

Undertaking No. JTC2.14

To explain decrease in average call duration. P. 97

Response:

The call handle time was reviewed and adjusted from 4.25 minutes to 3.9 minutes based on the following:

- Leveraging existing head count for increased call volumes;
- Improved processes (new CIS implementation);
- New tools - emailing and faxing from the desktop vs. leaving the desk for faxing and mailouts; and
- No significant staff turnover amongst the third party's core team.

Undertaking No. JTC2.15

To provide earlier version of Exhibit KTC2.1 showing amendments made. P. 100

Response

Please find attached the previous Shareholders' Agreement dated December 6, 2000 as Attachment 1, and its Amending Agreement dated December 16, 2005 as Attachment 2. Enersource is unable to mechanically reproduce these documents in a format which would permit redlining. Given the significant differences between the documents and the current Shareholders' Agreement, Enersource submits that it would not be practical or useful to attempt a manual redlining comparison.

SHAREHOLDERS' AGREEMENT
BETWEEN
THE CORPORATION OF THE CITY OF MISSISSAUGA
AND
BOREALIS ENERGY CORPORATION
AND
SUCH OTHER PERSONS AS MAY BECOME
SHAREHOLDERS IN ENERSOURCE CORPORATION
AND
ENERSOURCE CORPORATION
MADE AS OF
DECEMBER 6, 2000

SHAREHOLDERS' AGREEMENT

THIS AGREEMENT made as of December 6, 2000;

B E T W E E N:

**THE CORPORATION OF THE CITY OF
MISSISSAUGA**, a municipal Corporation
created under the laws of the Province of Ontario
(hereinafter referred to as the "City of Mississauga"),

OF THE FIRST PART,

- and -

BOREALIS ENERGY CORPORATION, (a
wholly-owned subsidiary of the Ontario
Municipal Employees Retirement Board), a
corporation incorporated under the laws of
Canada
(hereinafter referred to as "Borealis"),

OF THE SECOND PART,

-and-

**SUCH OTHER PERSONS AS MAY FROM
TIME TO TIME BECOME
SHAREHOLDERS IN THE CORPORATION
AND PARTIES HERETO**
(hereinafter referred to as "Additional
Shareholders"),

OF THE THIRD PART,

- and -

ENERSOURCE CORPORATION, a
corporation incorporated under the laws of the
Province of Ontario
(hereinafter referred to as the "Corporation"),

OF THE FOURTH PART.

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WHEREAS the Corporation was incorporated by the City of Mississauga for the purposes set out, and in accordance with, Section 142 of the *Electricity Act, 1998*, (Ontario);

AND WHEREAS the City of Mississauga desires to carry on the business of generating, transmitting, distributing and retailing of electricity through Hydro Mississauga Corporation and Hydro Mississauga Energy Services Inc. as subsidiaries of the Corporation;

AND WHEREAS the authorized capital of the Corporation consists of an unlimited number of Class A Shares, of which one is issued and outstanding, 1,000 Class B Shares, of which 1,000 are issued and outstanding, and 100 Class C Shares, of which none are issued and outstanding;

AND WHEREAS at the date hereof all of the issued shares of the Corporation are beneficially owned by the City of Mississauga and Borealis as follows:

| <u>SHAREHOLDERS</u> | <u>CLASS A SHARES</u> | <u>CLASS B SHARES</u> | <u>CLASS C SHARES</u> |
|---------------------|-----------------------|-----------------------|-----------------------|
| City of Mississauga | 1 | 900 | 0 |
| Borealis | 0 | 100 | 0 |

AND WHEREAS Borealis has agreed to subscribe for 100 Class C Shares;

AND WHEREAS the rights, privileges and restrictions attaching to the Class A Shares provide that the holders of such shares shall be entitled to one vote in respect of each Class A Share at all meetings of shareholders;

AND WHEREAS the rights, privileges and restrictions attaching to the Class B Shares provide that the holders of such shares shall not be entitled to vote at meetings of shareholders except in limited circumstances provided for in the *Business Corporations Act*;

AND WHEREAS the rights, privileges and restrictions attaching to the Class C Shares provide that the holders of such shares shall be entitled to such number of votes such that the Class C Shares in aggregate represent up to 10% of eligible votes at all meetings of shareholders;

AND WHEREAS the Shareholders and the Corporation have agreed to enter into this Agreement as being in their respective best interests and for the purpose of providing for the operation of the Corporation;

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NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the mutual covenants and agreements herein contained the parties hereto agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

"905 City" means a city or municipality within the 905 telephone area code, as it exists on the date hereof, and any other city or municipality located in southern Ontario adjacent to the area served by the 905 telephone area code, as it exists on the date hereof, which the Board has determined to be a desirable candidate to enter into a transaction on the principal terms and conditions set forth in Article 3 of the Strategic Alliance Agreement.

"Agreement" means this agreement and all schedules attached hereto and all amendments made hereto and thereto by written agreement between the Shareholders and the Corporation.

"Auditor" means the auditor of the Corporation appointed from time to time.

"Board" means the board of directors of the Corporation as elected by the Shareholders from time to time.

"Business Corporations Act" means the Business Corporations Act (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced.

"Business Day" means a day other than a Saturday, Sunday or statutory holiday in the Province of Ontario.

"Chair" means the director who is appointed Chair of the Board from time to time as herein provided.

"Class A Shares" means the Class A shares in the capital of the Corporation.

"Class B Shares" means the Class B shares in the capital of the Corporation.

"Class C Shares" means the Class C shares in the capital of the Corporation.

"Communication" has the meaning set out in Section 5.08.

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"Council" means, at any time, the City Council at such time of the City of Mississauga or any other 905 City then a Shareholder.

