRANSFER

Account Number	Taxation Year End	Amount	Effective Interest Date	Description
----------------	----------------------	--------	----------------------------	-------------

From:

0

To:



Ministry of Finance
Corporations Tax Branch
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

2003

CT23 Corporations Tax and Annual Return

For taxation years
commencing after September 30, 2001

Corporations Tax Act - Ministry of Finance (MOF)
Corporations Information Act - Ministry of Consumer and Business Services (MCBS)
(formerly Ministry of Consumer and Commercial Relations)

The Annual Return (common page 1 and MCBS Schedule A on pages 22 and 23, and Schedule K on page 24) contains non-tax information collected under the authority of the Corporations Information Act for the purpose of maintaining a public database of corporate information. This return must be completed by Ontario share-capital corporations or Foreign-Business share-capital corporations that have an extra-provincial licence to operate in Ontario.

This return is a combination of the Ministry of Finance (MOF) CT23 Corporations Tax Return and the Ministry of Consumer and Business Services (MCBS) Annual Return. Page 1 is a common page required for both returns. For tax purposes, depending on which criteria the corporation satisfies, it must complete either the Exempt from Filing (EFF) declaration on page 2 or file the CT23 Return on pages 3-17, together with the applicable schedules on pages 18-21. Corporations that do not meet the EFF criteria but do meet the Short-Form criteria, may request and file the CT23 Short-Form Return (see page 2).

MCBS Annual Return Required? (Not required if already filed or Annual Return exempt, Refer to Guide)

☒ Yes ☐ No

Page 1 of 24

Ministry Use

Corporation's Legal Name (including punctuation)			Ontario Corporations Tax Account No. (MOF)	
Hydro One Brampton Networks Inc.			1800040	
Mailing Address			This CT23 Return covers the Taxation Year	
175 Sandalwood Parkway			Start year month day 2003-01-01	
Brampton			End year month day 2003-12-31	
ON CA L7A-1E8			Date of Incorporation or Amalgamation	
Has the mailing address changed since last filed CT23 Return? <input type="checkbox"/> Yes			year month day 2000-05-01	
Date of Change			year month day	
Registered/Head Office Address			Ontario Corporation No. (MCBS)	
175 Sandalwood Parkway			1414330	
Brampton			Canada Customs and Revenue Agency (formerly Revenue Canada) Business No.	
ON CA L7A-1E8			If applicable, enter 864867635RC0001	
Location of Books and Records			Jurisdiction Incorporated	
175 Sandalwood Parkway			Ontario	
Brampton			If not incorporated in Ontario, indicate the date Ontario business activity commenced and ceased:	
ON CA L7A-1E8			Commenced year month day	
Name of person to contact regarding this CT23 Return			Ceased year month day	
Telephone No.			<input checked="" type="checkbox"/> Not Applicable (MCBS)	
Fax No.			Preferred Language/Langue de préférence	
TONY PAUL			<input checked="" type="checkbox"/> English anglais <input type="checkbox"/> French français	
Address of Principal Office in Ontario (Extra-Provincial Corporations only) (MCBS)			Ministry use	
ON CA -				
Former Corporation Name (Extra-Provincial Corporations only) <input checked="" type="checkbox"/> Not Applicable (MCBS)				
Information on Directors/Officers/Administrators must be completed on MCBS Schedule A or K as appropriate. If additional space is required for Schedule A, only this schedule may be photocopied. State number submitted (MCBS).				
No. of Schedule(s) 3				
If there is no change to the Directors/Officers/Administrators' information previously submitted to MCBS, please <input checked="" type="checkbox"/> this box. Schedule(s) A and K are not required (MCBS).				
<input type="checkbox"/> No change				
Certification (MCBS)				
I certify that all information set out in the Annual Return is true, correct and complete.				
Name of Authorized Person (Print clearly or type in full)				
TONY PAUL				
Title: <input type="checkbox"/> Director <input type="checkbox"/> Officer <input checked="" type="checkbox"/> Other individual having knowledge of the affairs of the Corporation				
Note: Sections 13 and 14 of the Corporations Information Act provide penalties for making false or misleading statements or omissions.				

Hydro One Brampton Networks Inc.

1800040

2003-12-31

CT23 Corporations Tax Return

Identification continued (for CT23 filers only)

Type of Corporation – Please "X" box(es) if applicable in sections 1 & 2

1 ☒ Canadian-controlled Private (CCPC) all year
(Generally a private corporation of which
50% or more shares are owned by
Canadian residents.) (fed.s.125(7)(b))

2 ☐ Other Private

3 ☐ Public

4 ☐ Non-share Capital

5 ☐ Other (specify)

Share Capital with full voting rights
owned by Canadian Residents

(nearest percent)

100%

Ontario Retail Sales Tax Vendor Permit No.
(Use Head Office no.)

if applicable, enter

Ontario Employer Health Tax Account No.
(Use Head Office no.)

if applicable, enter

Specify major business activity

Electricity Distribution

- 2 1 ☐ Family Farm Corporation s.1 (2)
- 2 ☐ Family Fishing Corporation s.1 (2)
- 3 ☐ Mortgage Investment Corporation s.47
- 4 ☐ Credit Union s.51
- 5 ☐ Bank Mortgage Subsidiary s.61 (4)
- 6 ☐ Bank s.1 (2)
- 7 ☐ Loan and Trust Corporation s.61 (4)
- 8 ☐ Non-resident Corporation
s.2(2)(a) or (b)
- 9 ☐ Non-resident Corporation s.2(2)(c)
- 10 ☐ Mutual Fund Corporation s.48
- 11 ☐ Non-resident owned investment
Corporation s.49
- 12 ☐ Non-resident ship or aircraft under
reciprocal agreement with Canada s.28(b)

- 14 ☐ Bare Trustee Corporation
- 15 ☐ Branch of Non-resident s.63(1)
- 16 ☐ Financial institution prescribed by
Regulation only
- 17 ☐ Investment Dealer
- 18 ☐ Generator of electrical energy for sale or
producer of steam for use in the generation
of electrical energy for sale
- 19 ☒ Hydro successor, Municipal Electrical Utility
or subsidiary of either
- 20 ☐ Producer and seller of steam for uses other
than for the generation of electricity
- 21 ☐ Insurance Exchange s.74.4
- 22 ☐ Farm Feeder Finance Co-operative
Corporation
- 23 ☐ Professional Corporation
(incorporated professionals only)

Please "X" box(es) if applicable:

☐ First Year of Filing

☐ Amended Return

☐ Taxation Year End has changed - Canada Customs
and Revenue Agency (formerly Revenue Canada)
approval required

☐ Final Taxation Year up to Dissolution (wind-up)
(Note: For discontinued businesses, see Guide.)

☐ Final Taxation Year before Amalgamation

☐ Floating Fiscal Year End

☐ Transfer or Receipt of Asset(s) involving a
corporation having a Canadian permanent
establishment outside Ontario

☐ Acquisition of Control fed s.249(4)

Date Control was acquired

year month day

Yes No

Was the corporation inactive throughout the taxation year?

☐ ☒

Has the corporation's Federal T2 Return been filed with the Canada Customs and Revenue Agency (CCRA)?

☒ ☐

Are you requesting a refund due to: the Carry-back of a Loss?

☐ ☒

an Overpayment?

☐ ☒

a Specified Refundable Tax Credit?

☐ ☒

Are you a Member of a Partnership or Joint Venture?

☒ ☐

Income Tax

Allocation - If you carry on a business through a permanent establishment in a jurisdiction outside Ontario, you may allocate that portion of taxable income deemed earned in that jurisdiction, to that jurisdiction (s.39) (Int.B. 3008).

DOLLARS ONLY

Net Income (loss) for Ontario purposes (per reconciliation schedule, page 15)	±	From 690	16,466,526.
Subtract: Charitable donations	-	1	0.
Subtract: Gifts to Her Majesty in right of Canada or a province and gifts of cultural property (Attach schedule 2)	-	2	0.
Subtract: Taxable dividends deductible, per federal T2 SCH 3	-	3	0.
Subtract: Ontario political contributions (Attach schedule 2A) (Int.B. 3002)	-	4	0.
Subtract: Federal Part VI.1 tax	-	5	0.
Subtract: Prior years' losses applied - Non-capital losses	-	704	0.
Net capital losses	From 715	714	0.
Farm losses	From 724	724	0.
Restricted farm losses	From 734	734	0.
Limited partnership losses	From 754	754	0.
Taxable Income (Non-capital loss)	=	10	16,466,526.
Addition to taxable income for unused foreign tax deduction for federal purposes	+	11	0.
Adjusted Taxable Income	=	20	16,466,526.

Number of Days in Taxation Year

Taxable Income	From 10 (or 20 if applicable)	16,466,526.	x	30	100.0000%	x	12.5000%	x	33	365	+	73	365	=	29	2,058,316.
					Ontario Allocation											
	From 10 (or 20 if applicable)	16,466,526.	x	30	100.0000%	x	14.0000%	x	34	0	+	73	365	=	32	0.
					Ontario Allocation											

Income Tax Payable (before deduction of tax credits)

29 + 32

= 40 2,058,316.

Incentive Deduction for Small Business Corporations (IDSBC) (s.41)

(If this section is not completed, the IDSBC will be denied.)

Did you claim the federal Small Business Deduction (fed.s.125(1)) in the taxation year or would you have claimed the federal Small Business Deduction had the provisions of fed.s.125(5.1) not been applicable in the taxation year?

(X) ☐ Yes ☒ No

Income from active business carried on in Canada for federal purposes (fed.s.125(1)(a))

50 0.

Federal taxable income, less adjustment for foreign tax credit (fed.s.125(1)(b))

+ 51 0.

Add: Losses of other years deducted for federal purposes (fed.s.111)

+ 52 0.

Subtract: Losses of other years deducted for Ontario purposes (s.34)

- 53 0.

= 54 0.

Federal Business limit for the year before the application of fed.s.125(5.1) (not exceeding \$ 200,000)

+ 55 0.

Add: Ontario enhancement of federal business limit

Number of Days in Taxation Year

80,000 x	Days after Sept. 30, 2001 and before Jan. 1, 2003	Total Days	28	0	+	73	365
X From	55	0	+	200,000	=	43	0.

120,000 x	Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days	31	365	+	73	365
X From	55	0	+	200,000	=	46	120,000.

200,000 x	Days after Dec. 31, 2003 and before Jan. 1, 2005	Total Days	31	0	+	73	365
X From	55	0	+	200,000	=	47	0.

Ontario enhancement of federal business limit

43 + 46 + 47 = 120,000.

Business Limit for Ontario purposes

55 + 44 = 120,000.

Income eligible for the IDSBC

From 30

* Ontario Allocation

Least of 50, 54 or 45

* Note: Ontario Allocation for IDSBC purposes may differ from continued on Page 5

30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.41(4)).

Income Tax *continued from Page 4*

		Number of Days in Taxation Year			
Calculation of IDSBC Rate		Days after Sept. 30, 2001 and before Jan. 1, 2003	Total Days	= +	
		28	0		
		73	365		
6.50 %	X				79 0.000
		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days	= +	
		31	365		
		73	365		
7.00 %	X				89 7.0000
		Days after Dec. 31, 2003 and before Jan. 1, 2005	Total Days	= +	
		34	0		
		73	365		
8.50 %	X				90 0.000

IDSBC Rate for Taxation Year **79 + 89 + 90 = 78 7.0000**

Claim From **60 0.** X From **78 7.0000 %** = **70 0.**

Corporations claiming the IDSBC must complete the Surtax section below if the corporation's taxable income (or if associated, the associated group's taxable income) is greater than the amount in **114** below.

Surtax on Canadian-controlled private corporations (s.41.1)

Applies if you have claimed the Incentive Deduction for Small Business Corporations.

**** Short Taxation Years** - Special rules apply where the taxation year is less than 51 weeks for the corporation and/or any corporation associated with it.

Associated Corporation - The taxable income of associated corporations is the taxable income for the taxation year ending on or before the date of this corporation's taxation year end.

**** Taxable Income of the corporation** From **10** (or **20** if applicable) + **80 16,466,526.**

If you are a member of an associated group (X) **81 X** (Yes)

Name of associated corporation (Canadian & foreign)
(if insufficient space, attach schedule)

Ontario Corporations Tax
Account No. (MOF)
(if applicable)

Taxation Year End

**** Taxable Income**
(if loss, enter nil)

See attached + **82 506,272,000.**

+ **83**

+ **84**

Aggregate Taxable Income **80 + 82 + 83 + 84, etc. = 85 522,738,526.**

		Number of Days in Taxation Year			
Subtract:		Days after Sept. 30, 2001 and before Jan. 1, 2003	Total Days	= +	
		28	0		
		73	365		
280,000	X				113 0.
		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days	= +	
		31	365		
		73	365		
320,000	X				115 320,000.
		Days after Dec. 31, 2003 and before Jan. 1, 2005	Total Days	= +	
		34	0		
		73	365		
400,000	X				116 0.
113 + 115 + 116 = 320,000.					- 114 320,000.
(If negative, enter nil)					= 86 522,418,526.

		Number of Days in Taxation Year			
Calculation of Specified Rate for Surtax		Days after Sept. 30, 2001 and before Jan. 1, 2003	Total Days	= +	
		28	0		
		73	365		
4.3330 %	X				95 0.000
		Days after Dec. 31, 2002 and before Jan. 1, 2004	Total Days	= +	
		31	365		
		73	365		
4.6670 %	X				96 4.6670
		Days after Dec. 31, 2003 and before Jan. 1, 2005	Total Days	= +	
		34	0		
		73	365		
4.6670 %	X				97 0.000
Specified rate of surtax for Taxation Year	95 + 96 + 97				94 4.6670
From 86 522,418,526.	X	From 94 4.6670 %			= 87 24,381,273.
From 87 24,381,273.	X	From 60 0.	From 114 320,000.		= 88 0.

Surtax Lesser of **70** or **88** = **100 0**

Continued on Page 6

Corporation's Legal Name

Ontario Corporations Tax Account No. (MOF)

Taxation Year End

CT23 Page 6 of 24

Hydro One Brampton Networks Inc.

1800040

2003-12-31

DOLLARS ONLY

Income Tax *continued from Page 5***Additional Deduction for Credit Unions (s.51(4))** (Attach schedule 17)

110 0.

Manufacturing and Processing Profits Credit (M&P) (s.43)

Applies to Eligible Canadian Profits from manufacturing and processing, farming, mining, logging and fishing carried on in Canada, as determined by regulations.

Eligible Canadian Profits from mining are the "resource profits from the mining operations", as determined for Ontario depletion purposes, after deducting depletion and resource allowances but excluding amounts from sale of Canadian resource property, rentals or royalties. If you are claiming this credit, attach a copy of Ontario schedule 27.

The whole of the active business income qualifies as Eligible Canadian Profits if: a) your active business income from sources other than manufacturing and processing, mining, farming, logging or fishing is 20% or less of the total active business income and b) the total active business income is \$250,000 or less.

Eligible Canadian Profits	120	0.
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	From 56	0.
Add: Adjustment for Surtax on Canadian-controlled private corporations		
From 100 0. + From 30 100.0000% + From 78 7.0000% = 121		0.
* Ontario Allocation		
Lesser of 56 or 121	122	0.
120 - 56 + 122	130	0.
Taxable Income	From 10	16,466,526.
Subtract: Income eligible for the Incentive Deduction for Small Business Corporations (IDSBC)	From 56	0.
Add: Adjustments for Surtax on Canadian-controlled private corporations	From 122	0.
Subtract: Taxable Income 10 16,466,526. X Allocation % to jurisdictions outside Canada .0000%	140	0.
Subtract: Amount by which Canadian and foreign investment income exceeds net capital losses	141	0.
10 - 56 + 122 - 140 - 141	142	16,466,526.

Claim**Number of Days in Taxation Year**

143 0. X From 30 100.0000% X 1.5000% X	Days after Sept 30, 2001 and before Jan 1, 2004	Total Days	33 0 + 73 365	154 0.
Lesser of 130 or 142				
143 0. X From 30 100.0000% X 2.0000% X	Days after Dec 31, 2003 and before Jan 1, 2005	Total Days	34 0 + 73 365	156 0.
Lesser of 130 or 142				
M&P claim for taxation year 154 + 156				160 0.

* Note: Ontario Allocation for M&P Credit purposes may differ from 30 if Taxable Income is allocated to foreign jurisdictions. See special rules (s.43(1))

Manufacturing and Processing Profits Credit for Electrical Generating Corporations

161 0.

Manufacturing and Processing Profits Credit for Corporations that Produce and Sell Steam for uses other than the Generation of Electricity

162 0.

Credit for Foreign Taxes Paid (s.40)

Applies if you paid tax to a jurisdiction outside Canada on foreign investment income (Int.B. 3001) (Attach schedule).

170 0.

Credit for Investment in Small Business Development Corporations (SBDC)

Applies if you have an unapplied, previously approved credit from prior years' investments in new issues of equity shares in Small Business Development Corporations. Any unused portion may be carried forward indefinitely and applied to reduce subsequent years' income taxes. (Refer to the former Small Business Development Corporations Act)

Eligible Credit 175 0. Credit Claimed 180 0.

Subtotal of Income Tax

40 - 70 + 100 - 110 - 160 - 161 - 162 - 170 - 180 = 190 2,058,316.

continued on Page 7

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Income Tax continued from Page 6**Specified Tax Credits** (Refer to Guide)**Ontario Innovation Tax Credit (OITC) (s.43.3)** Applies to research and development in Ontario.Eligible Credit From **5620** OITC Claim Form (Attach original Claim Form) + **191** 0.**Co-operative Education Tax Credit (CETC) (s.43.4)** Applies to employment of eligible students.Eligible Credit From **5798** Summary Schedule F + **192** 0.**Ontario Film & Television Tax Credit (OFTTC) (s.43.5)**

Applies to qualifying Ontario labour expenditures for eligible Canadian content film and television productions.

Eligible Credit From **5899** either Claim Form from Ontario Media Development Corporation (OMDC) or Ministry of Finance (MOF) CT Schedule 193/199, as applicable.(Attach the original Certification/Claim Form received from the OMDC or the original Certification Form received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.) + **193** 0.**Graduate Transitions Tax Credit (GTTC) (s.43.6)**

Applies to employment of eligible unemployed post secondary graduate.

No. of Graduates From **6596****194** 0Eligible Credit From **6598** Summary Schedule G + **195** 0.**Ontario Book Publishing Tax Credit (OBPTC) (s.43.7)**

Applies to qualifying expenditures in respect of eligible literary works by eligible Canadian authors.

Eligible Credit From **6900** OBPTC Claim Form (Attach both the original Claim Form and the Certification Form) + **196** 0.**Ontario Computer Animation and Special Effects Tax Credit (OCASE) (s.43.8)**

Applies to labour relating to computer animation and special effects on an eligible production.

Eligible Credit From **6700** Claim Form Certified by Ontario Media Development Corporation (Attach the original Claim/Certification Form with the CT23 Tax Return.) + **197** 0.**Ontario Business-Research Institute Tax Credit (OBRITC) (s.43.9)**

Applies to qualifying R&D expenditures under an eligible research institute contract.

Eligible Credit From **7100** OBRITC Claim Form (Attach original Claim Form) + **198** 0.**Ontario Production Services Tax Credit (OPSTC) (s.43.10)**

Applies to qualifying Ontario labour expenditures for eligible productions where the OFTTC has not been claimed.

Eligible Credit From **7300** either Claim Form from Ontario Media Development Corporation (OMDC) or Ministry of Finance (MOF) CT Schedule 193/199, as applicable.(Attach the original Certification/Claim Form received from the OMDC or the original Certification Form received from the OMDC along with a completed MOF CT Schedule 193/199, as applicable.) + **199** 0.**Ontario Interactive Digital Media Tax Credit (OIDMTC) (s.43.11)**

Applies to qualifying labour expenditures of eligible products for the taxation year.

Eligible Credit From **7400** Claim Form certified by Ontario Media Development Corporation (Attach original Claim/Certification Form.) + **200** 0.**Ontario Sound Recording Tax Credit (OSRTC) (s.43.12)**

Applies to qualifying expenditures in respect of eligible Canadian sound recordings.

Eligible Credit From **7500** OSRTC Claim Form (Attach both the original Claim Form and the Certification Form) + **201** 0.Other (specify) + **201.1** 0.**Total Specified Tax Credits** **191** + **192** + **193** + **195** + **196** + **197** + **198** + **199** + **200** + **201** + **201.1** = **220** 0.**Specified Tax Credits Applied to reduce Income Tax** = **225** 0.**Income Tax** **190** - **225** OR Enter NIL if reporting Non-Capital Loss (amount cannot be negative) = **230** **2,058,316.**To determine if the Corporate Minimum Tax (CMT) is applicable to your Corporation, see **Determination of Applicability** section for the CMT on **Page 8**. If CMT is not applicable, transfer amount in **230** to Income Tax in **Summary** section on **Page 17**.

