



| PUCO USE ONLY - Version 1.07 | | |
|------------------------------|------------------------------|--------------------------|
| Date Received | Renewal Certification Number | ORIGINAL CRS Case Number |
| | | 11 - 2410 - GA-CRS |

RENEWAL CERTIFICATION APPLICATION COMPETITIVE RETAIL NATURAL GAS SUPPLIERS

Please type or print all required information. Identify all attachments with an exhibit label and title (*Example: Exhibit A-16 - Company History*). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division, 13th Floor, 180 East Broad Street, Columbus, Ohio 43215-3793.

This PDF form is designed so that you may directly input information onto the form. You may also download the form by saving it to your local disk.

SECTION A - APPLICANT INFORMATION AND SERVICES

A-1 Applicant intends to renew its certificate as: (check all that apply)

☐ Retail Natural Gas Aggregator ☐ Retail Natural Gas Broker ☒ Retail Natural Gas Marketer

A-2 Applicant information:

Legal Name Cincinnati Bell Energy LLC
Address 1055 Washington Blvd., Seventh Floor, Stamford CT 06901
Telephone No. (203) 663-5089 Web site Address www.cincinnatienergy.com
Current PUCO Certificate No. 11-218G(1) Effective Dates 5/13/2011 - 5/13/2013

A-3 Applicant information under which applicant will do business in Ohio:

Name Cincinnati Bell Energy LLC
Address 1055 Washington Blvd., Seventh Floor, Stamford CT 06901
Web site Address www.cincinnatienergy.com Telephone No. (203) 663-5089

A-4 List all names under which the applicant does business in North America:

Cincinnati Bell Energy LLC

A-5 Contact person for regulatory or emergency matters:

Name Jan L. Fox Title Senior Vice President and General Counsel
Business Address 1055 Washington Blvd., Seventh Floor, Stamford CT 06901
Telephone No. (203) 517-0130 Fax No. (203) 945-7199 Email Address jfox@crlusenergy.com

A-6 Contact person for Commission Staff use in investigating customer complaints:

Name **Sojourna Sancho** Title **Compliance Manager**
Business address **1055 Washington Blvd., Seventh Floor, Stamford CT 06901**
Telephone No. **(203) 663-7539** Fax No. **(203) 663-7544** Email Address **ssancho@crusenergy.com**

A-7 Applicant's address and toll-free number for customer service and complaints

Customer service address **1055 Washington Blvd., Seventh Floor, Stamford CT 06901**
Toll-Free Telephone No. **(866) 852-6849** Fax No. **(917) 677-7189** Email Address **support@cincinnatienergy.com**

A-8 Provide "Proof of an Ohio Office and Employee," in accordance with Section 4929.22 of the Ohio Revised Code, by listing name, Ohio office address, telephone number, and Web site address of the designated Ohio Employee

Name **Patrick McCamley** Title **Vice President**
Business address **221 East Fourth Street, Cincinnati, Ohio 45202**
Telephone No. **(720) 255-6237** Fax No. **(203) 945-7199** Email Address **patrick@skylinepartnersllc.com**

A-9 Applicant's federal employer identification number **27-1786285**

A-10 Applicant's form of ownership: (Check one)

- | | |
|--|---|
| <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> Limited Liability Partnership (LLP) | <input checked="" type="checkbox"/> Limited Liability Company (LLC) |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Other |

A-11 (Check all that apply) Identify each natural gas company service area in which the applicant is currently providing service or intends to provide service, including identification of each customer class that the applicant is currently serving or intends to serve, for example: *residential, small commercial, and/or large commercial/industrial (mercantile) customers*. (A mercantile customer, as defined in Section 4929.01(L)(1) of the Ohio Revised Code, means a customer that consumes, other than for residential use, more than 500,000 cubic feet of natural gas per year at a single location within the state or consumes natural gas, other than for residential use, as part of an undertaking having more than three locations within or outside of this state. In accordance with Section 4929.01(L)(2) of the Ohio Revised Code, "Mercantile customer" excludes a not-for-profit customer that consumes, other than for residential use, more than 500,000 cubic feet of natural gas per year at a single location within this state or consumes natural gas, other than for residential use, as part of an undertaking having more than three locations within or outside this state that has filed the necessary declaration with the Public Utilities Commission.)

| | | | | | | | |
|-------------------------------------|---------------------------------|-------------------------------------|-------------|-------------------------------------|------------------|-------------------------------------|-------------------------------|
| <input checked="" type="checkbox"/> | Columbia Gas of Ohio | <input checked="" type="checkbox"/> | Residential | <input checked="" type="checkbox"/> | Small Commercial | <input checked="" type="checkbox"/> | Large Commercial / Industrial |
| <input checked="" type="checkbox"/> | Dominion East Ohio | <input checked="" type="checkbox"/> | Residential | <input checked="" type="checkbox"/> | Small Commercial | <input checked="" type="checkbox"/> | Large Commercial / Industrial |
| <input checked="" type="checkbox"/> | Duke Energy Ohio | <input checked="" type="checkbox"/> | Residential | <input checked="" type="checkbox"/> | Small Commercial | <input checked="" type="checkbox"/> | Large Commercial / Industrial |
| <input checked="" type="checkbox"/> | Vectren Energy Delivery of Ohio | <input checked="" type="checkbox"/> | Residential | <input checked="" type="checkbox"/> | Small Commercial | <input checked="" type="checkbox"/> | Large Commercial / Industrial |

A-12 If applicant or an affiliated interest previously participated in any of Ohio's Natural Gas Choice Programs, for each service area and customer class, provide approximate start date(s) and/or end date(s) that the applicant began delivering and/or ended services.

