Ontario

PO Box 622
33 King St. West
Oshawa ON L1H 8H6

CP 622
33 rue King ouest
Oshawa ON L1H 8H6

Statement of Adjustments re Taxes Assessed
Relevé des redressements de cotisations

Ministry of Finance **Corporations Tax Branch**
Ministère des Finances **Direction de l'imposition des compagnies**
Account No. 1900138

Name of Corporation / Raison sociale de la compagnie	Account No. / N° de compte: 1 8 0 0 1 3 8
Newmarket Hydro Limited	Taxation Year End / Fin de l'année d'imposition: 31 December 2001

INCOME TAX

Net Income (loss) as previously assessed	($ 594,490)	
Deduct: Adjustment to reported revenue	65,882	
Bad debt expense disallowed	43,712	
Add: Increase in costs of power expense	(909,857)	
Decrease in interest income	(44,423)	
Revised loss for Federal and Ontario purpose	($ 1,439,176)	

Revised Federal Part 1.3 Tax

Taxable Capital as previously determined	$ 43,357,296	
Add: Deferred revenue	289,765	
Revised Taxable Capital	$ 43,647,061	
Tax thereon @ 0.225% @ 92/365 days		$ 24,753

Revised Ontario Capital Tax

Net Paid-up Capital previously determined	$ 53,080,448	
Add: Deferred revenue	289,765	
	$ 53,370,213	
Less: Exemption (revised)	(4,982,324)	
Revised Taxable Capital	$ 48,387,889	
Tax thereon @ 0.30% @ 92/365 days		36,589
TOTAL PAYMENT IN LIEU OF TAXES		$ 61,342

P.S. We did not audit the reported Fair Market Value of both the fixed assets and goodwill as at October 1,2001. Our Ministry reserves the right to review the valuation of these assets and make additional adjustments, if necessary, at a later date.

***"DESIGNATED ASSESSMENT"**

The items marked with an asterisk above are designated parts of this assess-ment. This description is authorized by section 92 of the Corporations Tax Act, for assessments which correspond to those issued by Revenue Canada under the Income Tax Act (Canada). It is not necessary to serve a Notice of Objection to those portions of the assessment. The Corporation and the Minister will be bound by the final disposition of a federal Notice of Objection or Appeal.

If you wish not to be bound by the disposition of the corresponding federal objection or appeal, you must serve a Notice of Objection on the prescribed form in accordance with section 84. See under "Notice of Objection" on the accompanying "Notice of Re-Assessment"

***"COTISATION DÉSIGNÉE"**

Les postes ci-dessus marqués d'un astérisque sont les parties désignées de cette cotisation. Cette description est autorisée en vertu de l'article 92 de la Loi sur l'imposition des corporations, pour les cotisations qui correspondent à celles établies par Revenu Canada en vertu de la Loi de l'impôt sur le revenu (Canada). Il n'est pas nécessaire de signifier un Avis d'opposition pour ces parties des cotisations. La compagnie et le ministre seront liés par la décision finale relative à l'avis fédéral d'opposition ou d'appel.

Si vous désirez ne pas être lié par la décision relative à l'opposition ou à l'appel fédéral correspondant, vous pouvez signifier un avis d'opposition sur la formule prévue à cette fin conformément à l'article 84. Voir "Avis d'opposition" sur l'Avis de nouvelle cotisation ci-joint.

Ontario

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Statement of Adjustments re Taxes Assessed
Relevé des redressements de cotisations

