



## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying Consolidated Financial Statements of Hamilton Utilities Corporation (the "Corporation") are the responsibility of management and have been approved by the Board of Directors. In management's opinion, the Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting principles are disclosed in note 2 to the Consolidated Financial Statements. The preparation of financial statements necessarily requires judgement and estimation when events affecting the current year depend on determinations to be made in the future. Management has exercised careful judgement where estimates were required, and these Consolidated Financial Statements reflect all information available to February 3, 2006.

Management maintains systems of internal controls designed to provide assurance that the assets of the Corporation are safeguarded, that transactions are properly authorized and that reliable financial information is relevant, accurate and available on a timely basis. The internal control systems include formal policies and procedures and an organizational structure that provides for a proper delegation of authority and segregation of incompatible responsibilities. The internal control systems are monitored by management which reports regularly to the Audit and Risk Committee of the Board of Directors.

The Consolidated Financial Statements have been examined by KPMG LLP, the external auditors of the Corporation. The responsibility of the external auditors is to express their opinion on whether the Consolidated Financial Statements are fairly presented in accordance with Canadian generally accepted accounting principles. The Auditor's Report, which appears on the following page, outlines the scope of their audit examination and states their opinion.

The Board of Directors, through the Audit and Risk Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit Committee, which is comprised of independent directors, meets regularly with management and the external auditors to satisfy itself that each group is discharging its responsibilities with respect to internal controls and financial reporting. The Audit and Risk Committee reviews the Consolidated Financial Statements and recommends their approval to the Board of Directors. The external auditors have full and open access to the Audit and Risk Committee, with and without the presence of management.

On behalf of the management of Hamilton Utilities Corporation:

A handwritten signature in black ink, appearing to read 'A. F. Leitch'.

A. F. Leitch  
President and Chief Executive Officer

A handwritten signature in black ink, appearing to read 'John G. Basilio'.

John G. Basilio  
Senior Vice-President and Chief Financial Officer

February 3, 2006