☐ Columbia Gas of Ohio

| | | | | | |
|--------------------------|------------------|---------------------------|--|----------|--|
| <input type="checkbox"/> | Residential | Beginning Date of Service | | End Date | |
| <input type="checkbox"/> | Small Commercial | Beginning Date of Service | | End Date | |
| <input type="checkbox"/> | Large Commercial | Beginning Date of Service | | End Date | |
| <input type="checkbox"/> | Industrial | Beginning Date of Service | | End Date | |

☐ Dominion East Ohio

| | | | | | |
|--------------------------|------------------|---------------------------|--|----------|--|
| <input type="checkbox"/> | Residential | Beginning Date of Service | | End Date | |
| <input type="checkbox"/> | Small Commercial | Beginning Date of Service | | End Date | |
| <input type="checkbox"/> | Large Commercial | Beginning Date of Service | | End Date | |
| <input type="checkbox"/> | Industrial | Beginning Date of Service | | End Date | |

☒ Duke Energy Ohio

| | | | | | |
|-------------------------------------|------------------|---------------------------|--------------|----------|---------|
| <input checked="" type="checkbox"/> | Residential | Beginning Date of Service | January 2012 | End Date | Ongoing |
| <input checked="" type="checkbox"/> | Small Commercial | Beginning Date of Service | January 2012 | End Date | Ongoing |
| <input type="checkbox"/> | Large Commercial | Beginning Date of Service | | End Date | |
| <input type="checkbox"/> | Industrial | Beginning Date of Service | | End Date | |

☐ Vectren Energy Delivery of Ohio

| | | | | | |
|--------------------------|------------------|---------------------------|--|----------|--|
| <input type="checkbox"/> | Residential | Beginning Date of Service | | End Date | |
| <input type="checkbox"/> | Small Commercial | Beginning Date of Service | | End Date | |
| <input type="checkbox"/> | Large Commercial | Beginning Date of Service | | End Date | |
| <input type="checkbox"/> | Industrial | Beginning Date of Service | | End Date | |

A-13 If not currently participating in any of Ohio's four Natural Gas Choice Programs, provide the approximate start date that the applicant proposes to begin delivering services:

| | | | |
|--------------------------|---------------------------------|---------------------|--|
| <input type="checkbox"/> | Columbia Gas of Ohio | Intended Start Date | |
| <input type="checkbox"/> | Dominion East Ohio | Intended Start Date | |
| <input type="checkbox"/> | Duke Energy Ohio | Intended Start Date | |
| <input type="checkbox"/> | Vectren Energy Delivery of Ohio | Intended Start Date | |

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED.

- A-14 Exhibit A-14 "Principal Officers, Directors & Partners,"** provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.
- A-15 Exhibit A-15 "Corporate Structure,"** provide a description of the applicant's corporate structure, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale natural gas or electricity to customers in North America.
- A-16 Exhibit A-16 "Company History,"** provide a concise description of the applicant's company history and principal business interests.
- A-17 Exhibit A-17 "Articles of Incorporation and Bylaws,"** provide the articles of incorporation filed with the state or jurisdiction in which the applicant is incorporated and any amendments thereto, *only if the contents of the originally filed documents changed since the initial application.*
- A-18 Exhibit A-18 "Secretary of State,"** provide evidence that the applicant is still currently registered with the Ohio Secretary of the State.

SECTION B - APPLICANT MANAGERIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED

- B-1 Exhibit B-1 "Jurisdictions of Operation,"** provide a current list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail natural gas service, or retail/wholesale electric services.
- B-2 Exhibit B-2 "Experience & Plans,"** provide a current description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4929.22 of the Revised Code and contained in Chapter 4901:1-29 of the Ohio Administrative Code.
- B-3 Exhibit B-3 "Summary of Experience,"** provide a concise and current summary of the applicant's experience in providing the service(s) for which it is seeking renewed certification (e.g., number and types of customers served, utility service areas, volume of gas supplied, etc.).
- B-4 Exhibit B-4 "Disclosure of Liabilities and Investigations,"** provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocations of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational

status or ability to provide the services for which it is seeking renewed certification since applicant last filed for certification.

- B-5 Exhibit B-5 "Disclosure of Consumer Protection Violations,"** disclose whether the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant has been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws since applicant last filed for certification.

☒ No ☐ Yes

If Yes, provide a separate attachment labeled as Exhibit B-5 "Disclosure of Consumer Protection Violations," detailing such violation(s) and providing all relevant documents.

- B-6 Exhibit B-6 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation,"** disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail natural gas or retail/wholesale electric service denied, curtailed, suspended, or revoked, or whether the applicant or predecessor has been terminated from any of Ohio's Natural Gas Choice programs, or been in default for failure to deliver natural gas since applicant last filed for certification.

☒ No ☐ Yes

If Yes, provide a separate attachment, labeled as Exhibit B-6 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation," detailing such action(s) and providing all relevant documents.