"Eligible Shareholder" means:

- (a) from the date hereof until the earlier of (i) the date any Shareholder exercises its put rights under a Put Agreement, and (ii) December 31, 2004, any Shareholder holding Class A Shares; and
- (b) thereafter, any Shareholder holding Class A Shares or Class C Shares or both.

"Eligible Shareholder Capital Amount" of an Eligible Shareholder means:

- (a) at such time as Eligible Shareholders include only the holders of Class A Shares, the aggregate subscription amount for all Class A Shares then held by the Eligible Shareholder, less any amounts of capital returned or distributed to holders of Class A Shares on account thereof; and
- (b) at any other time, the aggregate subscription amount for all Class A Shares and Class C Shares then held by the Eligible Shareholder, including all capital contributions made to the Corporation on account of Class C Shares held by the Eligible Shareholder, less any amounts of capital returned or distributed to holders of Class A Shares or Class C Shares on account thereof.

"Notice" has the respective meanings set out in Sections 4.02(1) and 4.03(1).

"Offered Shares" has the respective meanings set out in Sections 4.02(1) and 4.03(1).

"Offeree" and **"Offerees"** have the meanings set out in Sections 4.02(2).

"Offeror" has the respective meanings set out in Sections 4.02(1) and 4.03(1).

"OMERS" means Ontario Municipal Employees Retirement Board.

"Purchase Price" has the respective meanings set out in Sections 4.02(1) and 4.03(1).

"Put Agreement" means any one or more put agreements between a Shareholder, Borealis, OMERS and the Corporation providing for certain put rights in respect of the Class A Shares, and in certain circumstances the Class B Shares, as the same may be amended, modified, supplemented or restated from time to time.

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"Regulated Rate Base" means, in respect of a Target 905 MEU, its total rate base for initial filing as calculated in accordance with Table A-3 of Part II of Appendix D of the Ontario Energy Board's Electricity Distribution Rate Handbook dated March 9, 2000, as amended by a decision of the Ontario Energy Board dated September 24, 2000.

"Rejected Shares" has the meaning set out in Sections 4.02(3).

"Shares" means the shares in the capital of the Corporation that the Shareholders at the date hereof or hereafter may beneficially own.

"Shareholders" means the City of Mississauga and Borealis, together with the Additional Shareholders, collectively and "Shareholder" means any one of such persons individually.

"Strategic Alliance Agreement" means the strategic alliance agreement dated as of April 12, 2000 between the City of Mississauga, Hydro Mississauga Corporation, OMERS and Borealis, as amended.

"Subsidiary" means, with respect to any person, any corporation of which shares to which are attached more than fifty percent (50%) of the voting rights ordinarily exercisable at meetings of the shareholders of such corporation (including shares which are voting only upon the occurrence of a contingency where such contingency has occurred and is continuing) are beneficially owned, directly or indirectly, by such person and includes any corporation in like relation to a Subsidiary.

"Target 905 MEU" means a municipal electric utility of a 905 City all of the shares of which are acquired, directly or indirectly, by the Corporation.

1.02 Sections and Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement or instrument supplemental or ancillary hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.03 Number

Words importing the singular number only shall include the plural and *vice versa*, words importing the masculine gender shall include the feminine and neuter genders and *vice versa* and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and *vice versa*.

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1.04 Accounting Principles

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles.

1.05 Not a Unanimous Shareholder Agreement

This Agreement is not a unanimous shareholder agreement within the provisions of Section 108(2) of the Business Corporations Act (Ontario).

ARTICLE 2 - MANAGEMENT

2.01 Carrying out of the Agreement

The Shareholders shall at all times carry out and cause the Corporation to carry out the provisions of this Agreement.

2.02 Idem

To the extent that each Shareholder is permitted by law to bind its appointee to do so, the appointee directors of the Shareholder will act and vote as directors in order that the purpose, intent and provisions of this Agreement shall be carried out.

2.03 Idem

The Corporation confirms its knowledge of this Agreement and will carry out and be bound by the provisions of this Agreement to the full extent that it has the capacity and power at law to do so.

2.04 Endorsement on Certificate

Share Certificates of the Corporation shall bear the following language either as an endorsement or on the face thereof:

"The shares represented by this certificate are subject to all the terms and conditions of an agreement made as of December 6, 2000, a copy of which is on file at the registered office of the Corporation."

2.05 Directors

(1) The Articles of the Corporation shall provide for the Board to have a minimum of three (3) directors and a maximum of twelve (12) directors. Initially the Board shall consist of three (3) directors. The City of Mississauga shall be entitled to nominate two (2) persons and Borealis shall be entitled to nominate one (1) person. The first Board shall be as follows: (i) Hazel McCallion and David O'Brien as appointees of the City of Mississauga; and (ii) Michael Nobrega, as appointee of Borealis.

At a time determined by the City of Mississauga, the Board of Directors shall be increased to eight (8) persons, six (6) of whom shall be appointed by the City of Mississauga and two (2) of whom shall be appointed by Borealis. The size of the Board of Directors shall be further increased at such time as a 905 City transfers shares in the capital of a Target 905 MEU, the Regulated Rate Base of which is in excess of \$125 million, to the Corporation such that the Target 905 MEU becomes a wholly owned subsidiary of the Corporation, such 905 City shall thereafter be entitled to appoint to the Board a person for each \$125 million of Regulated Rate Base of the Target 905 MEU. The number of such appointees shall be limited to four (4) directors from all such Target 905 MEUs.