OR

If CMT is not applicable for the current taxation year but your corporation has CMT Credit Carryovers that you want to apply to reduce income tax otherwise payable, then proceed to and complete the **Application of CMT Credit Carryovers** section part B, on **Page 8**.

Corporation's Legal Name

Ontario Corporations Tax Account No. (MOF)

Taxation Year End

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Corporate Minimum Tax (CMT)**Determination of Applicability**

Applies if either Total Assets [249] exceeds \$5,000,000 **or** Total Revenue [250] exceeds \$10,000,000.

* These amounts include the corporation's and associated corporations' share of any partnership(s)/joint venture(s) total assets and total revenue.

Short Taxation Years - Special rules apply for determining total revenue where the taxation year of the corporation or any associated corporation or any fiscal period of any partnership(s)/joint venture(s) of which the corporation or associated corporation is a member, is less than 51 weeks.

Associated Corporation - The total assets or total revenue of associated corporations is the total assets or total revenue for the taxation year ending on or before the date of the claiming corporation's taxation year end.

* Total Assets of the corporation	.....	+	[240]	324,141,000.	
* Total Revenue of the corporation	.....				+ [241] 280,205,000.
If you are a member of an associated group (x) [242] <input checked="" type="checkbox"/> (Yes)					
Name of associated corporation (Canadian & foreign) (if insufficient space, attach schedule)	Ontario Corporations Tax Account No. (MOF) (if applicable)	Taxation Year End	* Total Assets		* Total Revenue
See attached			+ [243] 18612043000.		+ [244] 4216498000.
			+ [245]		+ [246]
			+ [247]		+ [248]
Aggregate Total Assets	[240] + [243] + [245] + [247], etc.		= [249] 18936184000.		
Aggregate Total Revenue	[241] + [244] + [246] + [248], etc.			= [250] 4496703000.	

If CMT is applicable to current taxation year, complete section **Calculation: CMT** below and **Corporate Minimum Tax Schedules A through E** on Pages 18, 19 and 20 of CT23.

Calculation: CMT (Attach Schedule A: Calculation of CMT Base on Page 18.)

Gross CMT Payable	.....	CMT Base From [2135] 18,087,194.	X From [30] 100.0000%	X 4.0000	= [276] 723,488.
		If negative, enter zero	Ontario Allocation		
Subtract: Foreign Tax Credit for CMT purposes (Attach schedule)	.....				- [277] 0.
Subtract: Income Tax	.....				- From [190] 2,058,316.
Net CMT Payable (If negative, enter Nil on Page 17.)	.....				= [280] 0.

If [280] is less than zero and you do not have a CMT credit carryover, transfer [230] from Page 7 to **Income tax Summary**, on Page 17.

If [280] is less than zero and you have a CMT credit carryover, complete A & B below.

If [280] is greater than or equal to zero, transfer [230] to Page 17 and transfer [280] to Page 17, and to **Schedule D: Continuity of CMT Credit Carryovers**, on Page 20.

CMT Credit Carryover available From [2307] 56,053.

Application of CMT Credit Carryovers

A. Income Tax (before deduction of specified credits)				+ From [190] 2,058,316.
Gross CMT Payable	.....		+ From [276] 723,488.		
Subtract: Foreign Tax Credit for CMT purposes	.....		- From [277] 0.		
If [276] - [277] is negative, enter NIL in [290]	.....		= 723,488.		- [290] 723,488.
Income Tax eligible for CMT Credit	.....				= [300] 1,334,828.
B. Income tax (after deduction of specified credits)	.....				+ From [230] 2,058,316.
Subtract: CMT credit used to reduce income taxes	.....				- [310] 56,053.
Income Tax	.....				= [320] 2,002,263.

Transfer to page 17

If A & B apply, [310] cannot exceed the lesser of [230], [300] and your CMT credit carryover available [2307].

If only B applies, [310] cannot exceed the lesser of [230] and your CMT credit carryover available [2307].

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Capital Tax (Refer to Guide and Int.B. 3011)

If your corporation is a Financial Institution (s.58(2)), complete lines 480 and 430 on page 10 then proceed to page 13.

If your corporation is not a member of an associated group and/or partnership and (1) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$1,500,000 or less and the taxation year ends on or after January 1, 2001, or (2) the Gross Revenue and Total Assets as calculated on Page 10 in 480 and 430 are both \$3,000,000 or less and the taxation year commences after September 30, 2001, your corporation is exempt from Capital tax for the taxation year. A Corporation that meets these criteria should disregard all other Capital Tax items (including the calculation of Taxable Capital). Enter NIL in 550 on page 12 and complete the return from that point. All other corporations must compute their Taxable Capital in order to determine their Capital Tax payable.

Members of a partnership (limited or general) or a joint venture, must attach all financial statements of each partnership or joint venture of which they are a member. The Paid-up Capital of each corporate partner must include its share of liabilities that would otherwise be included if the partnership were a corporation. If

Investment Allowance is claimed. Total Assets must be adjusted by adding the corporation's share of the partnership's Total Assets and by deducting investments in the partnership as it appears on the corporation's balance sheet, in addition to any other required adjustments (s.61(5)). Special rules apply to limited partnerships (Inf.B. 3017).

Any Assets and liabilities of a corporation that are being utilized in a joint venture must be included along with the corporation's other Assets and liabilities when calculating its Taxable Paid-up Capital.

Special rules and rates apply to Non-Resident corporations (s.63, s.64 and s.69(3)).

Paid-up Capital of Non-resident: Paid-up capital employed in Canada of a non-resident subject to tax by virtue of s.2(a) or (b), and whose business is not carried on solely in Canada is deemed to be the greater of (1) taxable income in Canada divided by 8 percent or (2) total assets in Canada minus certain indebtedness in accordance with the provisions of s.63(1)(a) (Int.B. 3010).

Paid-up Capital

Paid-up capital stock (Int.B. 3012 and 3015)	350	51,501,490.
Retained earnings (if deficit, deduct) (Int.B. 3012)	351	16,228,000.
Capital and other surpluses, excluding appraisal surplus (Inf.B.3012)	352	60,059,581.
Loans and advances (Attach schedule) (Int.B. 3013)	353	162,106,727.
Bank loans (Int.B. 3013)	354	0.
Bankers acceptances (Int.B. 3013)	355	0.
Bonds and debentures payable (Int.B. 3013)	356	0.
Mortgages payable (Int.B. 3013)	357	0.
Lien notes payable (Int.B. 3013)	358	0.
Deferred credits (including income tax reserves, and deferred revenue where it would also be included in paid-up capital for the purposes of the large corporations tax) (Int.B. 3013)	359	0.
Contingent, investment, inventory and similar reserves (Int.B. 3012)	360	0.
Other reserves not allowed as deductions for income tax purposes (Attach schedule) (Int.B. 3012)	361	5,857,266.
Share of partnership(s) or joint venture(s) paid-up capital (Attach schedule(s)) (Int.B. 3017)	362	0.
Subtotal	370	295,753,064.
Subtract: Amounts deducted for income tax purposes in excess of amounts booked (Retain calculations. Do not submit.) (Int.B. 3012)	371	15,604,458.
Deductible R & D expenditures and ONTTI costs deferred for income tax if not already deducted for book purposes (Int.B. 3015)	372	0.
Total Paid-up Capital	380	280,148,606.
Subtract: Deferred mining exploration and development expenses (s.62(1)(d)) (Int.B. 3015)	381	0.
Electrical Generating Corporations Only - All amounts with respect to electrical generating assets, except to the extent that they have been deducted by the corporation in computing its income for income tax purposes for the current or any prior taxation year, that are deductible by the corporation under clause 11(10)(a) of the Corporations Tax Act, and the assets are used both in generating electricity from a renewable or alternative energy source and are qualifying property as prescribed by regulation	382	0.
Net Paid-up Capital	390	280,148,606.

Eligible Investments (Refer to Guide and Int.B. 3015)

Attach computations and list of corporations' names and investment amounts. Short-term investments (bankers acceptances, commercial paper, etc.) are eligible for the allowance only if issued for a term of and held for 120 days or more prior to the year end of the investor corporation.

Bonds, lien notes and similar obligations, (similar obligations, e.g. stripped interest coupons, applies to taxation years ending after October 30, 1998)	402	0.
Mortgages due from other corporations	403	0.
Shares in other corporations (certain restrictions apply) (Refer to Guide)	404	0.
Loans and advances to unrelated corporations	405	0.
Eligible loans and advances to related corporations (certain restrictions apply) (Refer to Guide)	406	0.
Share of partnership(s) or joint venture(s) eligible investments (Attach schedule)	407	0.
Total Eligible Investments	410	0.

continued on Page 10

Capital Tax Calculation *continued from page 10*

SECTION C

This section applies **ONLY** to a corporation that is a member of an associated group (excluding financial institutions and corporations exempt from capital tax) and/or partnership. You must check either ☐ 509 or ☐ 524 and complete this section before you can calculate your capital tax calculation under either Section D or Section E.

C1. ☐ **509** (X if applicable) All corporations that you are associated with do not have a permanent establishment in Canada.
If taxable capital ☐ 470 on page 10 is \$5,000,000 or less, enter NIL in ☐ 550 on page 12 and complete the return from that point.
If taxable capital ☐ 470 on page 10 exceeds \$5,000,000 proceed to **Section D**, enter \$5,000,000 in ☐ 542 Section D, and complete Section D and the return from that point.

C2. ☒ **524** (X if applicable) One or more of the corporations that you are associated with maintains a permanent establishment in Canada.

If the taxation year ends before January 1, 2003, you must complete the *Calculation* below.

If the taxation year ends after December 31, 2002, you and your associated group may continue to allocate the \$5,000,000 taxable capital exemption by completing the *Calculation* below. Or, the associated group may file an election under subsection 69(2.1) of the Corporations Tax Act, whereby total assets are used to allocate the taxable capital exemption among the associated group. Once a ss.69(2.1) election is filed, all members of the group will then be required to file in accordance with the election and allocate a portion (portion is henceforth referred to as **Net Deduction**) of the \$15,000 capital tax effect, relating to the \$5,000,000 taxable capital exemption, to each corporation in the group on the basis of the ratio that each corporation's total assets multiplied by its Ontario allocation is to the total assets of the group.

The total asset amounts and Ontario allocation percentages to be used for this calculation must be taken from each corporation's financial information from its last taxation year ending in the immediately preceding calendar year.

In addition, although each corporation in the associated group may deduct its Net Deduction amount as apportioned by the total asset formula, the group may, at the group's option, reallocate the group's total Net Deduction among the group on what ever basis the corporate group wishes, as long as the total of the reallocated amounts does not exceed the group's total Net Deduction amount originally calculated for the associated group.

Calculation Do NOT complete this calculation if ss.69(2.1) election is filed

Taxable Capital From ☐ 470 on page 10 + From ☐ 470 **280,148,606.**

Determine aggregate taxable capital of an associated group (excluding financial institutions and corporations exempt from capital tax) and/or partnership having a permanent establishment in Canada

Names of associated corporations (excluding financial institutions and corporations exempt from capital tax) or related partners having a permanent establishment in Canada (if insufficient space, attach schedule)

Ontario Corporations Tax Account No. (MOF) (if applicable)

Taxation Year End

Taxable Capital

See attached				+ <input type="checkbox"/> 531	9128681402.
				+ <input type="checkbox"/> 532	
				+ <input type="checkbox"/> 533	
Aggregate Taxable Capital <input type="checkbox"/> 470 + <input type="checkbox"/> 531 + <input type="checkbox"/> 532 + <input type="checkbox"/> 533, etc.				= <input type="checkbox"/> 540	9408830008.

If ☐ 540 above is \$5,000,000 or less, the corporation's Capital Tax for the taxation year, is NIL.
Enter NIL in ☐ 523 in section D on page 12, as applicable.

If ☐ 540 above is greater than \$5,000,000, the corporation must compute its share of the \$5,000,000 exemption below in order to calculate its Capital Tax for the taxation year under Section D on page 12.

From ☐ 470 **280,148,606.** + From ☐ 540 **9408830008.** x **5,000,000** = ☐ 541 **148,875.**
Transfer to ☐ 542 in Section D on page 12

S.s.69(2.1) Election Filed

☐ **591** (X if applicable) **Election filed. Attach a copy of the election with this CT23 Return.**
Proceed to **Section E** on page 12.

continued on Page 12

Capital Tax *continued from Page 12*

Calculation of Capital Tax for Financial Institutions

I.1. Credit Unions only

For taxation years commencing after May 4, 1999 enter NIL in **550** on page 12, and complete the return from that point.

I.2. Other than Credit Unions

(Retain details of calculations for amounts in boxes **565** and **570**. Do not submit with this tax return.)

565 0. x 0.6% X From **30** 0% X **565** 0 + 0 (366 if leap year) = **569** 0.
 Lesser of adjusted TPUC and Basic Capital Amount in accordance with Division B.1 Ontario Allocation

570 0. x **571** 0.00% X From **30** 0% X **555** 0 + 0 (366 if leap year) = **574** 0.
 Adjusted TPUC in accordance with Division B.1 in excess of Basic Capital Amount Capital Tax Rate (Refer to Guide) Ontario Allocation

Capital Tax for Financial Institutions – other than Credit Unions (before Section II) **569** + **574** = **575** 0.

**** If floating taxation year, refer to Guide.**

II. Small Business Investment Tax Credit

(Retain details of eligible investment calculation and, if claiming an investment in CSBIF, retain the original letter approving the credit issued in accordance with the Community Small Business Investment Fund Act. Do not submit with this tax return.)

Allowable Credit for Eligible Investments **585** 0.

Financial Institutions: Claiming a tax credit for investment in Community Small Business Investment Fund (CSBIF)? (x) ☐ Yes

Capital Tax – Financial Institutions **575** – **585** = **586** 0.
 Transfer to **543** on Page 12

Premium Tax (s.74.2 & 74.3) (Refer to Guide)

(1) Uninsured Benefits Arrangements **587** 0. x 2% = **588** 0.
Applies to Ontario-related uninsured benefits arrangements.

(2) Unlicensed Insurance (enter premium tax payable in **588** and attach a detailed schedule of calculations. If subject to tax under (1) above, add both taxes together and enter total tax in **588**.)
Applies to Insurance Brokers and other persons placing insurance for persons resident or property situated in Ontario with unlicensed insurers.

Deduct: Specified Tax Credits applied to reduce premium tax (Refer to Guide) **589** 0.

Premium Tax **588** – **589** = **590** 0.
 Transfer to page 17

Reconcile net income (loss) for federal income tax purposes with net income (loss) for Ontario purposes if amounts differ

Net income (loss) for federal income tax purposes, per federal T2 SCH 1

+ 600 16,465,975.

Transfer to Page 15

Add:

Federal capital cost allowance	+ 601	9,745,574.
Federal cumulative eligible capital deduction	+ 602	2,810,132.
Ontario taxable capital gain	+ 603	0.
Federal non-allowable reserves. Balance beginning of year	+ 604	4,867,444.
Federal allowable reserves. Balance end of year	+ 605	0.
Ontario non-allowable reserves. Balance end of year	+ 606	5,857,266.
Ontario allowable reserves. Balance beginning of year	+ 607	0.
Federal exploration expenses (e.g. CEDE, CEE, CDE, COGPE)	+ 608	0.
Federal resource allowance	+ 609	0.
Federal depletion allowance	+ 610	0.
Federal foreign exploration and development expenses	+ 611	0.
Management fees, rents, royalties and similar payments to non-arm's length non-residents		

Number of Days in Taxation Year

Days after Sept. 30, 2001 and before Jan. 1, 2004

612 0. x 5 + 12.5000 x 33 365 + 73 365 = + 633 0.

Days after Dec. 31, 2003 and before Jan. 1, 2005

612 0. x 5 + 14.0000 x 34 0 + 73 365 = + 634 0.

Total add-back amount for Management fees, etc. 633 + 634 = 0. + 613 0.

Federal Scientific Research Expenses claimed in year from line 460 of fed. form T661 excluding any negative amount in 473 from Ont. CT23 schedule 161 + 615 0.

Add any negative amount in 473 from Ont. CT23 Schedule 161 + 616 0.

Federal allowable business investment loss + 620 0.

Total of other items not allowed by Ontario but allowed federally (Attach schedule) + 614 0.

Total of Additions 601 to 611 + 613 + 615 + 616 + 620 + 614 = 23,280,416. 640 23,280,416.

Transfer to Page 15

Deduct:

Ontario capital cost allowance (excludes amounts deducted under 675)	+ 650	9,745,574.
Ontario cumulative eligible capital deduction	+ 651	2,809,581.
Federal taxable capital gain	+ 652	0.
Ontario non-allowable reserves. Balance beginning of year	+ 653	4,867,444.
Ontario allowable reserves. Balance end of year	+ 654	0.
Federal non-allowable reserves. Balance end of year	+ 655	5,857,266.
Federal allowable reserves. Balance beginning of year	+ 656	0.
Ontario exploration expenses (e.g. CEDE, CEE, CDE, COGPE) (Retain calculations. Do not submit.)	+ 657	0.
Ontario depletion allowance	+ 658	0.
Ontario resource allowance	+ 659	0.
Ontario current cost adjustment (Attach schedule)	+ 661	0.
Incentive for new electricity supply (section 13.6 deduction from income) (Applies only to electrical generating corporations.)	+ 674	0.
CCA for investments in qualifying energy-efficient equipment and for assets used to generate electricity from natural gas, alternative or renewable resources.	+ 675	0.
Subtotal of deductions for this page 650 to 659 + 661 + 674 + 675	681	23,279,865.

Transfer to Page 15

continued on Page 15

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Reconcile net income (loss) for federal income tax purposes with net income (loss) for Ontario purposes if amounts differ

continued from Page 14

Net income (loss) for federal income tax purposes, per federal T2 SCH 1 From + 600 16,465,975.

Total of Additions From " 640 23,280,416.

Subtotal of deductions on page 14 From 681 23,279,865.

Deduct:

Ontario New Technology Tax Incentive (ONTTI) Gross-up

(Applies only to those corporations whose Ontario allocation is less than 100% in the current taxation year.)

Capital Cost Allowance (Ontario) (CCA) on prescribed qualifying intellectual property deducted in the current taxation year

662 0.

ONTTI Gross-up deduction calculation:

Gross-up of CCA

Gross-up of CCA

From 662 0. x 100 = 663 0.

From 30 .0000

Ontario Allocation

Workplace Child Care Tax Incentive

Qualifying expenditures: $\boxed{665} \times 0.3000\% \times \boxed{100} = \boxed{666} \times 0.3000\%$
 From $\boxed{30}$ $\boxed{100.0000}$
 Ontario Allocation

Workplace Accessibility Tax Incentive

Qualifying expenditures: $\frac{667}{0} \times 100.00\% \times \frac{100}{100.0000}$ From 30 Ontario Allocation

Number of

Number of Employees accommodated 669 0

Ontario School Bus Safety Tax Incentive (OSBSTI): (*Applies to the eligible acquisition of school buses purchased after May 4, 1999 and before January 1, 2006.*) (*Refer to Guide*)

$$\text{Qualifying expenditures: } \boxed{670} \times 0.3000\% \times \frac{100}{100.0000} = \boxed{671} \times 0$$

From $\boxed{30}$ Ontario Allocation

Educational Technology Tax Incentive: (*Applies to qualifying amounts incurred after May 2, 2000.*)

Qualifying expenditures: $\boxed{672} \times 0.1500 = \boxed{100.80}$

Ontario allowable business investment loss

678 0

Ontario Scientific Research Expenses claimed in year in from Ont. CT23 Schedule 161	477
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+ 679 0

Amount added to income federally for an amount that was negative
in line 454 of federal form T661

+ 677 C

Total of other deductions allowed by Ontario (Attach schedule)

+ 664 C

Total of Deductions $\boxed{681} + \boxed{663} + \boxed{666} + \boxed{668} + \boxed{671} + \boxed{673} + \boxed{678} + \boxed{679} + \boxed{677} + \boxed{664} \dots =$ 23,279,865. $\boxed{680}$ 23,279,865.

Net income (loss) for Ontario Purposes
$$\boxed{600} + \boxed{640} = \boxed{680}$$

690 16,466,526.