SECTION C - APPLICANT FINANCIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED

- C-1 Exhibit C-1 "Annual Reports,"** provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information, labeled as Exhibit C-1, or indicate that Exhibit C-1 is not applicable and why.
- C-2 Exhibit C-2 "SEC Filings,"** provide the most recent 10-K/8-K Filings with the SEC. If applicant does not have such filings, it may submit those of its parent company. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 whether the applicant is not required to file with the SEC and why.
- C-3 Exhibit C-3 "Financial Statements,"** provide copies of the applicant's two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer-certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer-certified financial statements covering the life of the business.
- C-4 Exhibit C-4 "Financial Arrangements,"** provide copies of the applicant's current financial arrangements to conduct competitive retail natural gas service (CRNGS) as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.)
- C-5 Exhibit C-5 "Forecasted Financial Statements,"** provide two years of forecasted financial statements (balance sheet, income statement, and cash flow statement) for the applicant's CRNGS operation, along with a list of assumptions, and the name, address, email address, and telephone number of the preparer.

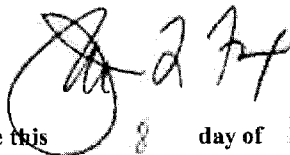
- C-6 **Exhibit C-6 "Credit Rating,"** provide a statement disclosing the applicant's current credit rating as reported by two of the following organizations: Duff & Phelps, Dun and Bradstreet Information Services, Fitch IBCA, Moody's Investors Service, Standard & Poors, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant.
- C-7 **Exhibit C-7 "Credit Report,"** provide a copy of the applicant's current credit report from Experian, Dun and Bradstreet, or a similar organization.
- C-8 **Exhibit C-8 "Bankruptcy Information,"** provide a list and description of any reorganizations, protection from creditors, or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or since applicant last filed for certification.
- C-9 **Exhibit C-9 "Merger Information,"** provide a statement describing any dissolution or merger or acquisition of the applicant since applicant last filed for certification.

SECTION D – APPLICANT TECHNICAL CAPABILITY

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED.

- D-1 **Exhibit D-1 "Operations,"** provide a current written description of the operational nature of the applicant's business. Please include whether the applicant's operations will include the contracting of natural gas purchases for retail sales, the nomination and scheduling of retail natural gas for delivery, and the provision of retail ancillary services, as well as other services used to supply natural gas to the natural gas company city gate for retail customers.
- D-2 **Exhibit D-2 "Operations Expertise,"** given the operational nature of the applicant's business, provide evidence of the applicant's current experience and technical expertise in performing such operations.
- D-3 **Exhibit D-3 "Key Technical Personnel,"** provide the names, titles, email addresses, telephone numbers, and background of key personnel involved in the operational aspects of the applicant's current business.

Applicant Signature and Title



SVP & GENERAL COUNSEL

Sworn and subscribed before me this

8

day of April

Month 2013

Year

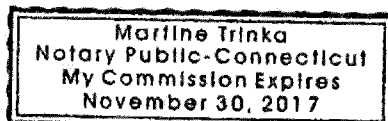


Signature of official administering oath

Martine Trinka, Notary Public

Print Name and Title

My commission expires on November 30, 2017





The Public Utilities Commission of Ohio

Competitive Retail Natural Gas Service
Affidavit Form
(Version 1.07)

In the Matter of the Application of)

Cincinnati Bell Energy LLC)

for a Certificate or Renewal Certificate to Provide)

Competitive Retail Natural Gas Service in Ohio.)

Case No. 11 - 2410 -GA-CRS

County of Fairfield

State of Connecticut

Jan L. Fox

[Affiant], being duly sworn/affirmed, hereby states that:

- (1) The information provided within the certification or certification renewal application and supporting information is complete, true, and accurate to the best knowledge of affiant.
- (2) The applicant will timely file an annual report of its intrastate gross receipts and sales of hundred cubic feet of natural gas pursuant to Sections 4905.10(A), 4911.18(A), and 4929.23(B), Ohio Revised Code.
- (3) The applicant will timely pay any assessment made pursuant to Section 4905.10 or Section 4911.18(A), Ohio Revised Code.
- (4) Applicant will comply with all applicable rules and orders adopted by the Public Utilities Commission of Ohio pursuant to Title 49, Ohio Revised Code.
- (5) Applicant will cooperate with the Public Utilities Commission of Ohio and its staff in the investigation of any consumer complaint regarding any service offered or provided by the applicant.
- (6) Applicant will comply with Section 4929.21, Ohio Revised Code, regarding consent to the jurisdiction of the Ohio courts and the service of process.
- (7) Applicant will inform the Public Utilities Commission of Ohio of any material change to the information supplied in the certification or certification renewal application within 30 days of such material change, including any change in contact person for regulatory or emergency purposes or contact person for Staff use in investigating customer complaints.
- (8) Affiant further sayeth naught.