(2) The following provisions, subject to Section 2.07, apply to the directors appointed by the City of Mississauga at such time as the City of Mississauga has determined, pursuant to Section 2.05(1), that the Board of Directors be increased to eight (8) persons, and shall apply only to the directors appointed by the City of Mississauga:

- (a) the mayor of the City of Mississauga at all times shall be one of the directors;
- (b) the directors shall be elected and shall retire in rotation;
- (c) at the first general meeting of shareholders of the Corporation held to elect directors, after such time as the City of Mississauga has determined, pursuant to Section 2.05(1), that the Board of Directors be increased to eight (8) persons, two directors shall be elected to hold office for a term of three years from the date of their election or until the third annual meeting of shareholders following such date, whichever is earlier, two directors shall be elected to hold office for a term of two years from the date of their election or until the second annual meeting of shareholders following such date, whichever is earlier, and two directors shall be elected to hold office for a term of one year from the date of their election or until the first annual meeting of shareholders following such date, whichever is earlier;
- (d) at each successive annual meeting of shareholders of the Corporation, two directors shall be elected for a term of three years or until the third annual meeting of shareholders following their election, whichever is earlier, to replace

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the two directors who retire from office at each such annual meeting on the expiration of the term for which such directors were elected; and

- (e) each such director must be a resident of the municipality of the City of Mississauga and will be deemed to have resigned on ceasing to be a resident of the municipality.

(3) Each Shareholder shall vote its Shares to elect the persons appointed by the City of Mississauga, Borealis and a 905 City entitled to appoint a director(s) as aforesaid.

2.06 Chair

The Chair shall be selected by the Board from among the directors appointed by the City of Mississauga. The chair for each meeting of the Board shall be the Chair. In the absence of the Chair, the chairman of the meeting shall be one of the other appointees of the City of Mississauga, as selected by the directors in attendance at such meeting.

2.07 Removal of Directors

Subject to the provisions of the Business Corporations Act, each Shareholder shall be entitled in its discretion to remove one or more of the directors appointed by it and to appoint and have a person elected a successor or successors, as the case may be, by providing a direction in writing to the Corporation and to the other Shareholders who shall elect such replacement director or directors. Upon the resignation or removal of a director from the Board, the Shareholder that appointed such director shall use reasonable efforts to obtain and deliver to the Corporation a resignation and a release from such director in a form satisfactory to the Corporation.

2.08 Voting

Subject to Section 2.15, all matters to be determined by the Board shall be determined by a majority vote of directors at a duly convened meeting of the Board and, in case of an equality of votes, the chairman of the meeting shall be entitled to a second or casting vote.

2.09 Meeting of Directors

The Board shall meet at least once each financial quarter at a time and place to be determined by the Chair, provided that all meetings of the Board shall, unless held by telephone or video conference, be held within the City of Mississauga. Any one or more of the directors may participate in a meeting of the Board by telephonic or video device as permits all participants in the meeting to communicate with each other simultaneously and instantaneously, and such participation shall be deemed to constitute attendance at the meeting of the Board for

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the purpose of this Section 2.09. The Chair may determine that any meeting of the Board shall be held by telephone or video conference. At least ten (10) Business Days prior to each meeting, each director shall be notified in writing of the time and place of the meeting of the Board and the matters to be considered. Additional meetings of the Board may be called by any director by producing notice in writing to every other director containing the information required and the notice required for a regularly scheduled meeting of the Board. A director may waive notice of any meeting of the Board by an instrument in writing delivered to the Secretary of the Corporation. Notwithstanding Section 2.08, in lieu of a meeting of the directors, the consent of the director with respect to any matter may be evidenced by a resolution in writing (which may be in counterparts) signed by all of the directors.

2.10 Quorum - Meetings of Directors

Prior to such time as the City of Mississauga has determined, pursuant to Section 2.05(1), that the Board of Directors be increased to (8) persons, a quorum for a meeting of the Board shall consist of two directors, provided at least one director must be an appointee of the City of Mississauga and the other an appointee of Borealis. Thereafter, a quorum for a meeting of the Board shall consist of such number of directors as is 75% of the total number of directors to be elected at an annual meeting of shareholders rounded to the nearest whole number, with .5 rounded upwards, provided at least one (1) of which must be an appointee of Borealis. If a quorum of directors is not present within thirty minutes after the time appointed for a meeting of the Board, the meeting shall be adjourned to a date not less than five and not more than fifteen Business Days subsequent to the date originally set for the meeting, as the directors present at the meeting may determine. Such directors shall provide at least two Business Days prior written notice of the adjourned meeting to the other directors. If a quorum is not present at such adjourned meeting, the Secretary of the Corporation shall forthwith provide at least two Business Days prior written notice thereof to the Shareholders, and the Shareholders shall cause their respective appointee directors to attend, or shall appoint directors to be elected as replacements for such directors in accordance with Section 2.07 and cause such replacement directors to attend, a further adjourned meeting to be held not later than five Business Days after the previously adjourned meeting was to be held.

2.11 Vacancies

In the event of any vacancy occurring on the Board by reason of the death, disqualification, inability to act or resignation of any director (the "Former Director"), such Shareholder shall appoint another individual to replace the Former Director in order to fill such vacancy as soon as reasonably possible, and the Shareholders shall vote their Shares accordingly.

2.12 Remuneration

The remuneration of the directors for their respective services will be as determined by the Shareholders from time to time. Initially, each director will be paid \$10,000 per annum for his or her services, plus \$500 (inclusive of all expenses) for each meeting of the Board attended. Notwithstanding the foregoing:

- (a) directors who are members of Council will receive no remuneration; and
- (b) the Chair will be paid a total of \$20,000 per annum.

2.13 Insurance

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

2.14 Auditor

KPMG LLP shall be appointed Auditor unless, prior to the appointment of any other person as Auditor, all of the Shareholders have consented in writing to such person being appointed and a copy of such consent has been filed with the Corporation.

