

News Release

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PowerStream merger negotiations continue *Merger decision expected by September 2015*

VAUGHAN, ON (Aug. 24, 2015) – On April 16, 2015, the Government of Ontario announced that negotiations were underway with respect to a potential three-way merger of PowerStream Holdings Inc., Enersource Corporation and Horizon Utilities Corporation with an opportunity to acquire Hydro One Brampton Networks Inc. from the Province to create the second largest local distribution company in Ontario.

The three PowerStream shareholders, Vaughan, Markham and Barrie (and their holding companies), have partnered to evaluate the proposed merger transaction. Professional consultants have been retained to provide independent advice and financial and legal due diligence to support a decision on this important transaction.

Financial and legal due diligence on the proposed transaction are well underway. This is a very complex transaction, which requires careful consideration and analysis given the many variables, the inherent risks, and opportunities, the number of parties involved, and stakeholder interests.

This proposed merger transaction opens the door to many potential benefits to the public such as improving efficiencies, strengthening utility service and reliability, and encouraging the modernization of the distribution system, according to the Premier's Advisory Council on Government Assets.

QUOTE

“As Chair of PowerStream, I strongly endorse the principles of the proposed merger. This merger is people focused. It is about reducing costs for consumers, increasing value for taxpayers and allowing the company to seize opportunities that lie ahead. The company will be better positioned to invest in innovation, technology and provide more services to better serve our customers.”

-Mayor Maurizio Bevilacqua

Chair of PowerStream's Board of Directors

POWERSTREAM MERGER APPROVAL TIMELINE

September 2015:

Vaughan Holdings Inc. and the other two shareholders of PowerStream will receive and consider a recommendation from the PowerStream Board regarding the proposed merger with Enersource and Horizon and the purchase option for Hydro One Brampton. Professional consultants will provide their advice and recommendations to assist in the decision process.

Vaughan Holdings Inc. will render its decision on the proposed transaction.

Vaughan Holdings Inc.'s recommendation will be forwarded to its shareholder, the City of Vaughan, through a Committee meeting for consideration and discussion. There will be an opportunity for the public to make deputations on the proposal at the Committee meeting. The Committee's recommendation will be forwarded to a Council meeting.

BACKGROUND

The proposed merger between Enersource Corporation, Horizon Utilities Corporation, PowerStream Inc. and the purchase of Hydro One Brampton Inc. would serve as a catalyst for Local Distribution Company (LDC) consolidation, as recommended by the Premier's Advisory Council on Government Assets.

Consolidation is expected to deliver efficiencies and economies of scale, while continuing to provide safe, reliable and clean electricity. It should also allow larger, more efficient new companies to use collective resources to deliver a positive impact on distribution rates, and innovative technologies for customers. Unanimous shareholder approval for the transaction is required from PowerStream, Enersource and Horizon.

If the shareholders of all three local distribution companies approve the transaction, the Ontario Energy Board will review the merger to ensure there is value for electricity consumers. Following this review, the merger would be finalized within approximately six months, by March 31, 2016.

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ABOUT THE LOCAL DISTRIBUTION COMPANIES

PowerStream

PowerStream Holdings Inc. is a municipally owned energy company providing power and related services to more than 375,000 customers primarily residing or owning a business in communities located immediately north of Toronto and in Central Ontario. It is jointly owned by the Cities of Barrie, Markham and Vaughan through their respective holding companies, Barrie Hydro Holdings Inc., Markham Enterprises Corporation and Vaughan Holdings Inc.

Enersource

Enersource Corporation serves over 200,000 residential and commercial customers across Mississauga. It is a diversified energy and technologies company that serves customers through the distribution of electricity and the delivery of services related to the design, operation and maintenance of electrical systems. Ninety per cent of Enersource Corporation is owned by the City of Mississauga, and 10 per cent is owned by BPC Energy Corporation (Borealis), which is part of the Ontario Municipal Employees Retirement System (OMERS).

Horizon Utilities

Horizon Utilities Corporation provides electricity and related utility services to over