Affiant Signature & Title

Sworn and subscribed before me this 8 day of April

SVF & SENIOR COUNSEL

Month 2013 Year

Signature of Official Administering Oath

Marlene Trinka, Notary Public

Print Name and Title

Marlene Trinka
Notary Public-Connecticut
My Commission Expires
November 30, 2017

My commission expires on November 30, 2017

(CRNGS Supplier Renewal)

Page 7 of 7

SUMMARY OF EXHIBITS

| | | |
|--------------|--|----------------|
| EXHIBIT A-14 | PRINCIPAL OFFICERS, DIRECTORS & PARTNERS | |
| EXHIBIT A-13 | CORPORATE STRUCTURE | |
| EXHIBIT A-14 | COMPANY HISTORY | |
| EXHIBIT A-15 | ARTICLES OF INCORPORATION AND BYLAWS | |
| EXHIBIT A-16 | SECRETARY OF STATE | |
| EXHIBIT B-1 | JURISDICTIONS OF OPERATION | |
| EXHIBIT B-2 | EXPERIENCE & PLANS | |
| EXHIBIT B-3 | SUMMARY OF EXPERIENCE | |
| EXHIBIT B-4 | ENVIRONMENTAL DISCLOSURE | |
| EXHIBIT B-5 | DISCLOSURE OF LIABILITIES AND INVESTIGATIONS | |
| EXHIBIT B-6 | DISCLOSURE OF CONSUMER PROTECTION VIOLATIONS | |
| EXHIBIT C-1 | ANNUAL REPORTS | |
| EXHIBIT C-2 | SEC FILINGS | |
| EXHIBIT C-3 | FINANCIAL STATEMENTS | (CONFIDENTIAL) |
| EXHIBIT C-4 | FINANCIAL ARRANGEMENTS | |
| EXHIBIT C-5 | FORECASTED FINANCIAL STATEMENTS | |
| EXHIBIT C-6 | CREDIT RATING | |
| EXHIBIT C-7 | CREDIT REPORT | |
| EXHIBIT C-8 | BANKRUPTCY INFORMATION | |
| EXHIBIT C-9 | MERGER INFORMATION | |
| EXHIBIT D-1 | OPERATIONS | |
| EXHIBIT D-2 | OPERATIONS EXPERTISE | |
| EXHIBIT D-3 | KEY TECHNICAL PERSONNEL | |
| EXHIBIT D-4 | FERC POWER MARKETER LICENSE NUMBER | |

EXHIBIT A-14

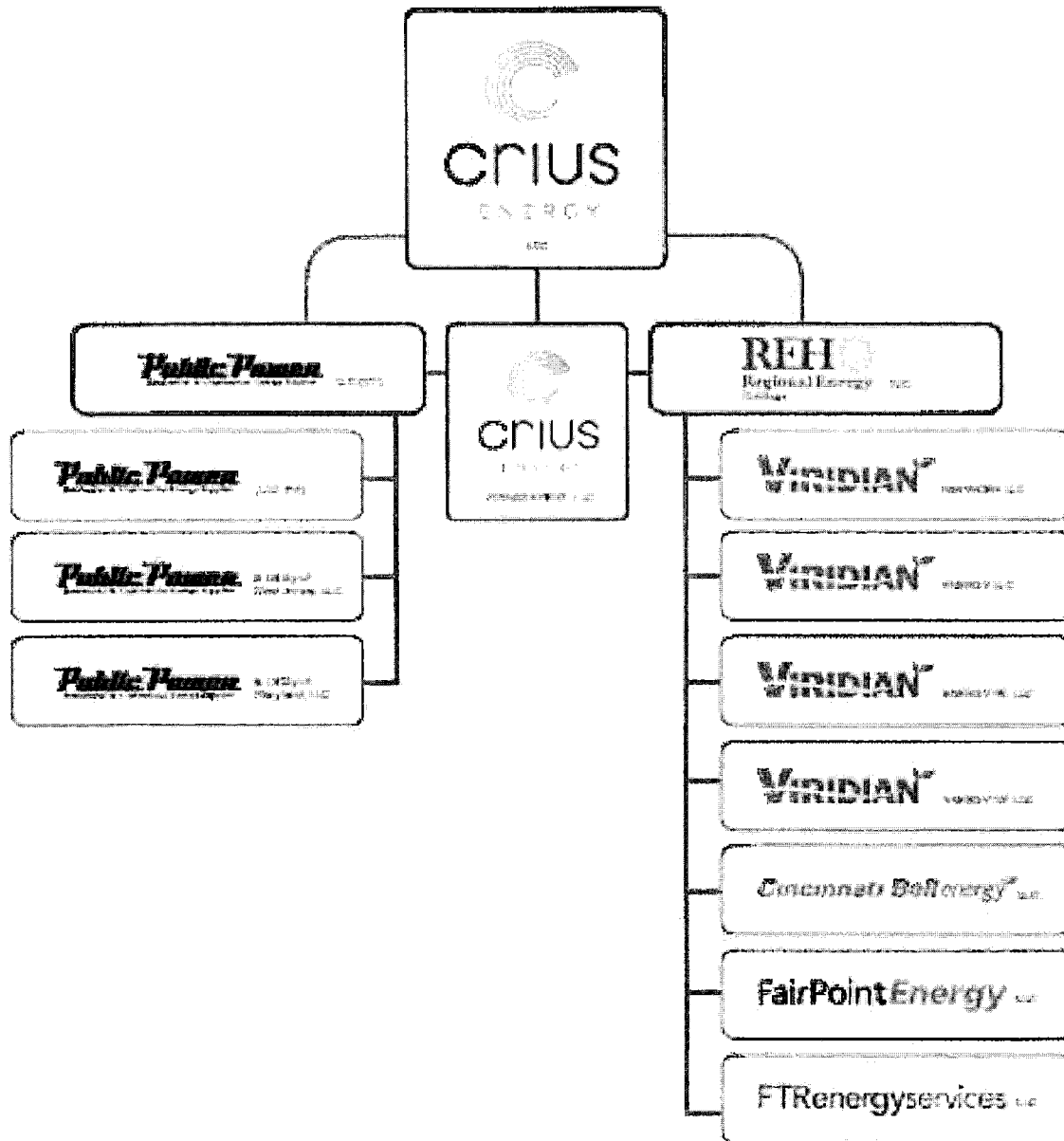
"Principal Officers, Directors & Partners" provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.