2.15 Special Approval of Actions

- (1) None of the following actions:
 - (a) any change in the Articles or By-laws of the Corporation;
 - (b) the taking of any steps to wind-up, dissolve or terminate the corporate existence of the Corporation;
 - (c) any action which may lead to or result in a material change in the nature of the business of the Corporation;
 - (d) any change in the authorized or issued capital of the Corporation;
 - (e) the determination of the remuneration of directors;
 - (f) the sale, lease, exchange or disposition of the entire undertaking or property or assets of the Corporation or any substantial part thereof;

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- (g) the entering into of an amalgamation, merger or consolidation with any other body corporate except a wholly-owned subsidiary of the Corporation;
- (h) the entering into of any agreement other than in the ordinary course of the Corporation's business;
- (i) the entering into of any agreement or the making of any offer or the granting of any right capable of becoming an agreement to allot or issue any shares of the Corporation;
- (j) the taking, holding, subscribing for or agreeing to purchase or acquire shares in the capital of any body corporate;
- (k) the acquisition by the Corporation of a business and/or all or substantially all of the assets used in a business;
- (l) the entering into of any material agreement to which any Shareholder or affiliate of a Shareholder is a party;
- (m) the borrowing of any money, the giving of any security or the making or incurring of any single capital expenditure in excess of \$2,500,000 or any capital expenditures which, in the aggregate, are in excess of \$5,000,000 in any financial year of the Corporation;
- (n) the disposition by way of sale, transfer, exchange or lease of any asset with a value in excess of \$2,500,000;
- (o) the making of, directly or indirectly, loans or advances to, or the giving of security for or the guaranteeing of the debts of, any person;
- (p) the declaration or payment of any dividend;
- (q) the redemption or purchase for cancellation by the Corporation of any of its issued shares;
- (r) the entering into of a partnership or of any arrangement for the sharing of profits, union of interests, joint venture or reciprocal concession with any person;
- (s) the voting by or on behalf of the Corporation of any shares in the capital of a Subsidiary of the Corporation to elect directors of such corporation; and

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(t) the taking of any of the foregoing actions by any Subsidiary of the Corporation;

shall be taken by the Corporation unless prior to taking such action:

- (i) at any meeting of directors at least seventy-five (75%) percent of the directors at a properly constituted meeting of the Board give their approval to such action by resolution and a nominee of Borealis is among those directors approving; or
- (ii) all of the directors consent to such action by an instrument or instruments in writing.

(2) No change in the location of the registered office of the Corporation to a location outside of the municipality of the City of Mississauga shall be made unless:

- (i) at any meeting of shareholders duly called for the purpose of considering the proposed change, at least 75% of the votes are cast in favour of the action; or
- (ii) all of the Shareholders consent to such change by an instrument or instructions in writing.

2.16 Books and Records

Proper books of accounts shall be kept by the Corporation and entries shall be made therein of all matters, terms, transactions and things in accordance with generally accepted accounting principles and applicable laws. Each Shareholder and its auditors shall have access at all reasonable times to examine and copy such books and records. For greater certainty, no third party other than an auditor of a Shareholder shall have access to the Corporation's books of account without the written consent of the Corporation. Each Shareholder may, at its own expense, arrange for an annual audit of the Corporation by its own internal audit department. Each Shareholder shall be permitted to conduct, at its own expense, such further and other investigations into the financial affairs of the Corporation as it may reasonably require.

2.17 Annual Financial Statements

- (a) The Board shall cause the Auditor to deliver, as soon as practicable and in any event within 120 days after the end of each fiscal year of the Corporation, for review and approval by the Board, the audited financial statements of the Corporation.

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- (b) The parties will provide such assistance as the Auditor may reasonably request in order for the Auditor to fulfil the obligations set out in subsection 2.17(a).
- (c) The audited financial statements, as approved by the Board, shall be delivered forthwith to the Shareholders.

2.18 Quarterly Reports

Within 45 days after the end of each fiscal quarter, the Board will cause to be prepared (on a consistent basis with the previous fiscal quarter) and submit a quarterly report to the Shareholders. The quarterly report will include:

- (a) quarterly unaudited financial statements for the immediately preceding fiscal quarter; and
- (b) information that is likely to be of material concern to the Shareholders.

2.19 General Principles

Subject to all requirements of law, the directors shall manage the Corporation to maximize the profits of the Corporation and the dividends to the Shareholders and, in so doing, shall also maximize the return on the unregulated businesses.

2.20 Payments of Taxes

The parties agree that they will make reasonable efforts to obtain an amendment to the *Electricity Act, 1998* (Ontario) such that the taxes payable under that Act by a municipal corporation under subsection 94(1) of that Act in respect of a transfer of its shares of the Corporation will be offset by such proportion of the amounts paid by the Corporation or its wholly-owned Subsidiaries on account of taxes or payments in lieu thereof referred to in Clauses 1. and 2. of Subsection 94(3) of the *Electricity Act, 1998* (Ontario) that the number of the Class A Shares of the Corporation held by the municipal corporation represents of the number of all of the Class A Shares of the Corporation held by municipal corporations.

2.21 Contributions of Capital by Borealis

Following the acquisition of any Target 905 MEU the amount contributed by Borealis on account thereof shall be added to the stated capital account maintained by the Corporation for the Class C Shares. No reductions to the stated capital account for the Class C Shares shall be made without the prior written consent of Borealis.

ARTICLE 3 - MEETING OF THE SHAREHOLDERS

3.01 General Principles

The parties acknowledge that decisions by a 905 City as a shareholder of the Corporation must first be approved by its Council and are, accordingly, subject to the procedures that govern such Council. The parties agree to use good faith efforts to ensure that any matters requiring the approval of the Shareholders are raised in a manner that gives due account and consideration to each Council's procedural constraints. Each 905 City agrees that it shall use good faith efforts to ensure that the business of the Corporation is dealt with by its Council as expeditiously as practicable.