Transfer to Page 4

Continuity of Losses Carried Forward

	Non-Capital Losses (1)	Total Capital Losses (9) (10)	Farm Losses	Restricted Farm Losses	Listed Personal Property Losses	Limited Partnership Losses (6)
Balance at Beginning of Year	700 (2)	710 (2)	720 (2)	730	740	750
	0	0	0	0	0	0
Add:						
Current year's losses (7)	701	711	721	731	741	751
	0	0	0	0	0	0
Losses from predecessor corporations (3)	702	712	722	732		752
	0	0	0	0		0
Subtotal	703	713	723	733	743	753
	0	0	0	0	0	0
Subtract:						
Utilized during the year to reduce taxable income	704 (2)	715 (2) (4)	724 (2)	734 (2) (4)	744 (4)	754 (4)
	0	0	0	0	0	0
Expired during the year	705		725	735	745	
	0	0	0	0	0	
Carried back to prior years to reduce taxable income (5)	706 (2) to Page 17	716 (2) to Page 17	726 (2) to Page 17	736 (2) to Page 17	746	
	0	0	0	0	0	
Subtotal	707	717	727	737	747	757
	0	0	0	0	0	0
Balance at End of Year	709 (8)	719	729	739	749	759
	0	0	0	0	0	0

Notes:

- (1) Non-capital losses include allowable business investment losses, fed.s.111(8)(b), as made applicable by s.34.
- (2) Where acquisition of control of the corporation has occurred, the utilization of losses can be restricted. See fed.s.111(4) through 111(5.5), as made applicable by s.34.
- (3) Includes losses on amalgamation (fed.s.87(2.1) and s.87(2.11) and/or wind-up (fed.s.88(1.1) and 88(1.2)), as made applicable by s.34.
- (4) To the extent of applicable gains/income/at-risk amount only.
- (5) Generally a three year carry-back applies. See fed.s.111(1) and fed.s.41(2)(b), as made applicable by s.34.
- (6) Where a limited partner has limited partnership losses, attach loss calculations for each partnership.
- (7) Include amount from 11 if taxable income is adjusted to claim unused foreign tax credit for federal purposes.
- (8) Amount in 709 must equal total of 829 + 839.
- (9) Total Capital Losses for a year is the excess of 100% of the Capital Losses in the taxation year minus 100% of the Capital Gains (less any reserves) in the taxation year. Total Capital Losses is before the inclusion rate has been applied.
- (10) Commencing in the 2001 CT23 this column now refers to Total Capital Losses (100% of loss), whereas previously the column referred to Net Capital Losses (75% of loss or after the inclusion rate has been applied). Loss amounts that are not carried at 100% of the loss must be grossed back up to 100% by multiplying the balance by 1.333333. No adjustment is required where losses are carried at 100% of the loss amount.

Analysis of Balance at End of Year by Year of Origin

Year of Origin (oldest year first) year month day	Non-Capital Losses	Non-Capital Losses of Predecessor Corporations	Total Capital Losses from Listed Personal Property only (9) (10)	Farm Losses	Restricted Farm Losses
800 9th preceding taxation year 1995-07-31				850	870
				0	0
801 8th preceding taxation year 1996-07-31				851	871
				0	0
802 7th preceding taxation year 1997-07-31				852	872
				0	0
803 6th preceding taxation year 1998-07-31	820	830	840	853	873
	0	0	0	0	0
804 5th preceding taxation year 1999-07-31	821	831	841	854	874
	0	0	0	0	0
805 4th preceding taxation year 2000-07-31	822	832	842	855	875
	0	0	0	0	0
806 3rd preceding taxation year 2001-07-31	823	833	843	856	876
	0	0	0	0	0
807 2nd preceding taxation year 2001-12-31	824	834	844	857	877
	0	0	0	0	0
808 1st preceding taxation year 2002-12-31	825	835	845	858	878
	0	0	0	0	0
809 Current taxation year 2003-12-31	826	836	846	859	879
	0	0	0	0	0
Total	829	839	849	869	889
	0	0	0	0	0

Request for Loss Carry-Back (s.80(16))

Applies to corporations requesting a reassessment of the return of one or more previous taxation years under s.80(16) with respect to one or more types of losses carried back.

- If, after applying a loss carry-back to one or more previous years, there is a balance of loss available to carry forward to a future year, it is the corporation's responsibility to claim such a balance for those years following the year of loss within the limitations of fed.s.111, as made applicable by s.34.
- Where control of a corporation has been acquired by a person or group of persons, certain restrictions apply to the carry-forward and carry-back provisions of losses under fed.s.111(4) through 111(5.5), as made applicable by s.34.
- Refunds arising from the loss carry-back adjustment may be applied by the Minister of Finance to amounts owing under **any Act administered by the Ministry of Finance**.

- Any late filing penalty applicable to the return for which the loss is being applied will not be reduced by the loss carry-back.
- The application of a loss carry-back will be available for interest calculation purposes on the day that is the latest of the following:
 - the first day of the taxation year after the loss year,
 - the day on which the corporation's return for the loss year is delivered to the Minister, or
 - the day on which the Minister receives a request in writing from the corporation to reassess the particular taxation year to take into account the deduction of the loss.
- If a loss is being carried back to a predecessor corporation, enter the predecessor corporation's account number and taxation year end in the spaces provided under Application of Losses below.

Application of Losses

	Non-Capital Losses	Total Capital Losses	Farm Losses	Restricted Farm Losses
Total amount of loss	910 0	920 0	930 0	940 0
Deduct: Loss to be carried back to preceding taxation years and applied to reduce taxable income				
Predecessor Ontario Corporation's Tax Account No. (MOF)	911	921	931	941
Taxation Year Ending year month day				
i) 3rd preceding 901	912 0	922 0	932 0	942 0
ii) 2nd preceding 902	913 0	923 0	933 0	943 0
iii) 1st preceding 903	919 0	929 0	939 0	949 0
Total loss to be carried back	From 706 0	From 716 0	From 726 0	From 736 0
Balance of loss available for carry-forward	919 0	929 0	939 0	949 0

Summary

Income tax	+ From 230 or 320	2,002,263.
Corporate Minimum Tax	+ From 280	0.
Capital Tax	+ From 550	839,999.
Premium Tax	+ From 590	0.
Total Tax Payable	= 950	2,842,262.
Subtract: Payments	- 960	3,120,731.
Capital Gains Refund (s.48)	- 965	0.
Qualifying Environmental Trust Tax Credit (Refer to Guide)	- 985	0.
Specified Tax Credits (Refer to Guide)	- 955	0.
Other (specify)	-	0.
Balance	= 970	-278,469.
If payment due	Enclosed * 990	0.
If overpayment: Refund (Refer to Guide)	= 975	0.
Apply to	year month day 2004-01-01 980	278,469.

* Make your cheque (drawn on a Canadian financial institution) or a money order in Canadian funds, payable to the Minister of Finance and print your Ontario Corporation's Tax Account No. (MOF) on the back of cheque or money order. (Refer to Guide for other payment methods.)

Certification

I am an authorized signing officer of the corporation. I certify that this CT23 return, including all schedules and statements filed with or as part of this CT23 return, has been examined by me and is a true, correct and complete return and that the information is in agreement with the books and records of the corporation. I further certify that the financial statements accurately reflect the financial position and operating results of the corporation as required under section 75 of the Corporations Tax Act. The method of computing income for this taxation year is consistent with that of the previous year, except as specifically disclosed in a statement attached.

Name (please print)

TONY PAUL

Title

CONTROLLER

Full Residence Address

ON

CA

Signature

Date

Note: Section 76 of the Corporations Tax Act provides penalties for making false or misleading statements or omissions.

Corporation's Legal Name

Ontario Corporations Tax Account No. (MOF)

Taxation Year End

Hydro One Brampton Networks Inc.

1800040

2003-12-31

CT23 Schedule A

Page 18 of 24

DOLLARS ONLY

Corporate Minimum Tax - Schedule A:

Calculation of CMT Base

Banks - Net income/loss as per report accepted by Superintendent of Financial Institutions (SFI) under the Bank Act (Canada), adjusted so consolidation/equity methods are not used.

Net income/Loss (unconsolidated, determined in accordance with GAAP)

+ 2100 14,061,776.

Subtract (to the extent reflected in net income/loss):

Provision for recovery of income taxes / benefit of current income taxes	+ 2101	0.
Provision for deferred income taxes (credits) / benefit of future income taxes	+ 2102	0.
Equity income from corporations	+ 2103	0.
Share of partnership(s)/joint venture(s) income	+ 2104	0.
Dividends received/receivable deductible under fed.s.112	+ 2105	0.
Dividends received/receivable deductible under fed.s.113	+ 2106	0.
Dividends received/receivable deductible under fed.s.83(2)	+ 2107	0.
Federal Part VI.1 tax paid on dividends declared and paid, under fed.s.191.1(1)	+ 2108	0.
		0. X 9/4
Subtotal	=	2109 0.

Add (to extent reflected in net income/loss):

Provision for current taxes / cost of current income taxes	+ 2110	4,025,418.
Provision for deferred income taxes (debits) / cost of future income taxes	+ 2111	0.
Equity losses from corporations	+ 2112	0.
Share of partnership(s)/joint venture(s) losses	+ 2113	0.
Dividends that have been deducted to arrive at net income per Financial Statements s.57.4(1.1) (excluding dividends under fed.s.137(4.1))	+ 2114	0.
Subtotal	=	4,025,418. + 2115 4,025,418.

Add/Subtract:

Amounts relating to s.57.9 election/regulations for disposals etc. of property for current/prior years

** Fed.s.85	+ 2116	0.	or - 2117	0.
** Fed.s.85.1	+ 2118	0.	or - 2119	0.
** Fed.s.97	+ 2120	0.	or - 2121	0.
** Amounts relating to amalgamations (fed.s.87) as prescribed in regulations for current/prior years	+ 2122	0.	or - 2123	0.
** Amounts relating to wind-ups (fed.s.88) as prescribed in regulations for current/prior years	+ 2124	0.	or - 2125	0.
** Amounts relating to s.57.10 election/regulations for replacement re fed.s.13(4), 14(6) and 44 for current/prior years	+ 2126	0.	or - 2127	0.
Interest allowable under ss.20(1)(c) or (d) of ITA to the extent not otherwise deducted in determining CMT adjusted net income	- 2150	0.		

Subtotal (Additions)	=	0.	+ 2128	0.
Subtotal (Subtractions)	=	0.	- 2129	0.

** Other adjustments	+ 2130	0.
----------------------	--------	----

Subtotal	± 2100 - 2109 + 2115 + 2128 - 2129 ± 2130	= 2131 18,087,194.
----------	---	--------------------

** Share of partnership(s)/joint venture(s) adjusted net income/loss	+ 2132	0.
--	--------	----

Adjusted net income (loss) (if loss, transfer to 2202 in Schedule B: Continuity of CMT Losses Carried Forward, Page 19.)	= 2133 18,087,194.
--	--------------------

Deduct: * CMT losses: pre-1994 Loss	+ From 2210	0.
* CMT losses: other eligible losses	+ 2211	0.
	=	0. + 2134 0.

* CMT losses applied cannot exceed adjusted net income or increase a loss

** Retain calculations. Do not submit with this tax return.

CMT Base	= 2135 18,087,194.
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Transfer to CMT Base on Page 8

Corporation's Legal Name

Ontario Corporations Tax Account No. (MOF)

Taxation Year End

Hydro One Brampton Networks Inc.

1800040

2003-12-31

CT23 Schedule B & C

Page 19 of 24

Corporate Minimum Tax (CMT)



DOLLARS ONLY

Schedule B: Continuity of CMT Losses Carried Forward

Balance at Beginning of year (1), (2) + 2201 0.

Add: Current year's losses + 2202 0.

Losses from predecessor corporations on amalgamation (3) + 2203 0.

Losses from predecessor corporations on wind-up (3) + 2204 0.

Amalgamation (x) 2205 ☐ Yes Wind-up (x) 2206 ☐ Yes

Subtotal = 0. + 2207 0.

Adjustments (attach schedule) + 2208 0.

CMT losses available 2201 + 2207 ± 2208 = 2209 0.

Subtract: Pre-1994 loss utilized during the year to reduce adjusted net income + 2210 0.

Other eligible losses utilized during the year to reduce adjusted net income (4) + 2211 0.

Losses expired during the year + 2212 0.

Subtotal = 0. - 2213 0.

Balances at End of Year (5) 2209 - 2213 = 2214 0.

Notes:

(1) Pre-1994 CMT loss (see s.57.1(1)) should be included in the balance at beginning of the year. Attach schedule showing computation of pre-1994 CMT loss.

(2) Where acquisition of control of the corporation has occurred, the utilization of CMT losses can be restricted. (see s.57.5(3) and s.57.5(7))

(3) Include and indicate whether CMT losses are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.57.5(8) and s.57.5(9))

(4) CMT losses must be used to the extent of the lesser of the adjusted net income 2133 and CMT losses available 2209.

(5) Amount in 2214 must equal sum of 2270 + 2290.

Schedule C: Analysis of CMT Losses Year End Balance by Year of Origin

For a pre-1994 loss, use the date of the last taxation year end before your corporation's first taxation year commencing after 1993.

	Year of Origin (oldest year first) year month day	CMT Losses of Corporation	CMT Losses of Predecessor Corporations
2240	9th preceding taxation year 2001-12-31	2260 0	2280 0
2241	8th preceding taxation year 2002-12-31	2261 0	2281 0
2242	7th preceding taxation year 2003-12-31	2262 0	2282 0
2243	6th preceding taxation year	2263 0	2283 0
2244	5th preceding taxation year	2264 0	2284 0
2245	4th preceding taxation year	2265 0	2285 0
2246	3rd preceding taxation year	2266 0	2286 0
2247	2nd preceding taxation year	2267 0	2287 0
2248	1st preceding taxation year	2268 0	2288 0
2249	Current taxation year	2269 0	2289 0
Totals		2270 0	2290 0

The sum of amounts 2270 + 2290
must equal amount in 2214

Corporation's Legal Name

Ontario Corporations Tax Account No. (MOF)

Taxation Year End

Hydro One Brampton Networks Inc.

1800040

2003-12-31

CT23 Schedule D & E

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Corporate Minimum Tax (CMT)



DOLLARS ONLY

Schedule D: Continuity of CMT Credit Carryovers

Balance at Beginning of year (1)	.....	+	2301	56,053.
Add: Current year's CMT Credit (280 on page 8. If negative, enter NIL)	.....	+	From 280	0.
CMT Credit Carryovers from predecessor corporations (2)	.....	+	2302	0.
Amalgamation (x) 2303 <input type="checkbox"/> Yes Wind-up (x) 2304 <input type="checkbox"/> Yes	.....	=	0.	+
Subtotal	.....		2305	0.
Adjustments (Attach schedule)	.....	+	2306	0.
CMT credit carryover available	2301 + 2305 ± 2306	.....	= 2307	56,053.
Transfer to Page 8				
Subtract: CMT Credit utilized during the year to reduce income tax (Page 8)	.....	+	From 310	56,053.
CMT Credit expired during the year	.....	+	2308	0.
Subtotal	.....	=	56,053.	2309 56,053.
Balance at End of Year (3)	2307 - 2309	.....	= 2310	0.

Notes:

- (1) Where acquisition of control of the corporation has occurred, the utilization of CMT credits can be restricted. (see s.43.1(5))
- (2) Include and indicate whether CMT credits are a result of an amalgamation to which fed.s.87 applies and/or a wind-up to which fed.s.88(1) applies. (see s.43.1(4))
- (3) Amount in 2310 must equal sum of 2370 + 2390.

Schedule E: Analysis of CMT Credit Carryovers Year End Balance by Year of Origin

	Year of Origin (oldest year first) year month day	CMT Credit Carryovers of Corporation	CMT Credit Carryovers of Predecessor Corporation(s)
2340	9th preceding taxation year	2360	2380
	2001-12-31	0	0
2341	8th preceding taxation year	2361	2381
	2002-12-31	0	0
2342	7th preceding taxation year	2362	2382
	2003-12-31	0	0
2343	6th preceding taxation year	2363	2383
		0	0
2344	5th preceding taxation year	2364	2384
		0	0
2345	4th preceding taxation year	2365	2385
		0	0
2346	3rd preceding taxation year	2366	2386
		0	0
2347	2nd preceding taxation year	2367	2387
		0	0
2348	1st preceding taxation year	2368	2388
		0	0
2349	Current taxation year	2369	2389
		0	0
Totals		2370	2390
		0	0

The sum of amounts 2370 + 2390
must equal amount in 2310.

Hydro One Brampton Networks Inc.

Financial Statements

December 31, 2003

 **ERNST & YOUNG**

HYDRO ONE BRAMPTON NETWORKS INC.

AUDITORS' REPORT

To the Shareholder of
Hydro One Brampton Networks Inc.

We have audited the balance sheet of **Hydro One Brampton Networks Inc.** (the Company) as at December 31, 2003 and the statements of operations, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP
Chartered Accountants

Toronto, Canada,
March 15, 2004.

HYDRO ONE BRAMPTON NETWORKS INC.

STATEMENT OF OPERATIONS

<i>Year ended December 31 (Canadian dollars in thousands)</i>	2003	2002
Revenues	278,229	275,158
Distribution	1,976	1,644
Other	280,205	276,802
Costs	225,830	229,484
Purchased power (Note 12)	14,406	14,354
Operations, maintenance and administration	12,235	12,694
Depreciation and amortization (Note 3)	252,471	256,532
Income before financing charges and provision for payments in lieu of corporate income taxes	27,734	20,270
Financing charges (Notes 4 and 12)	9,647	9,203
Income before provision for payments in lieu of corporate income taxes	18,087	11,067
Provision for payments in lieu of corporate income taxes (Notes 5 and 12)	4,025	4,888
Net income	14,062	6,179

STATEMENT OF RETAINED EARNINGS

<i>Year ended December 31 (Canadian dollars in thousands)</i>	2003	2002
Retained earnings, January 1	13,166	9,787
Net income	14,062	6,179
Dividends (Note 11)	(11,000)	(2,800)
Retained earnings, December 31	16,228	13,166

See accompanying notes to financial statements.

HYDRO ONE BRAMPTON NETWORKS INC.

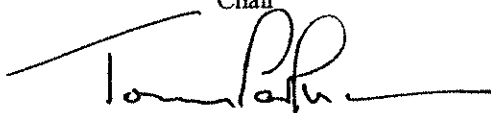
BALANCE SHEET

<i>December 31 (Canadian dollars in thousands)</i>	2003	2002
Assets		
Current assets:		
Cash	1,568	-
Accounts receivable (net of allowance for doubtful accounts - \$707 thousand; 2002 - \$590 thousand)	38,593	37,748
Materials and supplies	2,996	3,125
	43,157	40,873
Fixed assets (Note 6):		
Fixed assets in service	351,758	334,620
Less: accumulated depreciation	143,041	130,368
	208,717	204,252
Other long-term assets:		
Goodwill (Note 1)	60,060	60,060
Regulatory assets (Note 7)	10,986	9,735
Deferred debt costs (Note 8)	721	747
	71,767	70,542
	323,641	315,667
Total assets		
Liabilities		
Current liabilities:		
Bank indebtedness	-	8,041
Accounts payable and accrued charges (Note 12)	45,982	33,092
Due to Hydro One Brampton Services Inc. (Note 12)	-	499
Due to Hydro One Brampton Inc. (Note 12)	1,599	1,100
Accrued interest	844	844
	48,425	43,576
Long-term debt (Notes 8, 9 and 12)	143,000	143,000
Other long-term liabilities:		
Employee future benefits other than pension (Note 10)	4,427	4,364
	195,852	190,940
Total liabilities		
Contingencies and commitments (Notes 10, 14 and 15)		
Shareholder's equity (Note 1)		
Contributed surplus	60,060	60,060
Common shares (authorized: unlimited; issued: 2,000)	51,501	51,501
Retained earnings	16,228	13,166
	127,789	124,727
Total shareholder's equity	323,641	315,667
Total liabilities and shareholder's equity		

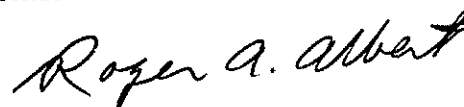
See accompanying notes to financial statements.

On behalf of the Board of Directors:

Tom Parkinson
Chair



Roger Albert
President and Chief Executive Officer



HYDRO ONE BRAMPTON NETWORKS INC.

STATEMENT OF CASH FLOWS

<i>Year ended December 31 (Canadian dollars in thousands)</i>	2003	2002
Operating activities	14,062	6,179
Net income		
Adjustments:	12,673	11,379
Depreciation and amortization	(1,251)	(7,090)
Change in regulatory assets	25,484	10,468
	12,237	(9,805)
Changes in non-cash balances related to operations <i>(Note 13)</i>	37,721	663
Net cash from operations		
Financing Activities	(11,000)	(2,800)
Dividends	26	26
Deferred debt costs	(10,974)	(2,774)
Net cash used in financing activities		
Investing activities	(17,138)	(18,344)
Fixed assets	-	10,000
Repayment from Hydro One Inc.	(17,138)	(8,344)
Net cash used in investing activities		
Net change in cash and cash equivalents	9,609	(10,455)
Cash and cash equivalents, January 1	(8,041)	2,414
Cash and cash equivalents, December 31 <i>(Note 13)</i>	1,568	(8,041)

See accompanying notes to financial statements.