| Name | Title | Address | Phone Number |
|----------------------|------------------------------------|---|---------------------|
| Michael J. Fallquist | CEO | 1055 Washington Blvd., 7 th Floor Stamford, Connecticut 06901 | 203-663-7545 |
| Roop Bhullar | CFO | 1055 Washington Blvd., 7 th Floor Stamford, Connecticut 06901 | 203-883-9900 |
| Jan L. Fox | SVP and General Counsel | 1055 Washington Blvd., 7 th Floor Stamford, Connecticut 06901 | 203-517-0130 |
| Cami Boehme | SVP, Marketing & Brand Strategy | 1055 Washington Blvd., 7 th Floor Stamford, Connecticut 06901 | 203-663-7537 |
| Michael Chester | VP Operations | 1055 Washington Blvd., 7 th Floor Stamford, Connecticut 06901 | 203-663-7558 |

EXHIBIT A-15

"Corporate Structure," provide a description of the applicant's corporate structure, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America.

Cincinnati Bell Energy, LLC ("CBE") is a wholly owned subsidiary of Regional Energy Holdings, Inc. ("REH"). REH is a wholly owned subsidiary of Crius Energy, LLC ("Crius"). Both REH and Crius are holding companies that own energy service companies across the deregulated energy markets of North America. As a wholly owned subsidiary of REH and Crius, CBE has the following affiliates: Public Power, LLC, a Connecticut limited liability company; Public Power, LLC, a Pennsylvania limited liability company; Public Power & Utility of New Jersey, LLC; Public Power & Utility of Maryland, LLC; Viridian Network, LLC; Viridian Energy LLC; Viridian Energy NY, LLC; FairPoint Energy, LLC; Viridian Energy PA, LLC; and FTR Energy Services, LLC. Please see the attached diagram of the Crius corporate structure.



"Company History," provide a concise description of the applicant's company history and principal business interests.

Cincinnati Bell Energy, LLC, a Nevada limited liability company, is one of seven, wholly-owned subsidiaries of Regional Energy Holdings, Inc. ("REH"). Those other six subsidiaries are: (1) Viridian Network, LLC; (2) Viridian Energy LLC; (3) Viridian Energy PA, LLC; (4) Viridian Energy NY, LLC; (5) FairPoint Energy, LLC; and (6) FTR Energy Services, LLC.

REH is owned by Crius Energy, LLC ("Crius"), which, in addition to owning REH, also owns four wholly-owned subsidiaries engaging in energy sales: (1) Public Power, LLC (CT); (2) Public Power, LLC (PA); (3) Public Power & Utility of New Jersey, LLC; and (4) Public & Utility of Maryland, LLC.

Crius was recently formed to effectuate a combination, through an exchange of stock, of two separate competitive retail electricity and natural gas suppliers, REH and Public Power, LLC ("Public Power"). The exchange transaction closed on September 18, 2012. As a result of the exchange transaction, Crius became the owner of the majority interest in voting shares of REH and a majority interest in Public Power. REH's subsidiaries, and Public Power and its subsidiaries, are licensed as electricity and gas suppliers in several states. Jointly, the combined companies are licensed as competitive electricity and natural gas suppliers in thirteen states and the District of Columbia.

Crius is ultimately owned by the Crius Energy Trust, a publicly-traded entity, traded on the Toronto Stock Exchange, under the ticker symbol "KWH.UN". This initial public offering was consummated on November 13, 2012. The former owners of REH and Public Power remain significant owners of Crius, and Crius consists solely of former REH personnel, and replaces former Public Power management.

Please refer back to Exhibit A-15 for a diagram of the Crius corporate structure.

CINCINNATI BELL ENERGY LLC

EXHIBIT A-17

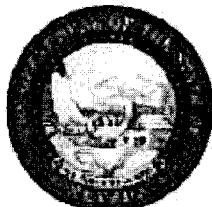
"Articles of Incorporation and Bylaws," provide the articles of incorporation filed with the state or jurisdiction in which the applicant is incorporated and any amendments thereto, only if the contents of the originally filed documents changed since the initial application.

The Articles of Organization were amended on April 15, 2011 to reflect the entity's name change from Viridian Energy NJ LLC to Cincinnati Bell Energy LLC. Please see attached.

EXHIBIT A-17

STATE OF NEVADA

ROSS MILLER
Secretary of State



SCOTT W. ANDERSON
*Deputy Secretary
for Commercial Recordings*

OFFICE OF THE
SECRETARY OF STATE

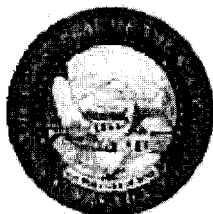
Certified Copy

September 4, 2012

Job Number: C20120904-1074
Reference Number: 00003651878-28
Expedite:
Through Date:

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

| Document Number(s) | Description | Number of Pages |
|--------------------|--------------------------|------------------|
| 20100042326-40 | Articles of Organization | 1 Pages/1 Copies |
| 20100687820-94 | Amendment | 1 Pages/1 Copies |
| 20110283632-78 | Amendment | 1 Pages/1 Copies |



Respectfully,

A handwritten signature of Ross Miller in black ink.