3.02 In Camera Meetings

If any business to be considered at a meeting of the Shareholders is confidential, the notice of meeting shall request that the Council meeting considering such confidential business prior to the Shareholders meeting be held in camera.

ARTICLE 4 - DEALING WITH SHARES

4.01 No Transfer of Shares

Except as expressly provided for in this Article Four, the Shareholders shall not sell, transfer or assign or in any other way dispose of their Shares or their rights under this Agreement without first complying with all of the provisions of this Agreement unless, prior to the disposition of their Shares, all of the Shareholders have consented in writing to such disposition.

4.02 Sale of Shares - Class A

(1) Any Shareholder (hereinafter in this Section 4.02 referred to as the "Offeror") may, at any time after January 1, 2001, sell all or any of its Class A Shares for cash, provided such Shareholder must also sell for cash an equivalent percentage of its Class B Shares, to the extent such Shareholder then holds any Class B Shares, to the same purchaser. Any such Shareholder which desires to sell Class A Shares and Class B Shares, if any, shall give notice of such proposed sale (hereinafter in this Section 4.02 referred to as the "Notice") to the Corporation and to all Eligible Shareholders and shall set out in the Notice the number of its Class A Shares that it desires to sell and the number (fractional if necessary) of Class B Shares equal to an equivalent percentage of the Class A Shares held by the Shareholder (hereinafter in this Section 4.02 referred to as the "Offered Shares") and the terms upon which and the price at

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which it desires to sell the Offered Shares (such price being hereinafter in this Section 4.02 referred to as the "Purchase Price").

(2) Upon the Notice being given, the Eligible Shareholders other than the Shareholder that has given the Notice (hereinafter in this Section 4.02 sometimes collectively referred to as the "Offerees" and sometimes individually referred to as an "Offeree") shall have the right to purchase the Offered Shares for the Purchase Price. The Offerees shall be entitled to purchase the Offered Shares *pro rata* based upon the Eligible Shareholder Capital Amounts of the Offerees or to purchase in such other proportion as the Offerees may agree in writing.

(3) Within 45 days of having been given the Notice, each Offeree who desires to purchase Offered Shares in accordance with the provisions of Section 4.02(2) shall give notice to the Offeror, to the Corporation and to the other Offerees. An Offeree desiring to purchase Class A Shares must offer to purchase, if applicable, an equivalent percentage of Class B Shares. If any Offeree does not give such notice, the Offered Shares that it had been entitled to purchase (hereinafter in this Section 4.02(3) referred to as the "Rejected Shares") may instead be purchased by the Offerees who did give such notice, *pro rata* based upon the Eligible Shareholder Capital Amounts of such Offerees as between themselves or in such other proportion as such Offerees may agree in writing, and, within 20 days of the expiry of the 45 day period specified in this Section 4.02(3), each Offeree who desires to purchase Rejected Shares in accordance with the provisions of this Section 4.02(3) shall give an additional notice to the Offeror, to the Corporation and to the other Offerees. If any Offeree entitled to give the said additional notice does not do so, the Rejected Shares that it had been entitled to purchase may instead be purchased by the Offerees who did give such notice, and so on from time to time until the Offerees are willing to purchase all of the Offered Shares or until they are not willing to purchase any more. If the Offerees are willing to purchase all or any portion of the Offered Shares, the transaction of purchase and sale shall be completed in accordance with the terms set out in the Notice.

(4) If the Offeror makes default in transferring Offered Shares to the Offerees in accordance with the terms set out in the Notice, the Secretary of the Corporation is authorized and directed to receive the purchase money and to thereupon cause the names of the Offerees to be entered in the registers of the Corporation as the holders of the Class A Shares and Class B Shares purchased by them. The said purchase money shall be held in trust by the Corporation on behalf of the Offeror and not commingled with the Corporation's assets, except that any interest thereon shall be for the account of the Corporation. The receipt by the Secretary of the Corporation for the purchase money shall be a good discharge to the Offerees and, after their names have been entered in the registers of the Corporation in exercise of the aforesaid power, the validity of the proceedings shall not be subject to question by any person. On such registration, the Offeror shall cease to have any right to or in respect of the Offered Shares except the right to receive, without interest, the purchase price received by the Secretary of the Corporation.

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(5) If the Offerees do not give notice in accordance with the provisions of Section 4.02(3) that they are willing to purchase all of the Offered Shares, the Offeror may sell such portion of the Offered Shares as the Offerees are not willing to purchase to any person within four months after the expiry of the 45 day or 20 day periods, as the case may be, specified in Section 4.02(3), for a price not less than the Purchase Price and on other terms no more favourable to such person than those set forth in the Notice, provided that: (a) the person to whom the Class A Shares and Class B Shares, if applicable, are to be sold in any sale completed prior to the earlier of (i) the date any Shareholder exercises its put rights under a Put Agreement, and (ii) December 31, 2004, is a municipal corporation in the Province of Ontario, and (b) such person agrees prior to such transaction to be bound by this Agreement and to become a party hereto in place of the Offeror with respect to the Offered Shares and provided that notwithstanding the foregoing the purchaser of such Offered Shares shall not be required to become a party hereto if: (i) the sale is made pursuant to an initial public offering of shares in the capital of the Corporation; (ii) the shares in the capital of the Corporation will thereupon be listed on a major North American stock exchange; and (iii) at a meeting of Shareholders called to consider the offering and listing in excess of seventy five percent (75%) of the votes cast thereat are voted in favour of such actions. If such portion of the Offered Shares as the Offerees are not willing to purchase are not sold within such four month period on the above terms, the rights of the Offerees pursuant to this Section 4.02 shall again take effect and so on from time to time.