HYDRO ONE BRAMPTON NETWORKS INC.

NOTES TO FINANCIAL STATEMENTS

1. INCORPORATION AND ACQUISITION BY HYDRO ONE INC.

Hydro One Brampton Networks Inc. (the Company) was incorporated on April 25, 2000 under the *Business Corporations Act* (Ontario). The principal business of the Company is the distribution of electricity to customers within the City of Brampton, Ontario. This business is regulated by the Ontario Energy Board (OEB). The Company is a wholly owned subsidiary of Hydro One Brampton Inc., which in turn is a wholly owned subsidiary of Hydro One Inc. (Hydro One).

Effective August 1, 2001, Hydro One purchased all outstanding shares of the Company's parent, Hydro One Brampton Inc., for cash from the Corporation of the City of Brampton under an agreement of purchase and sale dated October 31, 2000. On the same date, the name of the Company was changed to Hydro One Brampton Networks Inc.

The purchase equation was as follows:

(Canadian dollars in thousands)

Current assets	56,473
Current liabilities	(38,273)
Fixed assets	189,832
Long-term liabilities	(6,282)
	201,750
Consideration:	
Cash	260,200
Less: additional costs associated with the purchase	(1,610)
	258,590
Goodwill	60,060

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada (Canadian GAAP).

The Company follows the push down basis of accounting whereby the values that arose in the purchase equation when the Company was acquired were "pushed down" to the accounts of the Company.

Rate-setting

The electricity distribution business of the Company is subject to rate regulation by the OEB. The OEB has the general power to include or exclude costs, revenues, losses or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. This change in timing gives rise to the recognition of regulatory assets. The Company's regulatory assets primarily represent costs that have been deferred for accounting purposes because it is probable that they will be recovered in future rates. Specific regulatory assets recognized at December 31, 2003 are disclosed in Note 7.

HYDRO ONE BRAMPTON NETWORKS INC.

NOTES TO FINANCIAL STATEMENTS (continued)

In a letter dated December 19, 2003, the Minister of Energy granted approval for distributors to make application to the OEB with regard to rate recovery of certain distribution regulatory assets whose inclusion in rates was delayed by the *Electricity Pricing, Conservation and Supply Act, 2002 (Electricity Pricing, Conservation and Supply Act)*. As a result of the Company's distribution rate application dated January 23, 2004, these regulatory assets are expected to be recovered over a four-year period commencing April 1, 2004. However, the amount to be recovered will be subject to a yet to be determined OEB review and approval process, expected to occur later in 2004.

The Company continually assesses the likelihood of recovery of each of its regulatory assets and believes that it is probable that its regulatory assets will be factored into the setting of future rates. If future recovery through rates is no longer considered probable, the regulatory assets will be adjusted to reflect the appropriate carrying amount in the period that the assessment is made.

Revenue Recognition

Distribution revenues attributable to the sale and delivery of electricity reflect actual consumption billed and an estimate for unbilled consumption. Unbilled revenue that relates to energy used by consumers from the last meter reading dates during the period to the end of the year are estimated based on historical consumption. Actual results could differ from estimates made of unbilled electricity usage.

Corporate Income and Capital Taxes

Under the *Electricity Act, 1998*, the Company is required to make payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation (OEFC). These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the *Income Tax Act (Canada)* and the *Corporations Tax Act (Ontario)* as modified by the *Electricity Act, 1998*, and related regulations.

The Company provides for payments in lieu of corporate income taxes using the taxes payable method as directed by the OEB. Under the taxes payable method, no provisions are made for future income taxes because of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. When unrecorded future income taxes become payable, it is expected that they will be included in the rates approved by the OEB and recovered from the customers of the Company at that time.

Inter-Company Demand Facility

Hydro One maintains pooled bank accounts for its use and for the use of its subsidiaries including the Company. The Company earns interest on positive inter-company balances based on the average of the bankers' acceptance rate at the beginning and end of the month, less 0.02%. The Company is charged interest on overdraft inter-company balances based on the same bankers' acceptance rate, plus 0.15%.

Materials and Supplies

Materials and supplies represent spare parts and construction material held for internal construction and maintenance of fixed assets. These assets are carried at the lower of average cost or net realizable value.

Fixed Assets

Fixed assets are capitalized at cost, which comprises materials, labour, engineering, overheads, depreciation on service equipment and the approved allowance for funds used during construction applicable to major capital construction activities.

Fixed assets in service consist of land and land rights, buildings, distribution equipment, transformers and meters, trucks and equipment, and office and computer equipment.

HYDRO ONE BRAMPTON NETWORKS INC.

NOTES TO FINANCIAL STATEMENTS (continued)

During 2003, the Company adopted the Canadian Institute of Chartered Accountants' (CICA) Handbook Section 3110, *Asset Retirement Obligations*. This new accounting standard requires the Company to determine the fair value of the future expenditures required to settle legal obligations to remove fixed assets. If reasonably estimable, a liability is recognized equal to the present value of the estimated future removal expenditures. An equivalent amount is capitalized as an inherent cost of the associated fixed asset.

Some of the Company's distribution assets, particularly those located on unowned easements and rights-of-way, may have asset retirement obligations. The majority of the Company's easements and rights-of-way are either of perpetual duration or are automatically renewed annually. Land rights with finite terms are generally subject to extension or renewal. As the Company expects to use the majority of its installed assets for an indefinite period, no removal date can be determined and consequently a reasonable estimate of the fair value of any related asset retirement obligations cannot be made at this time. If, at some future date, it becomes possible to estimate the fair value cost of removing assets that the Company is legally required to remove, an asset retirement obligation will be recognized at that time.

Construction in Progress

Construction in progress comprises fixed assets under construction, assets not yet placed into service and pre-construction activities related to specific projects expected to be constructed.

Financing costs are capitalized on major construction projects under construction based on the allowance for funds used during construction (2003 - 7%; 2002 - 7%). There were no major construction projects in 2003.

Depreciation

Depreciation of fixed asset values is charged to operations on a straight-line basis over their estimated service lives as follows:

Land rights	2.00%
Buildings	2.00%
Distribution equipment	2.5% - 6.67%
Transformers and meters	4.00%
Trucks and equipment	12.50%
Office and computer equipment	10.0% - 20.00%

In accordance with group depreciation practices, the original cost of normal fixed asset retirements is charged to accumulated depreciation, with no gain or loss reflected in results of operations. Gains and losses on sales of fixed assets and losses on premature retirements are charged to results of operations as adjustments to depreciation expense. Depreciation expense also includes the costs incurred to remove fixed assets where an asset retirement obligation, as defined in CICA Handbook Section 3110, has been recognized.

The estimated service lives of fixed assets are subject to periodic review. Any changes arising from such a review are implemented on a remaining service life basis from the year the changes can first be reflected in rates.

Goodwill

The carrying value of goodwill is evaluated for impairment on an annual basis, or more frequently if circumstances require, with any write-down of the carrying value of goodwill being charged against the results of operations. Goodwill impairment is assessed based on a comparison of the fair value of the reporting unit to the underlying carrying value of the reporting unit's net assets, including goodwill. The Company has determined that goodwill is not impaired.

HYDRO ONE BRAMPTON NETWORKS INC.

NOTES TO FINANCIAL STATEMENTS (continued)

Deferred Debt Costs

Deferred debt costs include debt issuance costs, debt costs transferred from the parent company, as well as the unamortized amounts of debt discounts or premiums arising from the issuance of debt and other costs. Deferred debt costs are amortized over the period to maturity of the debt on a straight-line basis.

Pension and Other Post-Employment Benefits

The Company accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. The accounting treatment for post-employment benefits is described in Note 10.

During 2003, the Company adopted the CICA's approved additional disclosures amending Handbook Section 3461, *Employee Future Benefits*. Additional disclosures provided include the date used to measure the benefit obligations, and separate disclosure of the discount rate used to determine the net benefit cost and that used to determine the accrued benefit obligation.

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses for the year. Actual results could differ from estimates, including changes as a result of future decisions made by the OEB or the Province.

3. DEPRECIATION AND AMORTIZATION

<i>Year ended December 31 (Canadian dollars in thousands)</i>	2003	2002
Depreciation of fixed assets in service	12,235	11,049
Amortization of regulatory and other assets	-	1,645
	12,235	12,694

4. FINANCING CHARGES

<i>Year ended December 31 (Canadian dollars in thousands)</i>	2003	2002
Interest on long-term debt payable	9,939	9,953
Amortization of deferred debt costs	26	26
Other interest income	(318)	(366)
Less: capitalized interest on construction in progress	-	(410)
	9,647	9,203

HYDRO ONE BRAMPTON NETWORKS INC.

NOTES TO FINANCIAL STATEMENTS (continued)

5. PROVISION FOR PAYMENTS IN LIEU OF CORPORATE INCOME TAXES

The provision for payments in lieu of corporate income taxes (PILs) differs from the amount that would have been recorded using the combined Canadian Federal and Ontario statutory income tax rate. A reconciliation between the statutory and effective tax rates is provided as follows:

<i>Year ended December 31 (Canadian dollars in thousands)</i>	2003	2002
Income before provision for PILs	18,087	11,067
Federal and Ontario statutory income tax rate	36.62%	38.62%
Provision for PILs at statutory rate	6,623	4,274
(Decrease) increase resulting from:		
Temporary differences:		
Retail settlement variance accounts recorded for accounting purposes but not for tax purposes	(4,015)	-
Depreciation and amortization less than capital cost allowance	(26)	(426)
Interest capitalized for accounting purposes but deducted for tax purposes	-	(158)
Employee future benefits other than pension expense in excess of cash payments	23	89
Other	954	582
Net temporary differences	(3,064)	87
Net permanent differences:		
Large corporations tax	459	527
Other	7	-
Net permanent differences	466	527
Provision for PILs	4,025	4,888
Effective income tax rate	22.25%	44.17%

Future income taxes relating to the regulated businesses have not been recorded in the accounts as they are expected to be recovered through future revenues. As at December 31, 2003, future income tax liabilities of \$3,275 thousand (2002 - \$370 thousand), based on substantively enacted income tax rates, have not been recorded.

HYDRO ONE BRAMPTON NETWORKS INC.

NOTES TO FINANCIAL STATEMENTS (continued)

6. FIXED ASSETS

<i>December 31 (Canadian dollars in thousands)</i>	Fixed Assets in Service	Accumulated Depreciation	Total
2003			
Land and land rights	8,919	94	8,825
Buildings	20,921	5,055	15,866
Distribution equipment	227,915	93,686	134,229
Transformers and meters	83,679	36,817	46,862
Trucks and equipment	8,192	5,418	2,774
Office and computer equipment	2,132	1,971	161
	351,758	143,041	208,717
2002			
Land and land rights	8,598	81	8,517
Buildings	20,675	4,744	15,931
Distribution equipment	218,250	84,947	133,303
Transformers and meters	78,601	34,049	44,552
Trucks and equipment	6,655	4,967	1,688
Office and computer equipment	1,841	1,580	261
	334,620	130,368	204,252

Financing costs are capitalized on fixed assets under construction, including allowance for funds used during construction and were \$nil in 2003 (2002 - \$410 thousand).

7. REGULATORY ASSETS

Regulatory assets and liabilities can arise because of the rate-making process. As described in Note 2, the Company has recorded the following regulatory assets:

<i>December 31 (Canadian dollars in thousands)</i>	2003	2002
Retail settlement variance accounts	9,314	8,177
Market ready costs	1,083	1,053
Other	589	505
	10,986	9,735

The Company has deferred certain retail settlement variance amounts under the provisions of Article 490 in the OEB's Accounting Procedures Handbook. As a result of the Company's rate application dated January 23, 2004, this regulatory asset is expected to be recovered over a four-year period commencing April 1, 2004, subject to a potential audit by the OEB.

Market ready costs have been deferred in accordance with the criteria set out in the OEB's Electricity Distribution Rate Handbook, the Accounting Procedures Handbook and in subsequent OEB guidelines. In the absence of such regulation, these costs would have been expensed when incurred under Canadian GAAP. As a result of the Company's rate application dated January 23, 2004, this regulatory asset is expected to be primarily recovered over a four-year period commencing April 1, 2004, subject to a prudence review by the OEB.

HYDRO ONE BRAMPTON NETWORKS INC.

NOTES TO FINANCIAL STATEMENTS (continued)

The Company ceased adding interest to the deferral accounts for the retail settlement variance accounts and market ready costs as at December 1, 2002 for external financial reporting purposes. The Company intends to seek recovery of unrecorded interest amounts relating to the period after December 1, 2002 in future rate applications, subject to review for prudence by the OEB.

8. LONG-TERM DEBT

The promissory note is payable to Hydro One and bears an interest rate of 6.95% per annum until maturity on June 1, 2031. The note is subject to redemption or repurchase by the Company before maturity, in whole or in part.

On issuance of the promissory note, \$773 thousand of debt costs incurred by Hydro One was transferred to the Company. These debt costs are being amortized over the 30-year term of the note.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying values of all financial instruments, except long-term debt, approximate fair values. The fair value of long-term debt, based on period-end quoted market prices for the same or similar debt of the same remaining maturities, is provided in the following table:

<i>December 31 (Canadian dollars in thousands)</i>	2003		2002	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	143,000	160,803	143,000	144,595

Financial assets create a risk that a counter-party will fail to discharge an obligation, causing a financial loss. As at December 31, 2003, there were no significant concentrations of credit risk with respect to any class of financial assets. The Company's revenue is earned from a broad base of customers. As a result, the Company did not earn a significant amount of revenue from any single customer. As at December 31, 2003, there were no significant balances of accounts receivable due from any single customer.

10. EMPLOYEE FUTURE BENEFITS

Employees of the Company participate in OMERS, a multi-employer public sector pension fund. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and salary.

The Company's contributions to the pension plan are expensed when contributions are made. As a result of the contribution holiday since August 1998, no contributions were made to the pension fund in 2002. Effective January 1, 2003, the Company commenced contributing to OMERS. Contributions were \$236 thousand in 2003 and are estimated to be \$670 thousand in 2004 and for each year thereafter.

The Company also provides certain medical and life insurance benefits on behalf of its retired employees and dependents. The Company recognizes these post-retirement costs in the period in which the employees rendered the services. Costs are determined by independent actuaries using the projected benefit method pro-rated on service and based on assumptions that reflect management's best estimates. Past service costs from plan amendments and actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the employees covered. The measurement date used to determine the accrued benefit obligation is December 31.

HYDRO ONE BRAMPTON NETWORKS INC.

NOTES TO FINANCIAL STATEMENTS (continued)

Information about the Company's post-retirement benefit plan is as follows:

<i>December 31 (Canadian dollars in thousands)</i>	2003	2002
Accrued benefit obligation, beginning of year	4,364	3,900
Annual expense:		
Current service costs	96	247
Interest costs	177	305
Amortization of actuarial gain	(109)	-
Benefits paid	(101)	(88)
Accrued benefit obligation, end of year	4,427	4,364

During 2003 the Company realised an actuarial gain of \$1,609 thousand as a result of an independent actuarial valuation. The net accumulated unamortized actuarial gain at December 31, 2003 was \$1,493 thousand.

The significant actuarial assumptions used in measuring the accrued benefit obligation are as follows:

	2003	2002
Expected annual remaining service life of employees	14 years	11 years
Rate of cost of living increase	2.50%	3.50%
Discount rate for the expense for the year ended December 31	6.00%	6.00%
Discount rate for accrued benefit liability as at December 31	6.25%	6.00%
Rate of compensation scale escalation (without merit)	4.00%	2.00%
Rate of increase of long-term medical costs is 7.20% grading down to 4.50% after three years (2002 – 14.50% decreasing to 10.0% in 2009) and remaining constant thereafter.	7.20%	14.50%
Rate of increase of prescription drugs is 13.25% in 2003 grading down to 4.50% after ten years (2002 – 14.50% decreasing to 10.0% in 2009) and remaining constant thereafter.	13.25%	14.50%
Rate of increase in dental costs is 6.60% grading down to 4.50% after three years (2002 – 6.65% decreasing to 3.50% in 2009) and remaining constant thereafter.	6.60%	6.65%

11. DIVIDENDS

Common dividends are declared at the sole discretion of the Company's Board of Directors, and are recommended by management based upon results of operations, financial condition, cash requirements and other relevant factors such as industry practice and shareholder expectations.

In 2003, common dividends in the amount of \$11,000 thousand (2002 - \$2,800 thousand) were declared and paid during the year.

HYDRO ONE BRAMPTON NETWORKS INC.

NOTES TO FINANCIAL STATEMENTS (continued)

12. RELATED PARTY TRANSACTIONS

Hydro One and its subsidiaries, the OEFC, Ontario Power Generation Inc. (OPG), the Independent Electricity Market Operator (IMO) and the Province of Ontario are related parties of the Company. Transactions between these parties and the Company were as follows:

The Company purchased certain transmission, connection, and administrative services from Hydro One Networks and Hydro One Inc. totaling \$852 thousand (2002 - \$691 thousand). In 2002 the Company also received payment in full for an outstanding receivable in the amount of \$10,000 thousand.

During 2003, the Company paid for certain telecommunication services and leased a portion of its facilities and equipment to Hydro One Telecom Inc. In 2003, the Company received a net amount from Hydro One Telecom Inc. of \$209 thousand (2002 - paid a net amount of \$91 thousand).

The Company purchased power from the IMO-administered spot market (from OPG prior to Open Access) in the amount of \$223,816 thousand in 2003 (2002 - \$228,890 thousand).

Provision for payments in lieu of corporate income taxes was paid or payable to the OEFC in the amount of \$4,025 thousand (2002 - \$4,888 thousand).

Common dividends were paid to Hydro One Brampton Inc. in the amount of \$11,000 thousand (2002 - \$2,800 thousand).

The amounts due to related parties because of the transactions referred to above are as follows:

<i>December 31 (Canadian dollars in thousands)</i>	2003	2002
Accounts payable and accrued charges	22,848	22,927

As described in Note 8, at December 31, 2003, long-term debt for \$143,000 thousand was owing to Hydro One (2002 - \$143,000 thousand). Net financing charges for 2003 include interest expense on this debt in the amount of \$9,939 thousand (2002 - \$9,953 thousand).

Amounts payable to Hydro One Brampton Inc. of \$1,599 thousand (2002 - \$1,100 thousand) and Hydro One Brampton Services Inc. of \$nil (2002 - \$499 thousand) are promissory notes due on demand without interest.

13. STATEMENTS OF CASH FLOWS

For the purposes of the Statements of Cash Flows, "cash and cash equivalents" refers to the balances sheet items "cash" and "bank indebtedness".

The changes in non-cash balances related to operations consist of the following:

<i>Year ended December 31 (Canadian dollars in thousands)</i>	2003	2002
Accounts receivable (increase)	(845)	(4,710)
Materials and supplies decrease (increase)	129	(247)
Accounts payable and accrued charges increase (decrease)	12,890	(5,328)
Accrued interest increase	-	16
Employee future benefits other than pension increase	63	464
	12,237	(9,805)

HYDRO ONE BRAMPTON NETWORKS INC.

NOTES TO FINANCIAL STATEMENTS (continued)

14. CONTINGENCIES

The Company is involved in various lawsuits, claims and regulatory proceedings in the normal course of business. In the opinion of management, the outcome of such matters, except as noted below, will not have an adverse effect on the Company's financial position, results of operations or cash flows.

A class action claiming \$500 million in restitutionary payments, plus interest, was served on Toronto Hydro on November 18, 1998. The action was initiated against the former Toronto Hydro-Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario, which have charged late payment charges on overdue utility bills at any time after April 1, 1981. The claim is that late payment penalties result in the municipal electric utilities receiving interest at effective rates in excess of amounts allowed by law. The Electricity Distributors Association is undertaking the defence of this class action. At this time, it is not possible to quantify the effect, if any, on the financial statements of the Company.

15. COMMITMENTS

Operating leases

The future minimum lease payments under operating leases for each of the five years subsequent to December 31, 2003 and in total thereafter are as follows: 2004 - \$299 thousand; 2005 - \$21 thousand; 2006 - \$5 thousand; 2007 - \$nil; 2008 - \$nil; thereafter - \$nil.

Prudential Support

Purchasers of electricity in Ontario, through the IMO, are required to provide security to mitigate the risk of their default based on their expected activity in the market. The IMO could draw on these guarantees if the Company fails to make a payment required by a default notice issued by the IMO. The maximum potential payment is the face value of the bank letters of credit plus the nominal amount of the parental guarantee. As at December 31, 2003, the Company provided prudential support, using a combination of bank letters of credit of \$7 million (2002 - \$7 million) and parental guarantees of \$75 million (2002 - \$75 million).