Ministry of Finance
Ministère des Finances

Corporations Tax Branch
Direction de l'imposition des compagnies

Account No. / N° de compte
1 8 0 0 1 3 8

Name of Corporation / Raison sociale de la compagnie
Newmarket Hydro Limited

Taxation Year End / Fin de l'année d'imposition
31 December 2002

INCOME TAX

Taxable Income as previously assessed		Nil
Corporation Minimum Tax (CMT)		
As previously assessed		$ 4,950
Federal Part 1.3 Tax		
Total Taxable Capital as previously determined	$ 44,540,795	
Add: Deferred Revenue	142,606	
Sub lot levy	17,862	
Reserve - builders	120,000	
Revised Taxable Capital	$ 44,821,263	
Revised Net Part 1.3 tax payable @ 0.225%		100,848
Ontario Capital Tax		
Net Paid-up Capital previously determined	$ 53,788,635	
Add: Deferred Revenue	142,606	
Sub lot levy	17,862	
Reserve - builders	120,000	
Revised Net Paid-up capital	$ 54,069,103	
Less: Investment Allowance (revised)		
$\frac{\$ 49,245}{\$ 59,090,820}$ x $ 54,069,103 (revised)	(45,060)	
	$ 54,024,043	
Less: Exemption (revised)	(4,989,185)	
Revised Taxable Capital	$ 49,034,858	
Tax thereon @ 0.30%		147,105
TOTAL PAYMENT IN LIEU OF TAXES		$ 252,903

McDonald Lee Wanhoy
MRK 723

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

Keep this portion for your records.

Statement of Account

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
for transactions up to and including 2004/09/07

	Account No.	Statement Date (year, month, day)	Page
EWMARKET HYDRO LTD.	1800138	2004/09/07	1 of 1

TRANSACTIONS BY ASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT	BALANCE
2004/08/07		OPENING BALANCE FOR: 2003/12/31	509,200.00CR	
2004/08/12	54	return assessment	461,258.00	
2004/08/12	55	interest - assessment *	820.40	
2004/08/30	56	PIL refund	47,168.10	
2004/09/01	58	interest *	46.50CR	0.00
BALANCE				0.00

TRANSACTIONS BY UNASSESSED TAXATION YEAR

EFFECTIVE DATE	ID NUMBER	DESCRIPTION	AMOUNT
2004/08/07		OPENING BALANCE FOR: 2004/12/31	172,800.00CR
2004/08/20	57	PIL payment	43,200.00CR
BALANCE			216,000.00CR

120 120 259

The 2001 Ontario Budget simplified instalment requirements for corporations with total tax payable in the current or preceding year of $2,000 or more and less than $10,000. For tax years commencing after 2001, these corporations may now pay quarterly instalments.

43200.00

GST REG. NO. 869077925RT	TOTAL
	GST
	SUB-TOTAL
RECEIVED ABOVE IN GOOD ORDER BY RC5-70	PST
CLERK / CASH / C.O.D. / CHARGE / ON ACCT. / MDSE. RET'D. / PAID OUT	TOTAL

ALLIANCE PRESS INC., NEWMARKET, ONT. - 222186

76525 See above

2003

61100

(47,158.10)

47,158.10

Detach and return this REMITTANCE FORM with your payment.

Ontario

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

Remittance Advice - Payment-in-Lieu (PIL)

Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Account No.
1800138

35
PX5003

NEWMARKET HYDRO LTD.
C/O IAIN CLINTON CFO
590 STEVEN COURT

NEWMARKET ON
L3Y 6Z2

Taxation Year End: (YYYYMMDD)

Payment Amount: $

Taxation Year End: (YYYYMMDD) 2 0 0 4 1 2 3 1

Payment Amount: $

Total Payment Enclosed: $

original 2004 Assessment

Ontario

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

Keep this portion for your records.

Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2004/01/01 **to** 2004/12/31

	Account No.	Assessment Date (year, month, day)	Page
NEWMARKET HYDRO LTD.	1800138	2005/09/06	1 of 1

ASSESSMENT NO. 74

Tax: Federal and Provincial PIL		786,653.00
Assessment Interest		8,249.29
Total Assessment Liability		794,902.29

SUMMARY OF 2004/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers	786,653.00CR	
Sub-Total		786,653.00CR
TAXATION YEAR BALANCE DUE **		8,249.29

Interest reversed after reassessment.

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

786
481
305

Total tax assessed as per company estimate

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC) The current interest rate is 0.0191780%.