(6) Notwithstanding any other provision hereof, no sale of Class A Shares or Class B Shares under this Section 4.02 shall be permitted if the sale would be completed prior to the earlier of (i) the date any Shareholder exercises its put rights under a Put Agreement, and (ii) December 31, 2004, and such sale would cause the Corporation to cease to be a person exempt from the payment of tax pursuant to Section 149(1) of the *Income Tax Act* (Canada).

4.03 Sale of Shares - Class C

(1) Any Shareholder (hereinafter in this Section 4.03 referred to as the "Offeror") may, at any time after January 1, 2001, sell all or any of its Class C Shares for cash provided such Shareholder must also sell for cash an equivalent percentage of its Class B Shares, to the extent such Shareholder then holds any Class B Shares, to the same purchaser. Any such Shareholder which desires to sell Class C Shares and Class B Shares, if any, shall give notice of such proposed sale (hereinafter in this Section 4.03 referred to as the "Notice") to the Corporation and shall set out in the Notice the number of its Class C Shares that it desires to sell and the number of Class B Shares (fractional if necessary) equal to an equivalent percentage of the Class C Shares held by the Shareholder (hereinafter in this Section 4.03 referred to as the "Offered Shares") and the terms upon which and the price at which it desires to sell the Offered Shares (such price being hereinafter in this Section 4.03 referred to as the "Purchase Price").

- 18 -

(2) Upon the Notice being given, the Corporation shall have the right to purchase the Offered Shares for the Purchase Price.

(3) Within 45 days of having been given the Notice, if the Corporation desires to purchase the Offered Shares in accordance with the provisions of Section 4.02(2) it shall give notice to the Offeror of such number of Class C Shares it wishes to purchase and must offer to purchase an equivalent percentage of Class B Shares. If the Corporation is willing to purchase all or any portion of the Offered Shares, the transaction of purchase and sale shall be completed in accordance with the terms set out in the Notice.

(4) If the Offeror makes default in transferring Offered Shares to the Corporation in accordance with the terms set out in the Notice, the Secretary of the Corporation is authorized and directed to receive the purchase money and to thereupon cause the cancellation of the Class C Shares and Class B Shares purchased by the Corporation. On such cancellation, the Offeror shall cease to have any right to or in respect of the Offered Shares except the right to receive, without interest, the purchase price received by the Secretary of the Corporation.

(5) If the Corporation does not give notice in accordance with the provisions of Section 4.03(3) that it is willing to purchase all of the Offered Shares, the Offeror may sell such portion of the Offered Shares as the Corporation is not willing to purchase to any person within four months after the expiry of the 45 day period specified in Section 4.03(3), for a price not less than the Purchase Price and on other terms no more favourable to such person than those set forth in the Notice, provided that the person to whom the Class C Shares and Class B Shares are to be sold agrees prior to such transaction to be bound by this Agreement and to become a party hereto in place of the Offeror with respect to the Offered Shares and provided that notwithstanding the foregoing the purchaser of such Offered Shares shall not be required to become a party hereto if: (i) the sale is made pursuant to an initial public offering of shares in the capital of the Corporation; (ii) the shares in the capital of the Corporation will thereupon be listed on a major North American stock exchange; and (iii) at a meeting of Shareholders called to consider the offering and listing in excess of seventy five percent (75%) of the votes cast thereat are voted in favour of such actions. If such portion of the Offered Shares as the Corporation is not willing to purchase are not sold within such four month period on the above terms, the rights of the Corporation pursuant to this Section 4.03 shall again take effect and so on from time to time.

4.04 Sale of Shares - Class B

A Shareholder may not sell, transfer or assign or in any other way dispose of their Class B Shares except in conjunction with a sale of Class A Shares or Class C Shares as provided in Section 4.02 and 4.03.

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4.05 Effect of Put Agreement

The provisions of Sections 4.02 and 4.03 hereof shall not apply to any exercise by a Shareholder of its put rights under a Put Agreement.

ARTICLE 5 - GENERAL

5.01 Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto.

5.02 Entire Agreement

This Agreement constitutes the entire agreement between the parties hereto with respect to the Shareholders' relationship as shareholders of the Corporation and cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

5.03 Governing Law

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

5.04 Amendments and Waivers

No amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by the Shareholders. No waiver of any breach of any provision of this Agreement shall be effective or binding unless made in writing and signed by the Shareholder purporting to give the same and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

5.05 Assignment

Except as may be expressly provided in this Agreement, no Shareholder may assign its right or obligations under this Agreement without the prior written consent of the other Shareholders unless such assignment is made to a purchaser of Shares from such Shareholder in accordance with the provisions of Section 4.01. In the event of the sale, transfer or assignment of a Shareholder's Shares or any portion thereof the purchaser thereof shall become a party

- 20 -

hereto and shall be bound by the terms of this Agreement. The Corporation may not assign its rights or obligations hereunder without the consent of all of the Shareholders.

5.06 Termination

This Agreement shall terminate upon:

- (a) the written agreement of the Shareholders;
- (b) the dissolution or bankruptcy of the Corporation or the making by the Corporation of an assignment under the provisions of the *Bankruptcy and Insolvency Act* (Canada);
- (c) one Shareholder becoming the beneficial owner of all of the Shares; or
- (d) an initial public offering of the shares in the capital of the Corporation; provided that the shares in the capital of the Corporation thereupon become listed on a major North American stock exchange; and further provided that at a meeting of Shareholders called to consider the offering and listing in excess of 75% of the votes cast thereat are voted in favour of such actions.