ROSS MILLER
Secretary of State

Certified By: Christine Rakow
Certificate Number: C20120904-1074
You may verify this certificate
online at <http://www.nvsos.gov/>



ROSS MILLER
Secretary of State
284 North Carson Street, Suite 4
Carson City, Nevada 89701-4820
(775) 684 6706
Website: www.nvsoa.gov



000101

Articles of Organization
Limited-Liability Company
(PURSUANT TO NRS CHAPTER 93)

| | |
|--|--|
| Filed in the office of <i>Ross Miller</i> Ross Miller Secretary of State State of Nevada | Document Number 20100042328-40 Filing Date and Time 01/28/2010 11:00 AM Entry Number E0027442610-9 |
|--|--|

USE BLACK INK ONLY - DO NOT HIGHLIGHT

LEAVE SPACE IN FOR OFFICE USE ONLY

| | | | | |
|--|---|--|--|---|
| 1. Name of Limited-Liability Company: (must contain approved limited-liability company wording; see instructions) | VIRIDIAN ENERGY NV LLC | | | Check box if a Series Limited-Liability Company <input type="checkbox"/> |
| 2. Registered Agent for Service of Process: (check only one box) | <input checked="" type="checkbox"/> Commercial Registered Agent: United Corporate Services, Inc. <input type="checkbox"/> Noncommercial Registered Agent (name and address below) OR <input type="checkbox"/> Office or Position with Entity (name and address below) Name of Noncommercial Registered Agent OR Name of Title of Office or Other Position with Entity Nevada Street Address City Zip Code Nevada Mailing Address (if different from street address) City Zip Code | | | |
| 3. Dissolution Date: (optional) | Latest date upon which the company is to dissolve (if existence is not perpetual): | | | |
| 4. Management: (required) | Company shall be managed by: <input checked="" type="checkbox"/> Manager(s) OR <input type="checkbox"/> Member(s) (check only one box) | | | |
| 5. Name and Address of each Manager or Managing Member: (attach additional page if more than 3) | 1) Michael Pallquist Name 152 West 37th Street New York NY 10019 Street Address City State Zip Code 2) Name Street Address City State Zip Code 3) Name Street Address City State Zip Code | | | |
| 6. Name, Address and Signature of Organizer: (attach additional page if more than 1 organizer) | Robert F. Gildapoley Name 10 Bank St. Ste. 560 White Plains NY 10606 Address City State Zip Code <i>Robert F. Gildapoley</i> Organizing Signature | | | |
| 7. Certificate of Acceptance of Appointment of Registered Agent: | I hereby accept appointment as Registered Agent for the above named Entity. <i>Robert F. Gildapoley - Vice President</i> Authorized Signature of Registered Agent or Officer of Registered Agent Entity 1/28/10 Date | | | |

This form must be accompanied by appropriate fees.

Nevada Secretary of State NRS 93.080 DLSG Articles
Revised: 6-11-08



ROSS MILLER
Secretary of State
304 North Carson Street, Suite 1
Carson City, Nevada 89701-4129
(775) 684-5705
Website: www.nvsec.gov



201201

| | |
|--|----------------------|
| Filed in the office of Ross Miller Secretary of State State of Nevada | Document Number |
| | 20100687820-94 |
| | Filing Date and Time |
| | 09/13/2010 1:00 PM |
| | Entity Number |
| | E0027442010-9 |

**Amendment to
Articles of Organization**
(PURSUANT TO NRS 92.221)

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

Certificate of Amendment to Articles of Organization
For a Nevada Limited Liability Company
(Pursuant to NRS 92.221)

1. Name of limited-liability company:
VIRIDIAN ENERGY NJ LLC

2. The company is managed by: ☒ Managers OR ☐ Members
(check only one box)

3. The articles have been amended as follows: (provide article numbers, if available)*
Article 1 was changed from manager managed to member managed

4. Signature (must be signed by at least one manager or by a managing member):

X
Signature

- * 1) If amending company name, it must contain the words "Limited-Liability Company," "Limited Company," or "Limited-" or the abbreviations "Ltd.," "LLC," or "L.C.," "LLC" or "L.C." The word "Company" may be abbreviated as "Co."
2) If adding managers, provide names and addresses.

FILING FEE: \$175.00

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.
This form must be accompanied by appropriate fees.

Nevada Secretary of State 92.221 LLC Amendment
Revised: 05-15-09

CINCINNATI BELL ENERGY LLC

EXHIBIT A-17




ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4820
(775) 684-6708
Website: www.nvsec.gov



091101

**Amendment to
Articles of Organization**
(PURSUANT TO NRS 90.221)

| | |
|--|---|
| Filed in the office of  Ross Miller Secretary of State State of Nevada | Document Number 20110283832-78 Filing Date and Time 04/15/2011 1:25 PM Entry Number E0027442010-9 |
|--|---|

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

**Certificate of Amendment to Articles of Organization
For a Nevada Limited-Liability Company**
(Pursuant to NRS 90.221)

1. Name of limited-liability company:

VERIDIAN ENERGY NJ LLC

2. The company is managed by: ☐ Managers OR ☒ Members
(check only one box)

3. The articles have been amended as follows: (provide article numbers, if available)*

1. Name of Limited Liability Company:

CINCINNATI BELL ENERGY LLC

4. Signature (must be signed by at least one manager or by a managing member):

By: REGIONAL ENERGY HOLDINGS INC., Managing Member

X By: 

Signature
Michael Fallquist, CEO

* 1) If amending company name, it must contain the words "Limited-Liability Company," "Limited Company," or "Limited," or the abbreviations "Ltd.," "L.L.C.," or "L.C.," "LLC" or "LC." The word "Company" may be abbreviated as "Co."