38%
.00225

~~207~~
300

RECEIVED
SEP 0 8 2005
Newmarket Hydro Ltd

208
131
142
481

Ontario

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

2004

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • *Corporations Tax Act, R.S.O. 1990*
from 2004/01/01 **to** 2004/12/31

	Account No.	Reassessment Date (year, month, day)	Page
NEWMARKET HYDRO LTD.	**1800138**	2006/09/26	1 of 1

REASSESSMENT NO. 155 REPLACING ASSESSMENT DATED: 2005/09/06

Tax: Federal and Provincial PIL re cssessment		535,733.00
Assessment Interest		5,956.25CR
Total Reassessment Liability		529,776.75

SUMMARY OF 2004/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers	795,537.72CR	
Sub-Total		795,537.72CR
CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR		265,760.97CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

RECEIVED
SEP 28 2006
Newmarket Hydro Ltd.

Adjustment to the computation of Total Tax payable.

Adjustment to the computation of taxable income (non-capital loss).

Adjustment to the computation of Gross Income Tax.

Adjustment to the computation of Net Income Tax

Mathematical error in the computation of Net CMT payable.

Tax (Re)Assessment Enquiries:	Account Billing Enquiries & Change of Address Information:
• Toronto (416) 730-5585 • FAX (416) 730-5593	• Oshawa and Local (905) 433-6708 • Toll-Free 1-800-262-0784 ext. 3036 • Toronto (416) 920-9048 ext. 3036 • FAX (905) 433-5197

002 PX5005

Original 2004 Tax Summary

Tax Summary

Corporation name Newmarket Hydro Ltd.

Tax year ending 2004/12/31

Taxable income

Net income for tax purposes		3,284,597
Charitable donations and gifts	-	1,500,000
Taxable dividends	-	
Losses of prior years	-	
Other adjustments	±	
Taxable income	=	1,784,597

Part I tax

38% of taxable income			678,147
Surtax		+	19,987
Refundable tax on CCPC investment income		+	
Active business income	3,284,597		
Small business deduction		-	
Federal tax abatement		-	178,460
Manufacturing and processing deduction		-	
Additional deduction - credit unions		-	
Foreign tax credits		-	
Resource deduction		-	
Political contribution tax credit		-	
Investment tax credit		-	
Other deductions and credits		-	124,922
Part I tax		=	394,752

Tax payable

Part I tax			394,752
Part I.3 tax (large corporations tax)		+	
Taxable dividends received			
Part IV tax		+	
Other federal tax payable		+	
Subtotal		=	394,752
Provincial and territorial tax (except QC,ON,AB)		+	
Provincial tax on large corporations (NB,NS)		+	
Tax payable		+	394,752
Tax instalments paid		-	360,316
Investment tax credit refund		-	
Taxable dividends paid			
Dividend refund		-	
Other refundable credits		-	
Balance owing (refund) on federal return		=	34,436
Provincial income tax (ON,AB,QC)			249,844
Capital and other provincial taxes		+	142,057
Tax instalments and credits		-	169,484
Other provincial taxes		=	222,417
Total balance owing (refund)			256,853

Provincial tax

	% Provincial allocation	Taxable income	Income tax	Capital and other provincial taxes	Tax instalments and credits	Net provincial tax
Newfoundland						
Prince Edward Island						
Nova Scotia						
New Brunswick						
Manitoba						
Saskatchewan						
British Columbia						
Yukon Territory						
Northwest Territories						
Nunavut						
Schedule 5 provincial tax payable						
Ontario	100.0000	1,784,597	249,844	142,057	169,484	222,417
Alberta						
Québec						
Totals			249,844	142,057	169,484	222,417

Loss continuity

	Current year carry back	Carryforward end of year
Capital		
Non-capital		
Farm		
Restricted farm		
Limited partnership		
Listed personal property		

Other carryforwards

Capital dividend account	
Refundable dividend tax on hand (net of dividend refund)	
Unused Part 1.3 tax credit	
Unused surtax credits	
Foreign business tax credits	
Donations and gifts	
Investment tax credits	
Ontario CMT losses	
Ontario CMT credit	

2004 Tax Summary After adjustment for 2001 non capital Lossess

Tax Summary

Corporation name Newmarket Hydro Ltd.