5.07 Severability

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

5.08 Notices

Any demand, notice or other communication (hereinafter in this Section 5.08 referred to as a "Communication") to be given in connection with this Agreement shall be given in writing and may be given by personal delivery, by registered mail or by transmittal by facsimile addressed to the recipient as follows:

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(a) To:

City of Mississauga
300 City Centre Drive
Mississauga, Ontario
L5B 3C1

Facsimile No: (905) 896-5106
Attention: City Solicitor

With a copy to:

Fraser Milner Casgrain
1 First Canadian Place
100 King Street West
Toronto, Ontario
M5X 1B2

Facsimile No: (416) 863-4592
Attention: William T. Houston

(b) To:

Borealis Energy Corporation
11 King Street West
Suite 1150
Toronto, Ontario
M5H 4C7

Facsimile No: (416) 362-5675
Attention: Chief Executive Officer

(c) To:

Enersource Corporation
3240 Mavis Road
Mississauga, Ontario
L5C 3K1

Facsimile No: (905) 566-2737
Attention: President

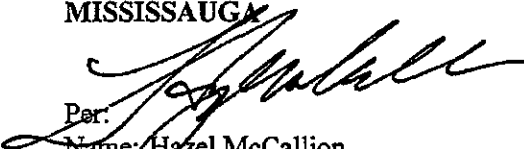
- 22 -

5.09 Counterparts and Facsimile

This Agreement may be executed by the parties by facsimile and in separate counterparts, each of which when so executed shall be deemed to be an original and all of the which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement.

**THE CORPORATION OF THE CITY OF
MISSISSAUGA**


Per: _____
Name: Hazel McCallion
Title: Mayor


Per: _____
Name: Arthur Granatun
Title: City Clerk

I/We have authority to bind the Corporation.

BOREALIS ENERGY CORPORATION

Per: _____
Name: Dale E. Richmond
Title: Chairman of the Board

Per: _____
Name: Gerard G. McGrath
Title: Chief Financial Officer

I/We have authority to bind the Corporation.

5.09 Counterparts and Facsimile

This Agreement may be executed by the parties by facsimile and in separate counterparts, each of which when so executed shall be deemed to be an original and all of the which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement.


**THE CORPORATION OF THE CITY OF
MISSISSAUGA**

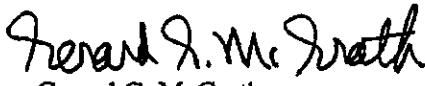
Per:
Name: Hazel McCallion
Title: Mayor

Per:
Name: Arthur Grannum
Title: City Clerk

I/We have authority to bind the Corporation.

BOREALIS ENERGY CORPORATION


Per: 
Name: Dale E. Richmond
Title: Chairman of the Board

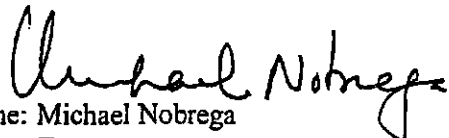
Per: 
Name: Gerard G. McGrath
Title: Chief Financial Officer

I/We have authority to bind the Corporation.

- 23 -

ENERSOURCE CORPORATION

Per: 
Name: David O'Brien
Title: President

Per: 
Name: Michael Nobrega
Title: Treasurer

I/We have authority to bind the Corporation.

Authorized by the Mississauga City Council at its meeting of April 12, 2000 and executed pursuant to By-Law Nos. 0171-2000 and 0600-2000.

AMENDING AGREEMENT

BETWEEN

THE CORPORATION OF THE CITY OF MISSISSAUGA

-AND-

BPC ENERGY CORPORATION

-AND-

ONTARIO MUNICIPAL EMPLOYEES RETIREMENT BOARD

-AND-

ENERSOURCE CORPORATION

Made as of December 16, 2005

AMENDING AGREEMENT

This Agreement made as of December 16, 2005;

BETWEEN:

THE CORPORATION OF THE CITY OF MISSISSAUGA
(hereinafter referred to as the "City of Mississauga")

-and-

BPC ENERGY CORPORATION, formerly named Borealis
Energy Corporation, (hereinafter referred to as "Borealis")

-and-

ONTARIO MUNICIPAL EMPLOYEES RETIREMENT BOARD
(hereinafter referred to as "OMERS")

-and-

ENERSOURCE CORPORATION (hereinafter referred to as
"Enersource")

WHEREAS the City of Mississauga and Borealis are shareholders of Enersource;

AND WHEREAS the City of Mississauga, Borealis and Enersource have entered
into a shareholders agreement dated December 6, 2000;

AND WHEREAS the City of Mississauga, Borealis, OMERS and Enersource
(collectively, the "Parties") have entered into a put agreement, dated as of December 6, 2000 (as
amended from time to time, hereinafter referred to as the "Put Agreement"), whereby, in
accordance with the terms of the Put Agreement, Borealis has agreed that the City of
Mississauga may put the Class A shares and the Class B shares in the capital of Enersource
owned by the City of Mississauga to it;

AND WHEREAS the Parties have amended the Put Agreement to change the
definition of the Put Period to mean the six-month period commencing July 1, 2005 and ending
December 31, 2005;

AND WHEREAS the Parties desire to amend the Put Agreement to change the
definition of the Put Period to mean the six-month period, commencing July 1, 2008 and ending
December 31, 2008 and to provide for the Termination of the Put Agreement in certain
circumstances.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the premises and mutual covenants herein contained the parties hereto agree as follows:

ARTICLE 1 - DEFINITIONS

1.1 Definitions

In this Agreement, except as otherwise provide herein, all defined terms shall have the meanings ascribed thereto in the Put Agreement.

ARTICLE 2 -- AMENDMENTS TO THE PUT AGREEMENT

2.1 Amendment of Section 1.01

The definition of the term "Put Period" in Section 1.01 of the Put Agreement is hereby deleted in its entirety and the following is substituted therefor:

"**"Put Period"** means the six-month period commencing July 1, 2008 and ending December 31, 2008, inclusive."