2) If adding managers, provide names and addresses.

FILING FEE: \$175.00

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State 90.221 LLC Amendment
Revised: 10-18-08

CINCINNATI BELL ENERGY LLC

EXHIBIT A-18

"Secretary of State," provide evidence that the applicant has registered with the Ohio Secretary of the State.

Please see attached.

CINCINNATI BELL ENERGY LLC

EXHIBIT A-18

**United States of America
State of Ohio
Office of the Secretary of State**

I, Jon Husted, do hereby certify that I am the duly elected, qualified and present acting Secretary of State for the State of Ohio, and as such have custody of the records of Ohio and Foreign business entities; that said records show CINCINNATI BELL ENERGY LLC, a Nevada For Profit Limited Liability Company, Registration Number 1981822, filed on December 09, 2010, is currently in FULL FORCE AND EFFECT upon the records of this office.



*Witness my hand and the seal of the
Secretary of State at Columbus, Ohio
this 13th day of August, A.D. 2012*

Jon Husted

Ohio Secretary of State

Validation Number: Y2012225A593F3

CINCINNATI BELL ENERGY LLC

EXHIBIT A-18

201111000026

| | | | | | | | |
|---------------------|------------------------------|---|------------------|------------------|----------------|-------------|-------------|
| DATE: 04/20/2011 | DOCUMENT ID: 201111000026 | DESCRIPTION: CORRECT REG/FOREIGN LLC (LTC) | FILING \$5.00 | EXPED \$50.00 | PENALTY .00 | CERT .00 | COPY .00 |
|---------------------|------------------------------|---|------------------|------------------|----------------|-------------|-------------|

Receipt

This is not a bill. Please do not remit payment.

**STATE OF OHIO
CERTIFICATE**

Ohio Secretary of State, Jon Husted

1981822

It is hereby certified that the Secretary of State of Ohio has custody of the business records for

CINCINNATI BELL ENERGY LLC

and, that said business records show the filing and recording of:

Document(s)

CORRECT REG/FOREIGN LLC

Document No(s):

201111000026



United States of America
State of Ohio
Office of the Secretary of State

Witness my hand and the seal of
the Secretary of State at Columbus,
Ohio this 18th day of April, A.D.
2011.

Jon Husted

Ohio Secretary of State

EXHIBIT B-1

“Jurisdictions of Operation,” provide a list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail natural gas service, or retail/wholesale electric services.

| Affiliate | State(s) | License Number | Utility |
|---|----------|-------------------------|----------|
| Public Power, LLC (CT) | CT | Docket #07-06-13 | Electric |
| | NY | ESCO Code PUPU | Electric |
| | | ESCO Code PUPU | Gas |
| | OH | Certificate #11-418E(1) | Electric |
| | DC | Order #16726 | Electric |
| | IL | Order #12-0167 | Electric |
| Public Power & Utility of Maryland, LLC | RI | Docket #D-96-6 (M5) | Electric |
| | | Docket #D-96-6 (M5) | Electric |
| Public Power & Utility of Maryland, LLC | MD | License No. IR-1781 | Electric |
| Public Power & Utility of New Jersey, LLC | NJ | License #ESL-0086 | Electric |
| | | License #GSL-0094 | Gas |
| Public Power, LLC (PA) Entity #3911142 | PA | Docket #A-2009-2143245 | Electric |

| Affiliate | State(s) | License Number | Utility(ies) |
|-----------------------------|---------------|-------------------------|--------------|
| Viridian Energy LLC | Connecticut | Docket #09-04-15 | Electric |
| | Massachusetts | License #CS-076 | Electric |
| Viridian Energy NY, LLC | New York | ESCO Code VRID | Electric |
| | | | Gas |
| Cincinnati Bell Energy, LLC | Ohio | Certificate #11-218G(1) | Gas |
| FairPoint Energy | Maine | Docket #2011-264 | Electric |
| | New Hampshire | DM 11-175 | Electric |
| Viridian Energy PA, LLC | Pennsylvania | Docket #A-2009-2145794 | Electric |
| | | Docket #A-2010-2203042 | Gas |
| | Maryland | License No. IR-1840 | Electric |
| | | License No. IR-2837 | Gas |
| | New Jersey | License # ESL-0084 | Electric |
| | | License # GSL-0108 | Gas |
| | Illinois | Order #11-0348 | Electric |
| | New York | ESCO Code VRPA | Gas |
| | D.C. | Order # 16446 | Electric |
| | | Order # 16966 | Gas |
| FTR Energy Services, LLC | Delaware | Order # 8178 | Electric |
| | | License # G-33 | Gas |
| | Virginia | Certificate #12-523E(1) | Electric |
| | | Certificate #11-226G(1) | Gas |
| | Ohio | ESCO Code FTRE | Electric |
| | | | Gas |
| | Indiana | N/A | Gas |
| | Illinois | Order # 12-0396 | Gas |

EXHIBIT B-2

"Experience & Plans," provide a current description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4929.22 of the Revised Code and contained in Chapter 4901:1-29 of the Ohio Administrative Code.