16. COMPARATIVE FIGURES

The *Electricity Pricing, Conservation and Supply Act*, 2002 stipulated a fixed energy price of 4.3 cents per kWh for low volume and designated customers, retroactive to Open Access, May 1, 2002. The Company has retroactively restated its revenue and purchased power for the period May 1, 2002 to December 31, 2002 to reflect the 4.3 cents per kWh price. These offsetting restatements have not resulted in any adjustment to the net income previously reported. The Company's December 31, 2002 balance sheet has also been restated to adjust accounts payable and accrued charges to reflect the 4.3 cents kWh price.

The comparative financial statements have also been reclassified from statements previously presented to conform to the presentation of the December 31, 2003 financial statements.

2004

Tax Returns and

Financial Statements

055 Do not use this area

This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Quebec, Ontario, or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporate return.

Parts, sections, subsections, and paragraphs mentioned on this return refer to the *Income Tax Act*. This return may contain changes that had not yet become law at the time of printing. If you need more information about items on the return, see the corresponding items in the *T2 Corporation - Income Tax Guide* (T4012).

Send one completed copy of this return, including schedules and the *General Index of Financial Information* (GIFI), to your tax services office or tax centre. You have to file the return within six months after the end of the corporation's taxation year. For more information on when and how to file T2 returns, see items 1 to 5 in the guide.

Identification	
Business Number (BN) 001 864867635RC0001	
Corporation's name 002 Hydro One Brampton Networks Inc.	
Has the corporation changed its name since the last time we were notified? ... 003 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
If Yes, do you have a copy of the articles of amendment? 004 1 Yes <input type="checkbox"/> 2 No <input type="checkbox"/>	
Address of head office Has the address changed since the last time we were notified? 010 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
011 175 Sandalwood Parkway, West	
012 City	Province, territory, or state
015 Brampton	016 ON
Country (other than Canada)	Postal code/ZIP code
017	018 L7A-1E8
Mailing address (if different from head office address) Has the address changed since the last time we were notified? 020 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
021 c/o	
022	
023	
City	Province, territory, or state
025	026
Country (other than Canada)	Postal code/ZIP code
027	028
Location of books and records Has the location of books and records changed since the last time we were notified? 030 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
031 175 Sandalwood Parkway, West	
032	
City	Province, territory, or state
035 Brampton	036 ON
Country (other than Canada)	Postal code/ZIP code
037	038 L7A-1E8
040 Type of corporation at the end of the taxation year 1 <input checked="" type="checkbox"/> Canadian-controlled private corporation (CCPC) 4 <input type="checkbox"/> Corporation controlled by a public corporation 2 <input type="checkbox"/> Other private corporation 5 <input type="checkbox"/> Other corporation (specify, below) 3 <input type="checkbox"/> Public corporation	
If the type of corporation changed during the taxation year, provide the effective date of the change 043	
YYYY/MM/DD	
To which taxation year does this return apply? Taxation year start 060 2004-01-01 Taxation year-end 061 2004-12-31 YYYY/MM/DD YYYY/MM/DD	
Has there been an acquisition of control to which subsection 249(4) applies since the previous taxation year? 063 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
If Yes, give the date control was acquired 065	
YYYY/MM/DD	
Is the corporation a professional corporation that is a member of a partnership? 067 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
Is this the first year of filing after: Incorporation? 070 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/> Amalgamation? 071 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
If Yes, complete and attach Schedule 24.	
Has there been a windup of a subsidiary under section 88 during the current taxation year? 072 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
If Yes, complete and attach Schedule 24.	
Is this the final taxation year before amalgamation? 076 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
Is this the final return up to dissolution? 076 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
Is the corporation a resident of Canada? 080 1 Yes <input checked="" type="checkbox"/> 2 No <input type="checkbox"/> If No, give the country of residence.	
081	
Is the non-resident corporation claiming an exemption under an income tax treaty? 082 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
If Yes, complete and attach Schedule 91.	
If the corporation is exempt from tax under section 149, tick one of the following boxes: 085 1 <input type="checkbox"/> Exempt under paragraph 149(1)(e) or (l) 2 <input type="checkbox"/> Exempt under paragraph 149(1)(j) 3 <input type="checkbox"/> Exempt under paragraph 149(1)(t) 4 <input type="checkbox"/> Exempt under other paragraphs of section 149	

Attachments

Financial statement information: Use GIFI schedules 100, 125, and 141.

* We do not print these schedules.

Schedules – Answer the following questions. For each Yes response, attach to the T2 return the schedule that applies.

Guide Item	Yes	Schedule
27 Is the corporation related to any other corporations?	150 <input checked="" type="checkbox"/>	9
28 Does the corporation have any non-resident shareholders?	151 <input type="checkbox"/>	19
29 Is the corporation an associated Canadian-controlled private corporation?	160 <input checked="" type="checkbox"/>	23
30 Is the corporation an associated Canadian-controlled private corporation that is claiming the expenditure limit?	161 <input type="checkbox"/>	49
32 Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162 <input type="checkbox"/>	11
33 If you answered Yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163 <input type="checkbox"/>	44
34 Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164 <input type="checkbox"/>	14
35 Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165 <input type="checkbox"/>	15
37 Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166 <input type="checkbox"/>	T5004
38 Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167 <input checked="" type="checkbox"/>	T5013
40 Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	168 <input type="checkbox"/>	22
41 Did the corporation have any foreign affiliates during the year?	169 <input type="checkbox"/>	25
42 Has the corporation made any payments to non-residents of Canada under subsections 202(1) and 105(1) of the federal <i>Income Tax Regulations</i> ?	170 <input type="checkbox"/>	29
43 Has the corporation had any non-arm's length transactions with a non-resident?	171 <input type="checkbox"/>	T106
47 Has the corporation made payments to, or received amounts from, a retirement compensation arrangement in the year?	172 <input type="checkbox"/>	
46 For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173 <input checked="" type="checkbox"/>	50
55 Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201 <input checked="" type="checkbox"/>	1
78-81 Has the corporation made any charitable donations, gifts to Canada, a province or a territory, or gifts of cultural or ecological property?	202 <input checked="" type="checkbox"/>	2
82,104 Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203 <input checked="" type="checkbox"/>	3
69-76 Is the corporation claiming any type of losses?	204 <input type="checkbox"/>	4
132 Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205 <input type="checkbox"/>	5
56 Has the corporation realized any capital gains or incurred any capital losses during the taxation year?	206 <input checked="" type="checkbox"/>	6
3 i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return, b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	207 <input checked="" type="checkbox"/>	7
57 Does the corporation have any property that is eligible for capital cost allowance?	208 <input checked="" type="checkbox"/>	8
58 Does the corporation have any property that is eligible capital property?	210 <input checked="" type="checkbox"/>	10
59 Does the corporation have any resource-related deductions?	212 <input type="checkbox"/>	12
60 Is the corporation claiming reserves of any kind?	213 <input checked="" type="checkbox"/>	13
61 Is the corporation claiming a patronage dividend deduction?	216 <input type="checkbox"/>	16
62 Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217 <input type="checkbox"/>	17
150 Is the corporation an investment corporation or a mutual fund corporation?	218 <input type="checkbox"/>	18
131 Was the corporation carrying on business in Canada as a non-resident corporation?	220 <input type="checkbox"/>	20
118 Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221 <input type="checkbox"/>	21
155 Is the corporation a non-resident-owned investment corporation claiming an allowable refund?	226 <input type="checkbox"/>	26 *
111 Does the corporation have any Canadian manufacturing and processing profits?	227 <input type="checkbox"/>	27
121 Is the corporation claiming an investment tax credit?	231 <input type="checkbox"/>	31
63 Is the corporation claiming any scientific research and experimental development expenditures?	232 <input type="checkbox"/>	T661
124 Is the corporation subject to gross Part I.3 tax?	233 <input checked="" type="checkbox"/>	33/34/35
124 Is the corporation a member of a related group with one or more members subject to gross Part I.3 tax?	236 <input checked="" type="checkbox"/>	36
124 Is the corporation claiming a surtax credit?	237 <input type="checkbox"/>	37
128 Is the corporation subject to gross Part VI tax on capital of financial institutions?	236 <input type="checkbox"/>	38
128 Is the corporation claiming a Part I tax credit?	242 <input type="checkbox"/>	42
129 Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243 <input type="checkbox"/>	43
129 Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244 <input type="checkbox"/>	45
125 Is the corporation subject to Part II – Tobacco Manufacturers' surtax?	249 <input type="checkbox"/>	46
128 For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250 <input type="checkbox"/>	39
122 Is the corporation claiming a Canadian film or video production tax credit refund?	253 <input type="checkbox"/>	T1131
153 Is the corporation claiming a film or video production services tax credit refund?	254 <input type="checkbox"/>	T1177
130 Is the corporation subject to Part XIII.1 tax?	255 <input type="checkbox"/>	92 *

Attachments – continued from page 2**Guide item**

		Yes	Schedule
44	Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256	T1134-A
44	Did the corporation have any controlled foreign affiliates?	258	T1134-B
44	Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	259	T1135
44	Did the corporation transfer or loan property to a non-resident trust?	260	T1141
44	Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261	T1142
—	Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262	T1145
—	Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263	T1146
—	Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264	T1174

Additional information

Is the corporation inactive? **280** 1 Yes ☐ 2 No ☒

Has the major business activity changed since the last return was filed? (enter Yes for first-time filers) **281** 1 Yes ☐ 2 No ☒

What is the corporation's major business activity? **282** _____
(Only complete if Yes was entered at line 281)

If the major activity involves the resale of goods, indicate whether it is wholesale or retail **283** 1 Wholesale ☐ 2 Retail ☐

Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

284	Electricity Distrib	285	100%
286		287	0%
288		289	0%

Did the corporation immigrate to Canada during the taxation year? **291** 1 Yes ☐ 2 No ☒

Did the corporation emigrate from Canada during the taxation year? **292** 1 Yes ☐ 2 No ☒

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIF **300** 19,790,370 A

Deduct:

Charitable donations from Schedule 2	311	<u>5,075</u>
Gifts to Canada, a province, or a territory from Schedule 2	312	<u>0</u>
Cultural gifts from Schedule 2	313	<u>0</u>
Ecological gifts from Schedule 2	314	<u>0</u>
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320	<u>0</u>
Part VI.1 tax deduction from Schedule 43**	325	<u>0</u>
Non-capital losses of preceding taxation years from Schedule 4	331	<u>0</u>
Net-capital losses of preceding taxation years from Schedule 4	332	<u>0</u>
Restricted farm losses of preceding taxation years from Schedule 4	333	<u>0</u>
Farm losses of preceding taxation years from Schedule 4	334	<u>0</u>
Limited partnership losses of preceding taxation years from Schedule 4	335	<u>0</u>
Taxable capital gains or taxable dividends allocated from a central credit union	340	<u>0</u>
Prospector's and grubstaker's shares	350	<u>0</u>
Subtotal		<u>5,075</u>

Subtotal (amount A minus amount B) (if negative, enter "0") 19,785,295 C

Add: Section 110.5 additions and/or subparagraph 115(1)(a)(vii) additions **355** 0 D

Taxable income (amount C plus amount D) **360** 19,785,295

Income exempt under paragraph 149(1)(t) **370** 0

Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) 19,785,295 Z

** This amount is equal to 3 times the Part VI.1 tax payable at line 724 on page 8.

Small business deduction**Canadian-controlled private corporations (CCPCs) throughout the taxation year**

Income from active business carried on in Canada from Schedule 7 **400** 19,776,831 A

Taxable income from line 360 on page 3, minus 10/3 of the amount at line 632* on page 7, minus 3 times the amount at line 636** on page 7, and minus any amount that, because of federal law, is exempt from Part I tax ... **405** 19,785,295 B

Calculation of the business limit:

For all CCPCs, calculate the amount at line 4 below.

200,000	x	Number of days in the taxation year before 2003	<u>0</u>	=	.....	<u>0</u>	1
		Number of days in the taxation year	<u>366</u>				
225,000	x	Number of days in the taxation year in 2003	<u>0</u>	=	.....	<u>0</u>	2
		Number of days in the taxation year	<u>366</u>				
250,000	x	Number of days in the taxation year in 2004	<u>366</u>	=	.....	<u>250,000</u>	3
		Number of days in the taxation year	<u>366</u>				
300,000	x	Number of days in the taxation year after 2004	<u>0</u>	=	.....	<u>0</u>	3.1
		Number of days in the taxation year	<u>366</u>				
Add amounts at lines 1, 2, 3, and 3.1						<u>250,000</u>	4

Business limit (see notes 1 and 2 below) **410** 250,000 C

Notes: 1. For CCPCs that are not associated, enter the amount from line 4 at line 410. However, if the corporation's taxation year is less than 51 weeks, prorate the amount from line 4 by the number of days in the taxation year divided by 365, and enter the result on line 410.

2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered at line 410.

Business limit reduction:

Amount C 250,000 x **415***** 18,177,540 D = 403,945,333 E

11,250

Reduced business limit (amount C minus amount E) (if negative, enter "0") **425** 0 F

Small business deduction - 16.00% of whichever amount is least: A, B, C, or F **430** 0 G

(enter amount G on line 9 of page 7)

* Calculate the amount of foreign non-business income tax credit deductible at line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.

** Calculate the amount of foreign business income tax credit deductible at line 636 without reference to the corporate tax reductions under section 123.4.

***** Large corporation tax**

- The large corporation tax to be entered at line 415 is the gross Part I.3 tax, which is the amount before deducting the surtax credits, increased to reflect a full-year tax liability if the taxation year is less than 51 weeks. For the purpose of the business limit reduction, the gross Part I.3 tax is equal to 0.225% x (taxable capital employed in Canada minus \$10,000,000).
- If the corporation is not associated with any corporations in both the current and the preceding taxation years, enter the corporation's gross Part I.3 tax for its **preceding** taxation year.
- If the corporation is not associated with any corporations in the current taxation year, but was associated in the preceding taxation year, and its current taxation year:
 - starts before December 21, 2002, enter the corporation's gross Part I.3 tax for its **preceding** taxation year; or
 - starts after December 20, 2002, enter the corporation's gross Part I.3 tax for its **current** taxation year.
- For corporations associated in the current taxation year, see Schedule 23 for the special rules that apply.

Accelerated tax reduction**Canadian-controlled private corporations throughout the taxation year that claimed the small business deduction**

Reduced business limit (amount from line 425) 0 x $\frac{300,000}{\text{line 4 above}}$ = 0 A

Net active business income (amount from line 400) * 19,776,831 B

Taxable income from line 360 on page 3 minus 3 times the amount at line 636** on page 7, and minus any amount that, because of federal law, is exempt from Part I tax 19,785,295 C

Deduct:

Aggregate investment income (amount from line 440 of page 6) 13,539 D

Amount C minus amount D (if negative, enter "0") 19,771,756 19,771,756 E

Amount A, B, or E above, whichever is less 0 F

Amount Z from Part 9 of Schedule 27 0 x 100/7 = 0 G

Amount QQ from Part 13 of Schedule 27 0 H

Taxable resource income from line 435 of page 5 0 I

Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17) .. 0 J

Amount on line 400, 405, 410, or 425 of the small business deduction, whichever is less .. 0 K

Total of amounts G, H, I, J, and K 0 0 L

Amount F minus amount L (if negative, enter "0") 0 M

Accelerated tax reduction - 7% of amount M (enter amount N on line 637 of page 7) 0 N

* If the amount at line 450 of Schedule 7 is positive, members of partnerships need to use Schedule 70 to calculate net active business income.

** Calculate the amount of foreign business income tax credit deductible at line 636 without reference to the corporate tax reductions under section 123.4.

Resource deduction

Taxable resource income [as defined in subsection 125.11(1)]

435 0 A

Amount A	0	x	Number of days in the taxation year in 2003	0	x 1% =	0	B
			Number of days in the taxation year	366			
Amount A	0	x	Number of days in the taxation year in 2004	366	x 2% =	0	C
			Number of days in the taxation year	366			
Amount A	0	x	Number of days in the taxation year in 2005	0	x 3% =	0	C.1
			Number of days in the taxation year	366			
Amount A	0	x	Number of days in the taxation year in 2006	0	x 5% =	0	C.2
			Number of days in the taxation year	366			

Resource deduction - total of amounts B, C, C.1, and C.2
(enter amount D on line 10 of page 7)

438 0 D

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the taxation year

Taxable income from line 360 on page 3 19,785,295 E

Amount Z from Part 9 of Schedule 27	0	x 100/7 =	0	F
Amount QQ from Part 13 of Schedule 27			0	G
Taxable resource income from line 435 above			0	H
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			0	I
Amount on line 400, 405, 410, or 425 on page 4, whichever is less			0	J
Aggregate investment income from line 440 of page 6			13,539	K
Amount used to calculate the accelerated tax reduction (amount M of page 4)			0	L
Total of amounts F, G, H, I, J, K, and L			13,539	13,539 M
Amount E minus amount M (if negative, enter "0")				19,771,756 N

Amount N	19,771,756	x	Number of days in the taxation year in 2002	0	x 3% =	0	O
			Number of days in the taxation year	366			
Amount N	19,771,756	x	Number of days in the taxation year in 2003	0	x 5% =	0	P
			Number of days in the taxation year	366			
Amount N	19,771,756	x	Number of days in the taxation year after 2003	366	x 7% =	1,384,023	Q
			Number of days in the taxation year	366			

General tax reduction for Canadian-controlled private corporations - total of amounts O, P, and Q
(enter amount R on line 638 of page 7)

1,384,023 R

General tax reduction

Corporations other than a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or a non-resident-owned investment corporation

Taxable income from line 360 on page 3 0 S

Amount Z from Part 9 of Schedule 27	0	x 100/7 =	0	T
Amount QQ from Part 13 of Schedule 27			0	U
Taxable resource income from line 435 above			0	V
Amount used to calculate the credit union deduction (amount E in Part 3 of Schedule 17)			0	W
Total of amounts T, U, V, and W			0	0 X
Amount S minus amount X (if negative, enter "0")				0 Y

Amount Y	0	x	Number of days in the taxation year in 2002	0	x 3% =	0	Z
			Number of days in the taxation year	366			
Amount Y	0	x	Number of days in the taxation year in 2003	0	x 5% =	0	AA
			Number of days in the taxation year	366			
Amount Y	0	x	Number of days in the taxation year after 2003	366	x 7% =	0	BB
			Number of days in the taxation year	366			

General tax reduction - total of amounts Z, AA, and BB
(enter amount CC on line 639 of page 7)

0 CC

Refundable portion of Part I tax**Canadian-controlled private corporations throughout the taxation year**

Aggregate investment income **440** 13,539 x 26 2/3% = 3,610 **A**
 (amount P from Part 1 of Schedule 7)

Foreign non-business income tax credit from line 632 on page 7 0

Deduct:

Foreign investment income **445** 0 x 9 1/3% = 0
 (amount O from Part 1 of Schedule 7) (if negative, enter "0") 0 **B**

Amount A minus amount B (if negative, enter "0") 3,610 **C**

Taxable income from line 360 on page 3 19,785,295

Deduct:

Amount on line 400, 405, 410, or 425 on page 4, whichever is less 0

Foreign non-business
income tax credit from
line 632 of page 7 0 x 25/9 = 0

Foreign business income
tax credit from line 636
of page 7 0 x 3 = 0

19,785,295 x 26 2/3% = 5,276,079 **D**

Part I tax payable minus investment tax credit refund (line 700 minus line 780 of page 8) ... 4,378,357

Deduct: Corporate surtax from line 600 of page 7 221,595

Net amount 4,156,762 **E**

Refundable portion of Part I tax – Amount C, D, or E, whichever is less **450** 3,610 **F**

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the preceding taxation year **460** 0

Deduct: Dividend refund for the previous taxation year **465** 0

..... 0 **A**

Add the total of:

Refundable portion of Part I tax from line 450 above 3,610

Total Part IV tax payable from line 360 on page 3 of Schedule 3 0

Net refundable dividend tax on hand transferred from a predecessor
corporation on amalgamation, or from a wound-up subsidiary corporation **480** 0

..... 3,610 **B**

Refundable dividend tax on hand at the end of the taxation year – Amount A plus amount B **485** 3,610

Dividend refund**Private and subject corporations at the time taxable dividends were paid in the taxation year**

Taxable dividends paid in the taxation year from line 460 on page 3 of Schedule 3 9,000,000 x 1/3 3,000,000 **A**

Refundable dividend tax on hand at the end of the taxation year from line 485 above 3,610 **B**

Dividend refund – Amount A or B, whichever is less (enter this amount on line 784 of page 8) 3,610

Part I tax

Base amount of Part I tax – 38.00% of taxable income (line 360 or amount Z, whichever applies) from page 3 **550** 7,518,412 **A**

Corporate surtax calculation

Base amount from line A above	<u>7,518,412</u>	1
Deduct:		
10% of taxable income (line 360 or amount Z, whichever applies) from page 3	<u>1,978,530</u>	2
Investment corporation deduction from line 620 below	<u>0</u>	3
Federal logging tax credit from line 640 below	<u>0</u>	4
Federal qualifying environmental trust tax credit from line 648 below	<u>0</u>	5