Tax year ending 2004/12/31

Taxable income

Net income for tax purposes		3,284,597
Charitable donations and gifts	-	1,500,000
Taxable dividends	-	
Losses of prior years	-	694,686
Other adjustments	±	
Taxable income	=	1,089,911

Part I tax

38% of taxable income			414,166
Surtax		+	12,207
Refundable tax on CCPC investment income		+	
Active business income	3,284,597		
Small business deduction		-	
Federal tax abatement		-	108,991
Manufacturing and processing deduction		-	
Additional deduction - credit unions		-	
Foreign tax credits		-	
Resource deduction		-	
Political contribution tax credit		-	
Investment tax credit		-	
Other deductions and credits		-	76,294
Part I tax		=	241,088

Tax payable

Part I tax			241,088
Part I.3 tax (large corporations tax)		+	
Taxable dividends received			
Part IV tax		+	
Other federal tax payable		+	
Subtotal		=	241,088
Provincial and territorial tax (except QC,ON,AB)		+	
Provincial tax on large corporations (NB,NS)		+	
Tax payable		+	241,088
Tax instalments paid		-	360,316
Investment tax credit refund		-	
Taxable dividends paid			
Dividend refund		-	
Other refundable credits		-	
Balance owing (refund) on federal return		=	(119,228)
Provincial income tax (ON,AB,QC)			152,588
Capital and other provincial taxes		+	142,057
Tax instalments and credits		-	169,484
Other provincial taxes		=	125,161
Total balance owing (refund)			5,933

Provincial tax

Provincial tax	% Provincial allocation	Taxable income	Income tax	Capital and other provincial taxes	Tax instalments and credits	Net provincial tax
Newfoundland						
Prince Edward Island						
Nova Scotia						
New Brunswick						
Manitoba						
Saskatchewan						
British Columbia						
Yukon Territory						
Northwest Territories						
Nunavut						
Schedule 5 provincial tax payable						
Ontario	100.0000	1,089,911	152,588	142,057	169,484	125,161
Alberta						
Québec						
Totals			152,588	142,057	169,484	125,161

Loss continuity

Loss continuity	Current year carry back	Carryforward end of year
Capital		
Non-capital		
Farm		
Restricted farm		
Limited partnership		
Listed personal property		

Other carryforwards

Capital dividend account	
Refundable dividend tax on hand (net of dividend refund)	
Unused Part 1.3 tax credit	
Unused surtax credits	
Foreign business tax credits	
Donations and gifts	
Investment tax credits	
Ontario CMT losses	
Ontario CMT credit	

535,733

Ontario

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Statement of Adjustments re Taxes Assess
Relevé des redressements de cotisatio

Ministry of Revenue
Ministère du Revenu

Tax Compliance Branch , Electricity Act
Direction de l' observation fiscale , Loi sur l'électricité

Name of Corporation / Raison sociale de la compagnie	Account No. / N° de compte
NEWMARKET HYDRO LTD.	1800138
	Taxation Year End / Fin de l'année d'imposition
	2005/12/31

INCOME TAX

Taxable Income (Loss) as previously assessed		$2,853,672
Add:		
Non-deductible reserve		250,357
Revised Taxable Income for Federal & Ontario Purposes		$3,104,029
Ontario Tax thereon @14%		
ONTARIO INCOME TAX PAYABLE		$434,564
FEDERAL PART 1		
Federal part 1 tax payable		$686,612
CAPITAL TAX		
Ontario		
Net paid –up capital as filed	$54,488,747	
Add ;		
Nbv/ucc dif.	2,864,977	
Loan & adv. Adjustment	285,940	
Retained earning adjustment	523,525	
Revised net paid-up-capital	$58,163,189	
Investment Allowance Revised	350,284	
Revised taxable capital	$57,812,905	
Capital tax exemption	7,500,000	
	$50,312,905	
Tax thereon @ 0.3%		$150,939
TOTAL PAYMENTS-IN-LIEU OF TAXES PAYABLE		$1,272,115

***"DESIGNATED ASSESSMENT"**

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***"COTISATION DESIGNEE"**

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Si vous désirez ne pas être lié par la décision relative à l'opposition ou à l'appel fédéral correspondant, vous pouvez signifier un avis d'opposition sur la formule prévue à cette fin conformément à l'article 84. Voir "Avis d'opposition" sur l'Avis de nouvelle cotisation ci-joint.