2.2 Addition of Section 3.09

The following Section 3.09 is added to the Put Agreement:

"3.09 Termination

- (1) Notwithstanding the "Put Period", this Agreement shall terminate in the event that (a) Enersource agrees to and completes a merger (or mergers) with one or more municipal electric utilities in the Province of Ontario whereby the combination of Enersource Hydro Mississauga and such municipal electric utility or utilities creates a larger municipal electric utility with at least 350,000 customers, representing a doubling of Enersource's current customer base, or (b) Enersource completes an initial public offering where all or a substantial portion of the income stream from Enersource's distribution energy business is sold to a third party income trust, provided that the Council of the City of Mississauga has approved the transaction contemplated under (a) or (b) above; and

- (2) Notwithstanding the forgoing, clause (1) does not in any way restrict or fetter the discretion of the Council of the City of Mississauga to approve or not to approve any transaction under (1)(a) or (1)(b) above for any reason the City in its sole discretion determines."

ARTICLE 3 – GENERAL

3.1 Confirmation

The Put Agreement, as amended hereby, is hereby ratified and confirmed in all respects, and is binding upon the parties thereto and their respective successors and permitted assigns.

3.2 Further Assurances

The parties hereto hereby agree to do all acts and things and to execute all agreements, instruments and other documents as may be reasonably requested by any party hereto, from time to time, to carry out fully the intent and purpose of this Agreement.

3.3. Assignment

None of the parties hereto may assign its rights or obligations hereunder except in accordance with the terms of the Put Agreement.

3.4 Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon each of the parties hereto and their respective successors and permitted assigns.

3.5 Governing Law

This Agreement shall be conclusively deemed to be a contract made under, and shall for all purposes be governed by and construed in accordance with the laws of the Province of Ontario, Canada, without prejudice to or limitation of any other rights or remedies available under the laws of any jurisdiction where property or assets of any of the parties hereto may be found.

3.6 Amendments and Waivers

Any provision of this Agreement may be amended only if all of the parties hereto so agree in writing.

3.7 Counterparts

This Agreement may be executed in any number of counterparts which may be delivered by facsimile transmission, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

3.8 Time of the Essence

Time shall be of the essence of this Agreement.

[Signatures on following page]

IN WITNESS WHEREOF the parties have executed this Agreement.



Document Execution
Authorized by
City of Mississauga

By-Law No. 0276-2004.....

THE CORPORATION OF THE CITY
OF MISSISSAUGA

Per: [Signature]

Per: [Signature]

BPC ENERGY CORPORATION

Per: [Signature]

Per: [Signature]

ONTARIO MUNICIPAL EMPLOYEES RETIREMENT
BOARD

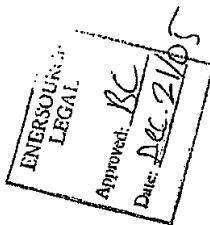
Per: [Signature]

Per: [Signature]

ENERSOURCE CORPORATION

Per: [Signature]

Per: [Signature]



Undertaking No. JTC2.16

To advise whether Enersource Hydro Mississauga considers this agreement binding on the utility. P. 101

Response

Yes, Enersource considers this agreement binding.

Undertaking No. JTC2.17

To advise whether Enersource Hydro Mississauga has a shareholder direction from its parent, and if so, to provide it. P. 102

Response

No; Enersource does not have a shareholder direction.

Undertaking No. JTC2.18

To confirm whether a person who works for Borealis or is related to anybody who works for Borealis would not be an independent. P. 103

Response

Please see ARTICLE 1 – INTERPRETATION of the Shareholders' Agreement, for the definitions of "Independent" and "Associate".

Enersource interprets this to mean that a person who works for Borealis or a relative living in the same home would not be independent.

It might be possible that a relative of a person who works for Borealis but does not live in the same home, in the view of a reasonable person, having regard to all relevant facts and circumstances, such person could exercise independent judgment free from interference or influence.

Undertaking No. JTC2.19

To advise why the list showing the breakdown of board members differs from the agreement. P. 103

Response

Prior to the Shareholders' Agreement coming into effect on June 1, 2012 the Board of Directors was comprised of those members whose names are listed in s. 2.05(6), with the exception of Michael Nobrega, Borealis nominee, who resigned on May 31, 2012, leaving nine directors in office, four of whom are independent. Those nine Board members continue to remain in office.

The Shareholders' Agreement provides for an eleven person Board of Directors. A nominating committee has been struck to put forward candidates to fill the existing two vacancies for independent directors.

Undertaking No. JTC2.20

To advise whether all sharing provisions must be approved 75 per cent by the Board of Directors and by the City of Mississauga. P. 106

Response

It is unclear to Enersource what is meant by “sharing provisions”.

Section 2.14(r) of the Shareholders' Agreement requires the approval of 75% of the Board of Directors for the company to enter into a partnership or any arrangement for the sharing of profits, union of interests, joint venture or reciprocal consideration of any person.

Section 2.15(1)(o) requires the approval of the City of Mississauga for the company to enter into a partnership or any arrangement for the sharing of profits, union of interests, joint venture or reciprocal consideration of any person.

Undertaking No. JTC2.21

To advise who is currently on the human resources and Corporate Governance Committee and who is on the Nominating Committee. P. 107

Response

Members of the Human Resources and Corporate Governance Committee are Norman B.Loberg, Robert MacCallum, Katie Mahoney, Pat Saito, Craig Fleming (Enersource Corporation President and CEO), and Jo Ann Morello (Enersource Corporation Vice President, Human Resources).

Members of the Nominating Committee are Norman B. Loberg, Gerald E. Beasley, Robert MacCallum, and Ron Starr.