For a mutual fund corporation or an investment corporation throughout the taxation year, enter amount a, b, or c below on line 6, whichever is less:

28.00% of taxable income from line 360 of page 3 ...	<u>0</u> a	}	<u>0</u> 6
28.00% of taxed capital gains	<u>0</u> b		
Part I tax otherwise payable	<u>0</u> c		
(line A plus lines C and D minus line F)			
Total of lines 2 to 6	<u>1,978,530</u>	7	
Net amount (line 1 minus line 7)	<u>5,539,882</u>	8	

Corporate surtax – 4.00% of the amount on line 8 **600** 221,595 **B**

Recapture of investment tax credit from line PPP in Part 21 of Schedule 31 **602** 0 **C**

Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income
(for a CCPC throughout the taxation year)

Aggregate investment income from line 440 on page 6	<u>13,539</u>	I
Taxable income from line 360 on page 3	<u>19,785,295</u>	
Deduct:		
Amount on lines 400, 405, 410, or 425 of page 4, whichever is less ..	<u>0</u>	
Net amount	<u>19,785,295</u>	II

Refundable tax on CCPC's investment income – 6 2/3% of the lesser of amounts i or ii **604** 903 **D**

Subtotal (add lines A, B, C, and D) 7,740,910 **E**

Deduct:

Small business deduction from line 430 of page 4	<u>0</u>	9
Federal tax abatement	608 <u>1,978,530</u>	
Manufacturing and processing profits deduction from amount BB or amount RR of Schedule 27	616 <u>0</u>	
Investment corporation deduction	620 <u>0</u>	
(taxed capital gains 624 <u>0</u>)		
Additional deduction – credit unions from Schedule 17	628 <u>0</u>	
Federal foreign non-business income tax credit from Schedule 21	632 <u>0</u>	
Federal foreign business income tax credit from Schedule 21	636 <u>0</u>	
Accelerated tax reduction from amount N of page 4	637 <u>0</u>	
Resource deduction from line 438 of page 5	<u>0</u>	10
General tax reduction for CCPCs from amount R of page 5	638 <u>1,384,023</u>	
General tax reduction from amount CC of page 5	639 <u>0</u>	
Federal logging tax credit from Schedule 21	640 <u>0</u>	
Federal political contribution tax credit	644 <u>0</u>	
Federal political contributions 646 <u>0</u>		
Federal qualifying environmental trust tax credit	648 <u>0</u>	
Investment tax credit from Schedule 31	652 <u>0</u>	

Subtotal 3,362,553 **F**

Part I tax payable – Line E minus line F (enter amount G on line 700 of page 8) 4,378,357 **G**

Summary of tax and credits**Federal tax**

Part I tax payable from page 7	700	4,378,357
Part I.3 tax payable from Schedule 33, 34, or 35	704	368,212
Part II surtax payable from Schedule 46	708	0
Part IV tax payable from Schedule 3	712	0
Part IV.1 tax payable from Schedule 43	716	0
Part VI tax payable from Schedule 38	720	0
Part VI.1 tax payable from Schedule 43	724	0
Part XIII.1 tax payable from Schedule 92	727	0
Part XIV tax payable from Schedule 20	728	0
Total federal tax		4,746,569

Add provincial or territorial tax:Provincial or territorial jurisdiction **750** ON

(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

Net provincial or territorial tax payable (except Quebec, Ontario, and Alberta) **760** 0Provincial tax on large corporations (New Brunswick and Nova Scotia) **765** 0

Total tax payable **770** **4,746,569 A**

Deduct other credits:

Investment tax credit refund from Schedule 31	780	0
Dividend refund from page 6	784	3,610
Federal capital gains refund from Schedule 18	788	0
Federal qualifying environmental trust tax credit refund	792	0
Canadian film or video production tax credit refund from Form T1131	796	0
Film or video production services tax credit refund from Form T1177	797	0
Tax withheld at source	800	0

Total payments on which tax has been withheld **801** 0Allowable refund for non-resident-owned investment corporations from Schedule 26 **804** 0Provincial and territorial capital gains refund from Schedule 18 **808** 0Provincial and territorial refundable tax credits from Schedule 5 **812** 0Royalties deductible under Syncrude Remission Order **815** 0Tax remitted under Syncrude Remission Order **816** 0Tax instalments paid **840** 4,742,959

Total credits **890** **4,746,569** **4,746,569 B**

Refund code **894** **1** Overpayment 0

Balance (line A minus line B) 0

Direct deposit request

To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:

☐ Start ☐ Change information **910** _____
Branch number

914 _____ **918** _____
Institution number Account number

If the result is negative, you have an overpayment.

If the result is positive, you have a balance unpaid.

Enter the amount on whichever line applies.

We do not charge or refund a difference of \$2 or less.

Balance unpaid 0

Enclosed payment **898** 0

If the corporation is a Canadian-controlled private corporation throughout the taxation year, does it qualify for the one-month extension of the date the balance of tax is due?

896 1 Yes ☐ 2 No ☒

Certification

I, **950** PAUL Last name in block letters **951** TONY First name in block letters **954** CONTROLLER Position, office, or rank

am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I further certify that the method of calculating income for this taxation year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

955 2005/06/15
Date (yyyy/mm/dd)

Signature of the authorized signing officer of the corporation

956 905-840-6300
Telephone number

Is the contact person the same as the authorized signing officer? If No, complete the information below

957 1 Yes ☒ 2 No ☐

958 _____
Name in block letters

959 _____
Telephone number

Language of correspondence - Langue de correspondance

990 Indicate the language of your choice.
Indiquer la langue de correspondance de votre choix.

1 English/Anglais ☒ 2 Français/French ☐

Hydro One Brampton Networks Inc.
Account/ Business No.: 864867635

Year Ended: 2004-12-31

Sch.08
Supplementary

Subsection 13(7.4) Election

Included in this return is an election under subsection 13(7.4) with respect to amounts that would normally be included in income under paragraph 12(1)(x). The amount in respect of which the election was made, and so was not included in income but was the amount by which the cost of depreciable property was reduced, is \$4,652,458.

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

T INCOME (LOSS) FOR INCOME TAX PURPOSES

- The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes.
- Please provide us with the applicable details in the identification area, and complete the applicable lines that contain a numbered black box. You should report amounts in accordance with the Generally Accepted Accounting Principles (GAAP).
- Sections, subsections, and paragraphs referred to on this schedule are from the "Income Tax Act."
- For more information, see the "T2 Corporation Income Tax Guide."

Net income (loss) after taxes and extraordinary items per financial statements	11,056,147	A
--	------------	---

Additions:

Provision for income taxes - current	<input type="checkbox"/> 101	6,893,496	
Amortization of tangible assets	<input type="checkbox"/> 104	12,706,381	/
Charitable donations from Schedule 2	<input type="checkbox"/> 112	5,075	/
Taxable capital gains from Schedule 6	<input type="checkbox"/> 113	13,539	/
Non-deductible meals and entertainment expenses	<input type="checkbox"/> 121	58,639	/
Reserves from financial statements - balance at the end of the year	<input type="checkbox"/> 126	8,017,134	

Total of additions		27,694,264	27,694,264

Other Additions:**Miscellaneous Other Additions:**

<input type="checkbox"/> 600	Amortization of debt discount	<input type="checkbox"/> 280	25,920	
<input type="checkbox"/> 601	Capital tax adjustment to actual	<input type="checkbox"/> 291	44,351	
<input type="checkbox"/> 602	Other Additions	<input type="checkbox"/> 292	198,341	
<input type="checkbox"/> 603a	Depreciation expensed via OM&A		172,973	
<input type="checkbox"/> 603b	Ontario Specified Tax Credits		2,074	
<input type="checkbox"/> 603c	.....		0	
			175,047	<input type="checkbox"/> 293
<input type="checkbox"/> 604a	Add back computer equipment expensed for book		10,427	
<input type="checkbox"/> 604b	.....		0	
			10,427	<input type="checkbox"/> 294

Subtotal of Other Additions		<input type="checkbox"/> 198	454,086	454,086

			Total Additions	<input type="checkbox"/> 500
				28,148,350

Hydro One Brampton Networks Inc.
Account/Business No.: 864867635RC0001

Year Ended:

2004-12-31

Sch. 001

Deductions:

Capital cost allowance from Schedule 8.....	403	10,355,305	
Cumulative eligible capital deduction from Schedule 10.....	405	2,641,899	
Reserves from financial statements-balance at the beginning of the year.....	414	5,857,266	

Subtotal of Deductions.....		18,854,470	18,854,470

Other Deductions:

Miscellaneous Other Deductions:

700	Prospectus & underwriting fees	390	154,606	
701	OPEB not expensed(100% of accrual p/u via Sch 13)	391	31,304	
702	RSVA	392	39,748	
703	Market Ready - Deferred costs	393	333,999	

Subtotal of Other Deductions.....		499	559,657	559,657

	Total Deductions	510		19,414,127

Net income (loss) for income tax purposes.....	19,790,370
(enter on line 300 on the T2 return)	=====

Account/Business No.: 864867635RC0001 Year Ended:

2004-12-31

Misc Other Additons

Partnership Income

5,479.00

0.00

Reversal of O/H deduction claim in prior year

192,862.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

0.00

Total

198,341.00

198,341.00

Attached Sch.
2004-12-31

44,351.00

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

CHARITABLE DONATIONS AND GIFTS

- For use by corporations to claim any of the following:
 - charitable donations;
 - gifts to Canada, a province, or a territory;
 - gifts of certified cultural property;
 - gifts of certified ecologically sensitive land.
- The donations and gifts are eligible for a five-year carryforward.
- Use this schedule to show a credit transfer following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1) of the federal "Income Tax Act."
- For donations and gifts made after March 22, 2004, proposed subsection 110.1(1.2) of the "Income Tax Act" provides as follows:
 - where a particular corporation has undergone a change of control, for taxation years that end on or after the change of control, no corporation can claim a deduction for a gift made by the particular corporation to a qualified donee before the change of control;
 - if a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the change of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- File one completed copy of this schedule with your "T2 Corporation Income Tax Return."
- For more information, see the "T2 Corporation - Income Tax Guide."

Part 1 - Charitable donations

Charity/Recipient	Amount (\$100 or more only)		
William Osler Health Centre		5,000	
Heart and Stroke Foundation		75	

	Subtotal	5,075	
	Add: Total donations of less than \$100 each	0	

	Total donations in current taxation year	5,075	
		=====	

	Federal	Québec	Alberta
Charitable donations at the end of the preceding taxation year.....	0	0	0
Deduct: Charitable donations expired after five taxation years.....	239 0	0	0
Charitable donations at the beginning of the taxation year.....	240 0	0	0

Part 1 - Charitable donations (cont'd)

Add:

Charitable donations transferred				
on an amalgamation or the windup				
of a subsidiary	250	0		
Total current-year charitable				
donations made (enter this amount				
on line 112 of Schedule 1)	210	5,075		
Subtotal (line 250 plus line 210)		5,075	5,075	5,075

Deduct: Adjustment for an acquisition of control				
(for donations made after March 22, 2004)	255	0	0	0
Total charitable donations available		5,075	A 5,075	5,075

Deduct: Amount applied against taxable income (cannot be				
more than amount K in Part 2) (enter this amount				
on line 311 on page 3 of the T2 return)	260	5,075	5,075	5,075
Charitable donations closing balance	280	0	0	0

Amounts carried forward - Charitable donations

Year of origin		Federal	Québec	Alberta
1st prior year	-	2003	0	0
2nd prior year	-	2002	0	0
3rd prior year	-	2001	0	0
4th prior year	-	2001	0	0
5th prior year	-	2000	0	0
6th prior year *	-	1999	0	0
Totals		0	0	0

* These donations expired in the prior year.

Part 2 - Calculation of the maximum allowable deduction for charitable donations

Net income for tax purposes * multiplied by 75%		14,842,778	B
Taxable capital gains arising in respect of gifts of capital property:			
- lines 895 and 896 of Schedule 6 multiplied by			
the inclusion rate	0		
- other	0		
Total	0	225	0 C
Taxable capital gain in respect of deemed gifts of non-qualifying			
securities per subsection 40(1.01)	227	0	D

Part 2 - Calculation of the maximum allowable deduction for charitable donations (cont'd)

The amount of the recapture of capital cost allowance in respect of charitable gifts.....

230 0

=====

Proceeds of disposition, less

outlays and expenses..... 0 E

=====

Capital cost..... 0 F

=====

Amount E or F, whichever is less..... 235 0

=====

Amount on line 230 or 235, whichever is less..... 0 G

Subtotal (add amounts C, D, and G) 0 H

=====

Amount H multiplied by 25% 0 I

Subtotal (amount B plus amount I) 14,842,778 J

=====

Maximum allowable deduction for charitable donations (enter amount A from Part 1, amount J, or net income for tax purposes, whichever is less).....

5,075 K

=====

* For credit unions, this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

Part 3 - Gifts to Canada, a province, or a territory

Gifts to Canada, a province, or a territory at the end of the preceding taxation year.....

0

Deduct: Gifts to Canada, a province, or a territory expired after five taxation years.....

339 0

Gifts to Canada, a province, or a territory at the beginning of the taxation year.....

340 0

0

=====

Add: Gifts to Canada, a province, or a territory transferred on an amalgamation or the windup of a subsidiary.....

350 0

Total current-year gifts made to Canada, a province, or a territory *.....

310 0

Subtotal (line 350 plus line 310) 0 0

=====

Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004).....

355 0

Total gifts to Canada, a province, or a territory available..... 0

Deduct: Amount applied against taxable income (enter this amount on line 312 on page 3 of the T2 return).....

360 0

Gifts to Canada, a province, or a territory closing balance..... 380 0

=====

* Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date. If the taxation year straddles February 18, 1997, and gifts were made after this date, enter the amount on line 210 and complete Part 2.

Part 4 - Gifts of certified cultural property

	Federal	Québec	Alberta
of certified cultural property at the end on the preceding taxation year.....	0	0	0
Deduct: Gifts of certified cultural property expired after five taxation years.....	439 0	0	0
Gifts of certified cultural property at the beginning of the taxation year.....	440 0	0	0
Add: Gifts of certified cultural property transferred on an amalgamation or the windup of a subsidiary.....	460 0		
Total current-year gifts of certified cultural property.....	410 0		
Subtotal (line 450 plus line 410)	0	0	0
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004).....	455 0	0	0
Total gifts of certified cultural property available.....	0	0	0
Deduct: Amount applied against taxable income (enter this amount on line 313 on page 3 of the T2 return).....	460 0	0	0
Gifts of certified cultural property closing balance.....	480 0	0	0

Amounts carried forward - Gifts of certified cultural property

Year of origin		Federal	Québec	Alberta
1st prior year	2003	0	0	0
2nd prior year	2002	0	0	0
3rd prior year	2001	0	0	0
4th prior year	2001	0	0	0
5th prior year	2000	0	0	0
6th prior year *	1999	0	0	0
Totals		0	0	0

* These donations expired in the prior year.

Part 5 - Gifts of certified ecologically sensitive land

		Federal	Québec	Alberta
of certified ecologically sensitive land at the end of the preceding taxation year		0	0	0
Deduct: Gifts of certified ecologically sensitive land expired after five taxation years	539	0	0	0
		-----	-----	-----
Gifts of certified ecologically sensitive land at the beginning of the taxation year	540	0	0	0
Add: Gifts of certified ecologically sensitive land transferred on an amalgamation or the windup of a subsidiary	550	0		
Total current-year gifts of certified ecologically sensitive land	510	0		

Subtotal (line 550 plus line 510)		0	0	0
		=====		
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004)	555	0	0	0
		-----	-----	-----
Total gifts of certified ecologically sensitive land available		0	0	0
Deduct: Amount applied against taxable income (enter this amount on line 314 of the T2 return)	560	0	0	0
		-----	-----	-----
Gifts of certified ecologically sensitive land closing balance	580	0	0	0
		=====	=====	=====

Amounts carried forward - Gifts of certified ecologically sensitive land

Year of origin		Federal	Québec	Alberta
1st prior year	2003	0	0	0
2nd prior year	2002	0	0	0
3rd prior year	2001	0	0	0
4th prior year	2001	0	0	0
5th prior year	2000	0	0	0
6th prior year *	1999	0	0	0
		-----	-----	-----
Totals		0	0	0
		=====	=====	=====

* These donations expired in the prior year.

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**DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND
PART IV TAX CALCULATION**

Part 1 - Dividends received during the taxation year

Do not include dividends received from foreign non-affiliates.

Name of payer corporation (Use only one line per corporation, abbreviating its name if necessary)	A	B	Complete if payer corporation is connected	
			C	D
		*	Business Number	Taxation year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends were paid YYYY/MM/DD
	200	205	210	220

* Connected payer corporation indicator.

Note: If your corporation's taxation year-end is different than that of the connected payer corporation,
your corporation could have received dividends from more than one taxation year of the payer corporation.
If so, use a separate line to provide the information for each taxation year of the payer corporation.

If payer corporation is not connected,
leave these columns blank.

Name of payer corporation	E Non-taxable dividend under section 83	F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (b), or (d)	G Total taxable dividends paid by connected payer corporation	H Dividend refund of the connected payer corporation	I Part IV tax before deductions F x 1/3 **
	<div>230</div>	<div>240</div>	<div>250</div>	<div>260</div>	<div>270</div>
	0	0	0	0	0
Total	0	0	0	0	0 J
	=====	=====	=====	=====	=====
		(enter on line 320 of the T2 return)			

For dividends received from connected corporations:
Part IV tax equals: Column F x Column H / Column G

** Life insurers are not subject to Part IV tax on subsection 138(6) dividends.
Public corporations (other than subject corporations) do not need to calculate Part IV tax.

Part 2 - Calculation of Part IV tax payable

Part IV tax before deductions (amount J in Part 1).....				0
Deduct:				
Part IV.I tax payable on dividends subject to Part IV tax.....	320			0
			Subtotal	0
Deduct:				
Current-year non-capital loss claimed to reduce Part IV tax.....	330	0		
Non-capital losses from previous years claimed to reduce Part IV tax.....	335	0		
Current-year farm loss claimed to reduce Part IV tax.....	340	0		
Farm losses from previous years claimed to reduce Part IV tax.....	345	0		
Total losses applied against Part IV tax		0 x 1/3 =		0
		=====		
Part IV tax payable (enter amount on line 712 of the T2 return).....	360			0

Part 3 - Taxable dividends paid in the taxation year for purposes of a dividend refund[illegible]

Note

If your corporation's taxation year-end is different than that of the connected recipient corporation, your corporation could have paid dividends in more than one taxation year of the recipient corporation. If so, use a separate line to provide the information for each taxation year of the recipient corporation.

Total taxable dividends paid in the taxation year to other than connected corporations	450	0
Total taxable dividends paid in the taxation year for the purposes of a dividend refund (total of column D above plus line 450)	460	9,000,000

Part 4 - Total dividends paid in the taxation year

Complete this part if the total taxable dividends paid in the taxation year for purposes of a dividend refund (line 480 above) is different from the total dividends paid in the taxation year.

Total taxable dividends paid in the taxation year for the purposes of a dividend refund (From above)	460	9,000,000
Other dividends paid in the taxation year (Total of 510 to 540)		0
Total dividends paid in the taxation year	500	9,000,000

Deduct:

Dividends paid out of capital dividend account	510	0
Capital gains dividends	520	0
Dividends paid on shares described in subsection 129(1.2)	530	0
Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year	540	0

Subtotal	0	0
	=====	-----
Total taxable dividends paid in the taxation year for purposes of a dividend refund		9,000,000
		=====

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SUMMARY OF DISPOSITIONS OF CAPITAL PROPERTY

- For use by corporations that have disposed of capital property or claimed an allowable business investment loss, or both, in the taxation year.
- Use this schedule to make a designation under paragraph 111(4)(e) of the federal "Income Tax Act," if the control of the corporation has been acquired by a person or group of persons.
- If more space is needed, attach additional schedules.

For more information, see the section called "Schedule 6, Summary of Dispositions of Capital Property" in the "T2 Corporation Income Tax Guide."

Designation under paragraph 111(4)(e) of the "Income Tax Act"

Are any dispositions shown on this schedule related to deemed dispositions designated under paragraph 111(4)(e)?

☐ [Y/N] [N] If "Yes," attach a statement specifying which properties are subject to such a designation.

1	2	3	4	5	6
Types of capital property	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Gain (or loss) (col. 3 less cols. 4 and 5)

Part 1 - Shares

No. of shares <input type="checkbox"/>	Name of corporation <input type="checkbox"/>	Class of shares <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Gain (or loss) <input type="checkbox"/>
0				0	0	0	0
0				0	0	0	0
0				0	0	0	0
0				0	0	0	0
0				0	0	0	0
0				0	0	0	0
0				0	0	0	0
0				0	0	0	0
				-----	-----	-----	-----
			Totals	0	0	0	0 A
				=====	=====	=====	=====

1	2	3	4	5	6
Dispositions of capital property	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Gain (or loss) (col 3 less cols. 4 and 5)

Part 2 - Real estate - Do not include losses on depreciable property

Municipal address

1 = Address 1

2 = Address 2

3 = City

4 = Province, Country, Postal Code and

Zip Code or Foreign Postal Code

200

210

220

230

240

Gain (or loss)

250

0 0 0 0

0 0 0 0

0 0 0 0

0 0 0 0

0 0 0 0

Totals 0 0 0 0 B

Part 3 - Bonds

Face value	Maturity date	Name of issuer					Gain (or loss)
300	305	307	310	320	330	340	350
0				0	0	0	0
0				0	0	0	0
0				0	0	0	0
0				0	0	0	0
				0	0	0	0
Totals				0	0	0	0 C

1	2	3	4	5	6
is of capital property	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	Gain (or loss) (col. 3 less cols. 4 and 5)

Part 4 - Other properties - Do not include losses on depreciable property

Description 400	410	420	430	440	Gain (or loss) 450
Vehicles		27,077	0	0	27,077
		0	0	0	0
		0	0	0	0
		0	0	0	0
Disposition from a partnership		0	0	0	0
Totals		27,077	0	0	27,077 D
		=====	=====	=====	=====

Part 5 - Personal-use property

Description 500	510	520	530	540	Gain only 550
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
Totals		0	0	0	0 E
		=====	=====	=====	=====

Note: Losses are not deductible.

Part 6 - Listed personal property

Description 600	610	620	630	640	Gain (or loss) 650
		0	0	0	0
		0	0	0	0
		0	0	0	0
		0	0	0	0
Totals		0	0	0	0
		=====	=====	=====	=====
Subtract: Unapplied listed personal property losses from other years 655					0

Net gains (or losses)					0 F
					=====

Note: Net listed personal property losses may only be applied against listed personal property gains.
Amount from line 655 is from line 530 in Part 5 of Schedule 4.

Part 7 - Determining allowable business investment losses

Property qualifying for and resulting in an allowable business investment loss

Name of small business corporation	Shares, enter 1; debt, enter 2	Date of acquisition YYYY/MM/DD	Proceeds of disposition	Adjusted cost base	Outlays and expenses (dispositions)	(Loss) (col. 920 less cols. 930 and 940)
	900	910	920	930	940	950
	0		0	0	0	0
	0		0	0	0	0
	0		0	0	0	0
	0		0	0	0	0
Totals			0	0	0	0 G
=====						

Note: Properties listed in Part 7 should not be included in any other parts of Schedule 6.

Allowable business investment losses Amount G 0 x 1/2 = 0 H
Enter amount H on line 406 of Schedule 1. =====

Part 8 - Determining capital gains or losses

Total of amounts A to F (do not include F, if the amount is a loss)	27,077 I
Add:	
Gain or loss from a partnership	0
Capital gains dividend received in the year	0 J
Capital gains reserve opening balance (from Schedule 13)	0 K

Subtotal (add amounts I to K)	27,077 L
uct: Capital gains reserve closing balance (from Schedule 13)	0 M

Capital gains or losses (amount L minus amount M)	27,077
	=====

Part 9 - Determining taxable capital gains and total capital losses

Capital gains or losses (amount from line 890 above)	27,077 N
Deduct the following gains that are included in the amount N:	
Gain on donation of a share, debt obligation, or right listed on a prescribed stock exchange and other amounts under paragraph 38(a.1) of the "Income Tax Act"	0 x 1/2 = 0
Gain on donation of ecologically sensitive land	0 x 1/2 = 0

Subtotal (line 895 plus line 896)	0 O
	=====
Amount N minus amount O	27,077 P
	=====
Total capital losses: If amount P is a loss, enter it on line 210 of Schedule 4.	
Taxable capital gains: If amount P is a gain, enter it on this line	27,077 x 1/2 = 13,539 Q
Enter amount Q on line 113 of Schedule 1.	=====

Portion of gain or loss from foreign sources (100%) 0

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

LCULATION OF AGGREGATE INVESTMENT INCOME AND ACTIVE BUSINESS INCOME

- This schedule is for the use of Canadian-controlled private corporations to calculate:
 - foreign investment income and aggregate investment income for the purpose of determining the refundable portion of Part I tax, as defined in subsection 129(4) of the "Income Tax Act;"
 - income from an active business carried on in Canada for the small business deduction; and
 - specified partnership income for members of one or more partnership(s).
- For more information, see the sections called "Small Business Deduction" and "Refundable Portion of Part I Tax" in the "T2 Corporation Income Tax Guide."

Part 1 - Foreign and aggregate investment income calculation

	Canadian investment income	Foreign investment income 001	Aggregate investment income 002	
The eligible portion of taxable capital gains included in income for the year	13,539	0	13,539	A
Eligible portion of allowable capital losses for the year (including allowable business investment losses)	0	0	0	B
Net capital losses of other years claimed on line 332 on the T2 return	0		0	C
Total of amounts B and C	0	0	0	D
Amount A minus amount D (if negative, enter "0")	13,539	0	13,539	E
Income from property (in box 32 include income from a specified investment business carried on in Canada other than income from a source outside Canada)				
Taxable dividends	0	0	0	
Other property income	0	0	0	
Total income from property	0	0	0	F
Exempt income	0	0	0	G
Amounts received from NISA Fund No. 2 (CAIS) that were included in computing the corporation's income for the year	0	0	0	H
Taxable dividends deductible from Schedule 3, and taxable dividends deductible under paragraph 113(1)(d) and subsection 113(2)	0	0	0	I
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	0	0	0	J
Total of amounts G, H, I, and J	0	0	0	K

Part 1 - Foreign and aggregate investment income calculation (cont'd)

Total of amounts G, H, I, and J	0	0	0 K
Amount F minus amount K	0	0	0 L
Total of amount E plus amount L	13,539	0	13,539 M
Total losses from property (in box 82 include losses from a specified investment business carried on in Canada other than a loss from a source outside Canada)	0	0	0 N
Amount M minus amount N (if negative, enter "0")	13,539	0	13,539
=====	=====	=====	=====

Note: The aggregate investment income is the aggregate world source income.

Enter amount O, foreign investment income, on line 445 of the T2 return.

Enter amount P, aggregate investment income, on line 440 of the T2 return.

NET TAXABLE DIVIDENDS

	Canadian	Foreign	Total
Taxable dividends deducted per Schedule 3	0	0	0
Less: Expenses related to such dividends			
Total expenses	0	0	0
Net taxable dividends	0	0	0
=====	=====	=====	=====

Part 2 - Specified partnership income

A	B	C
Partnership name	Total income (loss) of partnership from an active business	Corporation's share of amount in column B
200	300	310
	0	0
	0	0
	0	0
	0	0

Part 2 - Specified partnership income (cont'd)

D	E	F	G	I
Adjustments [add prior-year reserves under subsection 34.2(5), and deduct expenses incurred to earn partnership income, including any reserve under subsection 34.2(4)]	Corporation's income (loss) of the partnership (column C plus column D)	Number of days in the partnership's fiscal period	Prorated business limit (column C / column B) x [business limit* x (column F / 365)] (if column C is negative, enter "0")**	Lesser of columns E and G (if column E is negative, enter "0")
315	320	325	330	340
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
Total 350	0		Total 360	0
	=====			=====
Corporation's losses for the year from an active business carried on in Canada (other than as a member of a partnership) - enter as a positive amount..... 370				
Specified partnership loss of the corporation for the year - enter as a positive amount (total of all negative amounts in column E)..... 380				
Total of line 370 and 380..... 0 J				
=====				
Column E minus column G (if negative, enter "0") (if a member of more than one partnership, calculate separately for each partnership and enter total)..... 385				
0				
=====				
Amount at line 385 or line J, whichever is less..... 390				
0				
Specified partnership income (line 360 plus line 390)..... 400				
0				
=====				
* Use one of the following business limits to calculate column G, whichever applies: - \$225,000 if the corporation's taxation year ends in 2003; - \$250,000 if the corporation's taxation year ends in 2004; or - \$300,000 if the corporation's taxation year ends in 2005 or after.				
** When a partnership carries on more than one business, one of which generates income and another of which realizes a loss, the loss is not netted against the partnership's income.				

Part 3 - Determination of partnership income

Corporation's share of partnership income from active businesses carried on in Canada after deducting related expenses - from line 350 above (if the net amount is negative, enter "0" on line O).....	0	K
Add: Specified partnership loss (from line 380 above).....	0	L

Subtotal.....	0	M
Deduct: Specified partnership income (from line 400 above).....	0	N

Partnership income * (enter on line S below).....	450	0 O
	=====	

* If the amount on line 450 is positive, complete Schedule 70.

Part 4 - Income from active business carried on in Canada

Net income for income tax purposes from line 300 of the T2 return.....	19,790,370	P
Deduct: Foreign business income after deducting related expenses *.....	500	0
Taxable capital gains minus allowable capital loss		
- amount A minus amount B * (page 1) **.....	13,539	
Net property income = amount F minus amounts G, H, and N * (page 1).....	0	Q
Personal services business income after deducting related expenses *.....	520	0

	13,539	13,539
	=====	
Net amount.....	19,776,831	R
Deduct: Partnership income (line 450 above).....		0 S
Income from active business carried on in Canada (enter on line 400 of the T2 return - if negative, enter "0").....		19,776,831 T
	=====	

* If negative, enter a negative amount, and add instead of subtracting.

** This amount may only be negative to the extent of any allowable business investment losses.

Summary of Capital Cost Allowance

Is the corporation electing under regulation 1101(5g)? [101] N

Class	UCC at Beginning No. [200]	Cost of Additions During Year [203]	Adjustments [205]	Lesser of Cost or Proceeds [207]	1/2 of [203] - [207] [211]	Rate % [212]	Recapture of Capital Cost Allowance [213]	Terminal Loss [215]	Capital Cost Allowance [217]	Undepreciated Capital Cost end of year [220]
1	163,327,736	13,037,683	319,945	0	6,518,841	4	0	0	6,806,661	169,878,703
2	38,656,036	0	0	0	0	6	0	0	2,319,362	36,336,674
8	817,971	161,119	0	0	80,559	20	0	0	179,706	799,384
10	2,233,334	472,499	0	0	236,249	30	0	0	740,875	1,964,958
45	0	841,520	0	0	420,760	45	0	0	189,342	652,178
12	0	238,718	0	0	119,359	100	0	0	119,359	119,359
Total	205,035,077	14,751,539	319,945	0	7,375,768		0	0	10,355,305	209,751,256

Corporate Taxprep / Taxprep des sociétés - TP-11

Hydro One Brampton Networks Inc.
Account/Business No.: 864867635RC0001
RELATED AND ASSOCIATED CORPORATIONS

Year Ended:

2004-12-31

Sch. 009

This schedule is to be completed by a corporation having one or more of the following:

- related corporation(s)
- associated corporation(s)

Name	Ctry of resi- dence	Business Number (Note)	Rela- tion- ship Code	Number of common shares owned	% of common shares owned	Number of preferred shares owned	% of pre- ferred shares owned	Book value of capital stock
[100]	[200]	[300]	[400]	[500]	[550]	[600]	[650]	[700]
Hydro One Inc.		869994731RC0001	3	0	0.00	0	0.00	0
Hydro One Networks Inc.		870865821RC0001	3	0	0.00	0	0.00	0
1316664 Ontario Inc.		884036625RC0001	3	0	0.00	0	0.00	0
Hydro One Remote Communities I		870836269RC0001	3	0	0.00	0	0.00	0
Hydro One Telecom Inc.		868001066RC0001	3	0	0.00	0	0.00	0
Hydro One Markets Inc.		867584989RC0001	3	0	0.00	0	0.00	0
Hydro One Network Services Inc		863550190RC0001	3	0	0.00	0	0.00	0
Hydro One Telecom Link Limited		887867513RC0001	3	0	0.00	0	0.00	0
Hydro One Brampton Inc.		868794520RC0001	1	0	0.00	0	0.00	0
Hydro One Brampton Networks In		864867635RC0001	3	0	0.00	0	0.00	0
Hydro One Lake Erie Link Manag		878921519RC0001	3	0	0.00	0	0.00	0
Hydro One Lake Erie Link Compa		875606519RC0001	3	0	0.00	0	0.00	0
Hydro One Delivery Services In		869177246RC0001	3	0	0.00	0	0.00	0
Lake Erie Link Company Inc.		861793214RC0001	3	0	0.00	0	0.00	0

Note: Enter "NR" if a corporation is not registered.

Relationship code:

1 - Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated

relationship code represents the relationship that the corporation named has to the filing corporation. For example, if the corporation is the parent corporation of the filing corporation, then the relationship code is "1".

Schedule 9

Corporate Taxprep / Taxprep des sociétés - TP-11

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

- For use by a corporation that has eligible capital property. For more information, see the "T2 Corporation Income Tax Guide."
- A separate cumulative eligible capital account must be kept for each business.

Part 1 - Calculation of current year deduction and carry-forward**Cumulative eligible capital - Balance at the end of the preceding taxation year**(if negative, enter "0") **200** 37,334,614 A**Add:** Cost of eligible capital property acquiredduring the taxation year **222** 542,406Other adjustments **226** 0

Subtotal (line 222 plus line 226) 542,406 x 0.75 = 406,805 B

Non-taxable portion of a non-arm's
length transferor's gain realized on
the transfer of an eligible capital
property to the corporation after
December 20, 2002 **228**

0 x 0.50 = 0 C

amount B minus amount C (if negative, enter "0") 406,805 406,805 D

Amount transferred on amalgamation or wind-up of subsidiary **224** 0 ESubtotal (add amounts A, D, and E) **230** 37,741,419 F**Deduct:** Proceeds of sale (less outlays and expenses not
otherwise deductible) from the disposition of
all eligible capital property duringthe taxation year **242** 0 GThe gross amount of a reduction in respect of
a forgiven debt obligation as provided for insubsection 80(7) **244** 0 HOther adjustments **246** 0 I(add amounts G, H, and I) 0 x 0.75 = **248** 0 J**Cumulative eligible capital balance** (amount F minus amount J) 37,741,419 K

(if amount K is negative, enter "0" at line M and proceed to Part 2)

Cumulative eligible capital for a property no longer

owned after ceasing to carry on that business **249** 0

amount K 37,741,419

less amount from line 249 0

Current year deduction 37,741,419 x 7.00% = **250** 2,641,899 *

(line 249 plus line 250) (enter this amount at line 405 of Schedule 1) 2,641,899 2,641,899 L

Cumulative eligible capital - Closing balance (amount K minus amount L)(if negative, enter "0") **300** 35,099,520 M

* You can claim any amount up to the maximum deduction of 7%. The deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

34,315,357
784163
35,099,520

Part 2 - Amount to be included in income arising from disposition

(complete this part only if the amount at line K is negative)

Amount from line K (show as positive amount)			0	N
Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988	400		0	1
Total of all amounts which reduced CEC in the current or prior years under subsection 80(7)	401		0	2
Total of CEC deductions claimed for taxation years beginning before July 1, 1988	402		0	3
Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988	403		0	4

Line 3 minus line 4 (if negative, enter "0")		0		0 5
=====				
Total of lines 1, 2, and 5			0	6
Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400			0	7
Amounts at line T from Schedule 10 previous taxation years ending after February 27, 2000			0	8

Subtotal (line 7 plus line 8)	409		0	0 9
=====				
Line 6 minus line 9 (if negative, enter "0")			0	0 O
=====				
Line N minus line O (if negative, enter "0")			0	P

Line 5		0 x 1/2 =		0 Q

Line P minus line Q (if negative, enter "0")			0	R
=====				
Amount R		0 x 2/3 =		0 S

Amount N or amount O, whichever is less			0	T

Amount to be included in income (amount S plus amount T) (enter this amount on line 108 of Schedule 1)	410		0	
=====				

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

CONTINUITY OF RESERVES

- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- References to parts, sections, subsections, paragraphs, and subparagraphs are from the federal "Income Tax Act".
- File one completed copy of this schedule with the corporation's "T2 Corporation Income Tax Return".
- For more information, see the "T2 Corporation Income Tax Guide".

Part 1 - Capital gains reserves

Description of property	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
	\$	\$	\$	\$	\$
001	002	003			004
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	-----	-----	-----	-----	-----
Totals	008	009			010
	0	0	0	0	0
	=====	=====	=====	=====	=====

The total capital gains reserve at the beginning of the taxation year plus the total capital gains reserve transfer on amalgamation or wind-up of subsidiary should be entered on line 880, and the total capital gains reserve at the end of the taxation year, should be entered on line 885 of Schedule 6.

Financial Statement Reserves (not deductible)

Description	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
OPEB	4,427,000	0	105,000	0	4,532,000
Legal Claim Provision	0	0	268,942	0	268,942
Allow. for Doubtful Accounts	353,625	0	0	18,625	335,000
Reg. Assets contra	1,076,641	0	0	1,076,641	0
	0	0	0	0	0
Bill 4 Deferred Revenue	0	0	2,881,192	0	2,881,192
Reserves From Section 2 below	0	0	0	0	0
	-----	-----	-----	-----	-----
Totals	5,857,266	0	3,255,134	1,095,266	8,017,134
	=====	=====	=====	=====	=====

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.

The total closing balance should be entered on line 126 of Schedule 1 as an addition.

Part 2 - Other reserves

Description		Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year		
	[X]	\$	\$	\$	\$	\$		
Reserve for doubtful debts	[]	110	0	115	0	0	120	0
Reserve for undelivered goods and services not rendered	[]	130	0	135	0	0	140	0
Reserve for prepaid rent	[]	160	0	155	0	0	160	0
Reserve for December 31, 1995 income	[]	170	0	175	0	0	180	0
Reserve for refundable containers	[]	190	0	195	0	0	200	0
Reserve for unpaid amounts	[]	210	0	215	0	0	220	0
Other tax reserves	[]	230	0	235	0	0	240	0
		-----		-----		-----		-----
Totals		270	0	275	0	0	280	0
		=====		=====		=====		=====

Enter "X" in the column above if the tax reserve has also been reported on the corporation's financial statements. This allows offsetting entries on Schedule 1, resulting in a zero effect on net income for tax purposes.

amount from line 270 plus the amount from line 275 should be entered on line 125 of Schedule 1 as an addition.

The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

**REEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS
TO ALLOCATE THE BUSINESS LIMIT**

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for purposes of the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one taxation year ending in a calendar year, is required to file an agreement for each taxation year ending in that calendar year.

Column 1: Enter the legal name of each of the corporations in the associated group, including non-CCPCs and CCPCs that have filed an election under subsection 256(2) of the "Income Tax Act," not to be associated for purposes of the small business deduction.

Column 2: Provide the Business Number for each corporation (if a corporation is not registered, enter "NR").

Column 3: Enter the code that applies to each corporation:

- 1 - associated for purposes of allocating the business limit (unless association code 5 applies)
- 2 - CCPC that is a "third corporation" that has elected under subsection 256(2) not to be associated for purposes of the small business deduction
- 3 - non-CCPC that is a "third corporation" as defined in subsection 256(2)
- 4 - associated non-CCPC
- 5 - associated CCPC that is not associated for purposes of allocating the business limit because of a subsection 256(2) election made by a "third corporation"

Column 4: Enter the business limit for the year of each corporation in the associated group that is computed at line 4 on page 4 of each respective corporation's T2 return.

Column 5: Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 times the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A is equal to an amount in one of the following ranges, whichever applies:

- from \$200,001 to \$225,000, if the calendar year to which this agreement applies is 2003;
- from \$225,001 to \$250,000, if the calendar year to which this agreement applies is 2004; or
- from \$250,001 to \$300,000, if the calendar year to which this agreement applies is 2005.

If the calendar year to which this agreement applies is after 2005, ensure that the total at line A does not exceed \$300,000.

Allocation of the business limit

Date filed (do not use this area)	<input type="text" value="025"/>	Year Month Day
Enter the calendar year to which the agreement applies	<input type="text" value="050"/>	Year
		2004

Allocation of the business limit (cont'd)

Is this an amended agreement for the above-noted calendar year that

ended to replace an agreement previously filed by any of

the associated corporations listed below? ☐ [Y/N] [N]

1	2	3	4	5	6
Names of associated corporations	Business Number of associated corporations	Association code	Business limit for the year (before the allocation) \$	Percentage of the business limit %	Business limit allocated * \$
<input type="checkbox"/> 100	<input type="checkbox"/> 200	<input type="checkbox"/> 300		<input type="checkbox"/> 350	<input type="checkbox"/> 400
Hydro One Brampton Networks Inc	864867635RC0001	1	250,000	100.0000	250,000
See attached				.0000	0
			Total	100.0000	250,000 A
				=====	=====

* The % of the annual business limit required to maximize the small business deduction is .0000%.

100.0000% of the annual business limit can be attributed to an associated corporation.

Business limit reduction under subsection 125(5.1)

The business limit reduction is calculated in the small business deduction area of the T2 return.

of the amounts used in this calculation is the "Large corporation tax" at line 415 of the T2 return.

If the corporation is a member of an associated group*** of corporations in the current taxation year, and that taxation year:

- starts before December 21, 2002, the amount at line 415 of the T2 return is equal to the gross Part I.3 tax of each corporation in the associated group*** for its last taxation year ending in the preceding calendar year. The gross Part I.3 tax is the amount before deducting the surtax credits, which is increased to reflect a full-year tax liability if the taxation year is less than 51 weeks; or
- starts after December 20, 2002, the amount at line 415 of the T2 return is equal to $0.225\% \times (A - \$10,000,000)$ where, "A" is the total of taxable capital employed in Canada** of each corporation in the associated group*** for its last taxation year ending in the preceding calendar year.

* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's taxation year is less than 51 weeks, prorate the amount in column 6 by the number of days in the taxation year divided by 365, and enter the result on line 410 of the T2 return.

If a CCPC has more than one taxation year ending in a calendar year and is associated in more than one of those years with another CCPC that has a taxation year ending in the same calendar year, the business limit for the second (and subsequent) taxation year(s) will be equal to the business limit allocated for the first taxation year ending in the calendar year.

** "Taxable capital employed in Canada" has the meaning assigned by subsection 181.2(1) or 181.3(1) or section 181.4 of the "Income Tax Act."

*** The associated group includes the corporation filing this schedule and each corporation that has an "association code" of 1 or 4 in column 3.

Hydro One Brampton Networks Inc.**Sch. 023-Supp.****Account/Business No.: 864867635RC0001 Year Ended: 2004-12-31****AGREEMENT AMONG ASSOCIATED CCPC's TO ALLOCATE THE BUSINESS LIMIT**

1	2	3	4	5	6	7
Names of associated corporations	Business Number of associated corporations	Asso- ciation code	Business limit for the year (before the allocation)	Percentage of the business limit \$	Business limit allocated	Part I.3 Tax
[100]	[200]	[300]		[350]	[400]	
Hydro One Inc.	869994731RC0001	1	250,000	.0000	0	43,152
Hydro One Networks Inc.	870865821RC0001	1	250,000	.0000	0	16,783,765
1316664 Ontario Inc.	884036625RC0001	1	250,000	.0000	0	0
Hydro One Remote Communities I	870836269RC0001	1	250,000	.0000	0	37,235
Hydro One Telecom Inc.	868001066RC0001	1	250,000	.0000	0	158,194
Hydro One Markets Inc.	867584989RC0001	1	250,000	.0000	0	0
Hydro One Network Services Inc	863550190RC0001	1	250,000	.0000	0	0
Hydro One Telecom Link Limited	887867513RC0001	1	250,000	.0000	0	4,378
Hydro One Brampton Inc.	868794520RC0001	1	250,000	.0000	0	0
Hydro One Brampton Networks In	864867635RC0001	1	250,000	.0000	0	481,025
Hydro One Lake Erie Link Manag	878921519RC0001	1	250,000	.0000	0	0
Hydro One Lake Erie Link Compa	875606519RC0001	1	250,000	.0000	0	4,324
Hydro One Delivery Services In	869177246RC0001	1	250,000	.0000	0	23
Lake Erie Link Company Inc.	861793214RC0001	1	250,000	.0000	0	0
TOTALS			3,500,000	.0000	0	17,512,096

Schedule 23-Supplementary

Corporate Taxprep / Taxprep des sociétés - TP-11

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

RT I.3 TAX ON LARGE CORPORATIONS

- This schedule is for use by corporations (other than financial institutions and insurance corporations) that have Part I.3 tax payable before deducting surtax credits (line 820 in Part 5). You should also use and file this schedule if you calculate a **gross Part I.3 tax for the purposes or unused surtax credit** (line 821 in Part 6) and a **current-year unused surtax credit** (line 850 in Part 8).
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal "Income Tax Act" and the "Income Tax Regulations."
- Subsection 181(1) defines the terms "financial institution," "long-term debt," and "reserves."
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- No Part I.3 tax is payable for a taxation year by a corporation that was:
 - 1) a non-resident-owned investment corporation throughout the year;
 - 2) bankrupt [as defined by subsection 128(3)] at the end of the year;
 - 3) a deposit insurance corporation throughout the year, as defined by subsection 137.1(5), or deemed to be a deposit insurance corporation by subsection 137.1(5.1);
 - 4) exempt from tax under section 149 throughout the year on all of its taxable income;
 - 5) neither resident in Canada nor carrying on a business through a permanent establishment in Canada at any time in the year; or
 - 6) a corporation described in subsection 136(2) throughout the year, the principal business of which was marketing (including any related processing) natural products belonging to or acquired from its members or customers.
- File the completed Schedule 33 with the "T2 Corporation Income Tax Return" no later than six months from the end of the taxation year.
- This schedule may contain changes that had not yet become law at the time of printing.

Complete the following areas to determine the amounts needed to calculate Part I.3 tax. If the corporation
a non-resident of Canada throughout the year and carried on a business through a permanent establishment
in Canada, go to Part 4, "Taxable capital employed in Canada."

Part 1 - Capital

Add the following amounts at the end of the year:

Reserves that have not been deducted in computing income for the year under Part I.	101	8,017,134
Capital stock (or members' contributions if incorporated without share capital).	103	51,500,556
Retained earnings.	104	18,283,561
Contributed surplus.	105	60,059,581
Any other surpluses.	106	0
Deferred unrealized foreign exchange gains.	107	0
All loans and advances to the corporation.	108	157,282,665
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations.	109	0
Any dividends declared but not paid by the corporation before the end of the year.	110	0
All other indebtedness of the corporation (other than any indebtedness in respect of a lease) that has been outstanding for more than 365 days before the end of the year.	111	0

Part 1 - Capital (cont'd)

Proportion of the amount, if any, by which the total of all amounts

e note below) for the partnership of which the corporation is

a member at the end of the year exceeds the amount of the partnership's

deferred unrealized foreign exchange losses **112** 22,019

Subtotal 295,165,516 295,165,516 A

Deduct the following amounts:Deferred tax debit balance at the end of the year **121** 0

Any deficit deducted in computing its shareholders' equity

(including, for this purpose, the amount of any provision for

the redemption of preferred shares) at the end of the year **122** 0

Any amount deducted under subsection 135(1) in computing income under

Part I for the year, to the extent that the amount may reasonably be

regarded as being included in any of lines 101 to 112 above **123** 0

The amount of deferred unrealized foreign exchange losses

at the end of the year **124** 0

Subtotal 0 0 B

Capital for the year (amount A minus amount B) (if negative, enter "0") **190** 295,165,516**Note:**

Lines 101, 107, 108, 109, 111, and 112 are determined as follows:

- If the partnership is a member of another partnership (tiered partnerships), include the amounts of the partnership and tiered partnerships.
- Amounts for the partnership and tiered partnerships are those that would be determined under lines 101, 107, 108, 109, 111, and 112 as if they apply in the same way that they apply to corporations.
- Amounts owing to the member or to other corporations that are members of the partnership are not to be included.
- Amounts are determined as at the end of the last fiscal period of the partnership ending in the year of the corporation.
- The proportion of the total amounts is determined by the corporation's share of the partnership's income or loss for the fiscal period of the partnership.

Part 2 - Investment allowance**Add the carrying value at the end of the year of the following assets of the corporation:**A share of another corporation **401** 0A loan or advance to another corporation (other than a financial institution) **402** 0

A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of

another corporation (other than a financial institution) **403** 262,000Long-term debt of a financial institution **404** 0A dividend receivable on a share of the capital stock of another corporation **405** 0

A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim, or

similar obligation of, a partnership all of the members of which, throughout the year,

were other corporations (other than financial institutions) that were not exempt from

tax under Part I.3 (other than by reason of paragraph 181.1(3)(d)) **406** 0An interest in a partnership (see note 1 below) **407** 0**Investment allowance for the year** **490** 262,000

Part 2 - Investment allowance (cont'd)**Notes:**

Where the corporation has an interest in a partnership or tiered partnerships, consider the following:

- the investment allowance of a partnership is deemed to be the amount calculated at line 490 above, at the end of its fiscal period, as if it was a corporation;
- the total of the carrying value of each asset of the partnership described in the above lines is for its last fiscal period ending at or before the end of the corporation's taxation year; and
- the carrying value of a partnership member's interest at the end of the year is its specified proportion [as defined in subsection 248(1)] of the partnership's investment allowance.

- 2) Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 [other than by reason of paragraph 181.1(3)(d)].
- 3) Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation, according to subsection 181.2(6).

Part 3 - Taxable capital

Capital for the year (line 190)	295,165,516	C
Deduct: Investment allowance for the year (line 490)	262,000	D
Taxable capital for the year		
(amount C minus amount D) (if negative, enter "0")	<input type="text" value="500"/> 294,903,516	
	=====	

Part 4 - Taxable capital employed in Canada

to be completed by a corporation that was resident in Canada at any time in the year

		Taxable income earned		Taxable capital employed	
Taxable capital for the year (line 500)		in Canada		in Canada	
294,903,516	X	<input type="text" value="610"/>	19,785,295	<input type="text" value="690"/>	294,903,516
		-----	-----		
		Taxable income	19,785,295		=====

- Notes:**
- 1) Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
 - 2) Where a corporation's taxable income for a taxation year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of \$1,000.
 - 3) In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

Part 4 - Taxable capital employed in Canada (cont'd)

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada

701

0

Deduct the following amounts:

Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada

711

0

Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business it carried on during the year through a permanent establishment in Canada

712

0

Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below)

713

0

Total deductions (add lines 711, 712, and 713)

0

0 E

Taxable capital employed in Canada

(line 701 minus amount E) (if negative, enter "0")

790

0

Note: Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 - Calculation of gross Part 1.3 tax

Taxable capital employed in Canada (line 690 or 790, whichever applies) 294,903,516

Deduct: Capital deduction claimed for the year (enter \$50,000,000 or, for related corporations, the amount allocated on Schedule 36)

801

0

Excess of taxable capital employed in Canada over capital deduction

811

294,903,516

Year	Line 811		Number of days	Number of days in the taxation year				
Before 2004	294,903,516	x	(0 / 366)	x	.2250%	=	0	F
2004	294,903,516	x	(366 / 366)	x	.2000%	=	589,807	G
2005	294,903,516	x	(0 / 366)	x	.1750%	=	0	H
2006	294,903,516	x	(0 / 366)	x	.1250%	=	0	I
2007	294,903,516	x	(0 / 366)	x	.0625%	=	0	J

Note: The Part 1.3 tax rate is reduced to 0% for the days in the taxation year that are after 2007.

Subtotal (add amounts F to J)

589,807 K

Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part 1.3 tax as follows:

Amount K 589,807 x Number of days in the year 365 =

0 L

365

Gross Part 1.3 tax (amount K or L, whichever applies)

820

589,807

Part 6 - Calculation of gross Part 1.3 tax for purposes of the unused surtax credit

Taxable capital employed in Canada (line 690 or 790, whichever applies)	294,903,516	M
uct: Capital deduction claimed for the year (1/5 of line 801 if the taxation year end after 2003)	0	N
Excess (amount M minus amount N) (if negative, enter "0")	294,903,516	O
Amount O 294,903,516 x .2250% =	663,533	P
Where the taxation year of a corporation is less than 51 weeks, calculate the amount of gross Part 1.3 tax for purposes of the unused surtax credit as follows:		
Amount P 663,533 x Number of days in the year 365 =	0	Q
365		
Gross Part 1.3 tax for purposes of the unused surtax credit (amount P or Q, whichever applies)	663,533	

Part 7 - Calculation of current-year surtax credit available

- Corporations can claim a credit against their Part 1.3 tax for the amount of Canadian surtax payable for the year. This is called the surtax credit.
- Any unused surtax credit can be carried back three years or carried forward seven years. Unused surtax credits must be applied in order of the oldest first.
- Refer to subsection 181.1(7) of the Act when calculating the amount deductible for a corporation's unused surtax credits where control of the corporation has been acquired between the year in which the credits arose and the year in which you want to claim them.

For a corporation that was a non-resident of Canada throughout the year, enter amount a or b at line R, whichever is less:

- | | | | |
|--------------------------------------|---|---|-----|
| a) line 600 from the T2 return | 0 | a | |
| b) line 700 from the T2 return | 0 | b | 0 R |

In any other case, enter amount c or d at line S, whichever is less:

- | | | | | | | | |
|---|-----------|---|---|---------|---------|---|--|
| c) line 600 from the T2 return | 221,595 | x | line 690 of
this schedule
294,903,516 | = | 221,595 | c | |
| d) line 700 from the T2 return | 4,378,357 | d | 221,595 | S | | | |
| Current-year surtax credit available (amount R or S, whichever applies) | | | 830 | 221,595 | | | |

Part 8 - Calculation of current-year unused surtax credit

Current-year surtax credit available (line 830)	221,595
Less: Gross Part 1.3 tax for purposes of the unused surtax credit (line 821)	663,533
Current-year unused surtax credit (if negative, enter "0")	0
Enter this amount at line 600 on Schedule 37.	

Hydro One Brampton Networks Inc.
Account/Business No.: 864867635RC0001

Year Ended:

2004-12-31

Sch. 033

Part 9 - Calculation of net Part I.3 tax payable

Gross Part I.3 tax (line 820)		589,807	T
Less:			
Current-year surtax credit applied (line 820 or 830, whichever is less)	861	221,595	
Unused surtax credit from previous years applied (amount from line 320 on Schedule 37)	862	0	

Subtotal (cannot be more than amount on line 820)		221,595	U
		=====	
Net Part I.3 tax payable (amount T minus amount U)	870	368,212	
Enter this amount at line 704 of the T2 return.		=====	

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Corporate Taxprep / Taxprep des sociétés - TP-11

Account/Business No.: 864867635RC0001 Year Ended:

2004-12-31

Reserves from sch (13)

අනුමත කාලය	ප්‍රතිපත්ති කාලය	ප්‍රතිපත්ති කාලය	ප්‍රතිපත්ති කාලය	ප්‍රතිපත්ති කාලය	ප්‍රතිපත්ති කාලය	ප්‍රතිපත්ති කාලය	ප්‍රතිපත්ති කාලය	ප්‍රතිපත්ති කාලය	ප්‍රතිපත්ති කාලය	ප්‍රතිපත්ති කාලය	ප්‍රතිපත්ති කාලය	ප්‍රතිපත්ති කාලය	ප්‍රතිපත්ති කාලය
2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028

Attached Sch.
2004-12-31

Bank Indebtness (1009)	7,404,059.00
ST Deposits (2214)	4,771,106.00
ST Loans (2336)	508,500.00
Primary Debt (2520)	143,000,000.00
Holdbacks (2340) (0)	0.00
Due to HOBI (FS note 13)	1,599,000.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
	0.00
Total	----- 157,282,665.00 =====

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

REEMENT AMONG RELATED CORPORATIONS - PART 1.3 TAX

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 or \$50,000,000 among the members of the related group.
- Do not file this agreement if no members of the related group have to pay Part 1.3 tax.

Are any members of the related group liable to pay Part 1.3 tax? [Y/N] [Y]

- In cases where a related corporation has more than one taxation year ending in a calendar year, it has to file an agreement for each of those taxation years.
- A corporation that is related to any other corporation at any time in a taxation year of the corporation that ends in a calendar year may file such an agreement.
- In accordance with subsection 181.5(7) of the federal "Income Tax Act", a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.
- Attach additional schedules if space for agreement is not sufficient.

Agreement

Date filed (do not use this area) [010] Year Month Day

Is this an amended agreement? [020] [Y/N] [N]

Calendar year to which the agreement applies [030] Year 2004

Note: This agreement must include all the information indicated below for all members of the related group, including members to which no amount of capital deduction is allocated for the year. However, any member that is exempt from Part 1.3 tax under subsection 181.1(3) does not have to be included.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year	Taxation year end to which this agreement applies (Note 2)
		\$	
[200]	[300]	[400]	[500]
Hydro One Brampton Networks Inc	864867635RC0001	0	
See attached		50,000,000	

Total (Before 2004 must not exceed \$10,000,000 After 2003 must not exceed \$50,000,000)		50,000,000 =====	

Note 1: If a corporation is not registered, enter "NR."

Note 2: Entries are only required in this column for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

Hydro One Brampton Networks Inc.
Account/Business No.: 864867635RC0001 Year Ended:
AGREEMENT AMONG RELATED CORPORATIONS - PART I.3 TAX

Sch. 036-Supp.
2004-12-31

- Members of a related group of corporations should use this schedule to allocate the capital deduction of \$10,000,000 or \$50,000,000 among the members of the related group.
- n accordance with subsection 181.5(7) of the federal "Income Tax Act," a Canadian-controlled private corporation is not considered to be related to another corporation for purposes of the capital deduction unless it is also associated with that corporation.

Names of all corporations which are members of the related group	Business Number (Note 1)	Allocation of capital deduction for the year	Taxation year end to which this agreement applies (Note 2)
[200]	[300]	[400]	[500]
Hydro One Inc.	869994731RC0001	50,000,000	
Hydro One Networks Inc.	870865821RC0001	0	
1316664 Ontario Inc.	884036625RC0001	0	
Hydro One Remote Communities I	870836269RC0001	0	
Hydro One Telecom Inc.	868001066RC0001	0	
Hydro One Markets Inc.	867584989RC0001	0	
Hydro One Network Services Inc	863550190RC0001	0	
Hydro One Telecom Link Limited	887867513RC0001	0	
Hydro One Brampton Inc.	868794520RC0001	0	
Hydro One Brampton Networks In	864867635RC0001	0	
Hydro One Lake Erie Link Manag	878921519RC0001	0	
Hydro One Lake Erie Link Compa	875606519RC0001	0	
Hydro One Delivery Services In	869177246RC0001	0	
Lake Erie Link Company Inc.	861793214RC0001	0	

TOTAL 50,000,000

Note 1: If a corporation is not registered, enter "NR."

Note 2: Entries are only required in this column for a corporation that has more than one taxation year ending in the same calendar year and is related in two or more of those taxation years to another corporation that has a taxation year ending in that calendar year. The capital deduction of the first corporation for each such taxation year at the end of which it is related to the other corporation is an amount equal to its capital deduction for the first such taxation year. Enter the taxation year end to which this agreement applies.

Schedule 36 - Supplementary

Corporate Taxprep / Taxprep des sociétés - TP-11

Canada Customs and Revenue Agency/Agence des douanes et du revenu du Canada

SHAREHOLDER INFORMATION

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

Name of shareholder	Business Number	Social Insurance Number	Percentage common shares	Percentage preferred shares	
	(note 1)	(note 2)			
	100	200	300	400	500
Hydro One Brampton Inc.	868794520RC0001		100.00	0.00	
			0.00	0.00	
			0.00	0.00	
			0.00	0.00	
			0.00	0.00	
			0.00	0.00	
			0.00	0.00	
			0.00	0.00	
			0.00	0.00	
			0.00	0.00	

Note 1: If a corporate shareholder does not have a business number, NR must be entered to indicate the corporation is not registered.

Note 2: If an individual shareholder does not have a social insurance number, NA must be entered to indicate the SIN is not available.

Note 3: If a trust holds 10% or more of the corporation's common or preferred shares, enter "NR" for the business number and, if space permits, enter the trust's name and account number. Do not enter anything in the "SIN" column.

Hydro One Brampton Networks Inc.
Account/Business No.: 864867635RC0001

Year Ended:

2004-12-31

T7B-1

Schedule of Instalment Remittances

Name of Corporation Contact: Tony Paul
Telephone Number: 905-840-6300

Effective Interest Date	Description (Instalment Remittance, Split Payment, Assessed Credit)	Amount of Credit
2004-01-30	Instalment	385,000
2004-02-27	Instalment	385,000
2004-03-31	Instalment	385,000
2004-04-30	Instalment	385,000
2004-05-31	Instalment	385,000
2004-06-30	Instalment	385,000
2004-07-31	Instalment	265,000
2004-08-31	Instalment	265,000
2004-09-30	Instalment	265,000
2004-10-29	Instalment	265,000
2004-11-30	Instalment	265,000
2004-12-31	Instalment	935,000
2004-12-31	Instal transfer	172,959

Total amount of instalments claimed (A)		4,742,959
		=====
Total instalments credited to the taxation year per T9 (B)		4,742,959
		=====

TRANSFER

Account Number	Taxation Year End	Amount	Effective Interest Date	Description
From:				
		0		
To:				