Contracting with Customers

Applicant has a strategic business relationship with Cincinnati Bell Inc. ("Cincinnati Bell") where marketing is conducted primarily through inbound calls made by Cincinnati Bell's existing customers to Cincinnati Bell employees trained to sell energy. Applicant may from time-to-time engage in specific and targeted outbound telemarketing or door-to-door marketing campaigns. Applicant also engages in a retention program in which it contacts customers whose fixed rate contract is nearing the end of its term, or customers whose contracts have recently ended. The purpose of the retention program is to offer reenrollment with Public Power.

Providing Contracted Services

Applicant provides 100% renewable electricity and clean burning natural gas in the Duke Energy Ohio service territory.

Providing Billing Statements

Applicant does not provide its own billing statements. It provides consolidated billing with Duke Energy Ohio.

Responding to Customer Inquiries and Complaints

Applicant operates an in-house telephone customer care center to answer any questions that customers may have. When a customer calls in with a question or complaint, the customer service representative will work with them to address any issue or problem. If the customer asks to have their enrollment cancelled, the customer service representative processes it immediately.

Any complaints or questions that are not resolved by the customer care representatives are then escalated to the Compliance Department. The Compliance Investigators serve as the primary point of contact for complaint resolution. Once Applicant's Compliance Department receives a customer complaint, an Investigator contacts the complaining party within 5 business days and gathers all pertinent information. Applicant then works with the customer to reach a mutually agreeable resolution with the goal of achieving customer satisfaction.

EXHIBIT B-3

"Summary of Experience," provide a concise and current summary of the applicant's experience in providing the service(s) for which it is seeking renewed certification (e.g. number and types of customers served, utility service areas, volume of gas supplied, etc.).

Crius Energy services more than 520,000 residential and commercial customers in 12 states and the District of Columbia through a family of best in class brands. Cincinnati Bell Energy operates exclusively within the Duke Energy Ohio service area and provides electricity and natural gas to more than 13,500 customers. Of Cincinnati Bell Energy's approximately 13,500 customers, over 3,400 are receiving natural gas from Cincinnati Bell Energy. Across all of its operating entities, Crius Energy supplies 3 BCF's of natural gas annually, .2 BCF's of which is supplied to Cincinnati Bell Energy customers.

Cincinnati Bell Energy LLC, a subsidiary of Crius Energy LLC, has the necessary operational and managerial capabilities to serve all customer classes, including residential, commercial and industrial customers. The Crius management team is comprised of individuals with significant experience in wholesale and retail energy supply. Specifically the management team is comprised of:

- *Michael Fallquist, CEO*
- *Roop Bhullar, CFO*
- *Cami Boehme, SVP Marketing and Brand Strategy*
- *Jan Fox, SVP and General Counsel*
- *Michael Chester, VP Operations*

EXHIBIT B-4

"Disclosure of Liabilities and Investigations," provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services for which it is seeking renewed certification since applicant last filed for certification.

AS PREVIOUSLY DISCLOSED TO THE COMMISSION

Viridian Energy PA, LLC – Maryland, License No. IR-1840 (Case No. 9255, Order No. 84959)

In January 2011, the Staff of the Maryland Public Service Commission filed a complaint against Viridian Energy PA, LLC ("Viridian") alleging that Viridian had violated the Maryland customer protection rules by providing misleading representations in late 2010. Among other things, Staff initially sought to revoke or suspend Viridian's Maryland license.

A hearing was conducted in February 2011 and in March 2011. Thereafter Commission Staff and Viridian filed a Joint Recommendation that did not revoke or suspend Viridian's license. Fifteen months later on June 7, 2012, the Commission assessed a civil penalty of \$60,000 against Viridian, relating to instances of past behavior, and rejected Commission Staff's initial request to revoke or suspend Viridian's license and bar it from seeking new customers. In so doing, the Commission commended Viridian for strengthening its compliance program. Viridian has been operating in Maryland for over 24 months since the January 2011 complaint, a period during which no further complaints or investigations have been filed.

NEW DISCLOSURE, FROM ACQUISITION OF PUBLIC POWER, INDIRECT AFFILIATE OF CINCINNATI BELL ENERGY:

On September 18, 2012, Regional Energy Holdings, Inc. combined with Public Power LLC to form Crius Energy LLC. As a result, Viridian Energy PA LLC became an affiliate of Public Power LLC. Viridian Energy PA LLC discloses the following actions which were commenced prior to the combination of Regional Energy Holdings, Inc. and Public Power LLC to form Crius Energy LLC.

Public Power LLC – Pennsylvania, Docket #A-2009-2143245

Public Power LLC, a Pennsylvania limited liability company ("PA Subsidiary"), was investigated by the Bureau of Investigation and Enforcement ("BIE") of the Pennsylvania Public Utility Commission

CINCINNATI BELL ENERGY LLC

("PUC") for alleged unauthorized customer enrollments. It was found that the unauthorized enrollments resulted from a data entry error by a third-party telemarketer acting on behalf of the PA Subsidiary. Upon discovery of the mistake, Public Power contacted and worked cooperatively with the EDC to rescind the transfers. On or about November 19, 2012 the parties reached a settlement of the allegations for \$64,450 plus customer refunds of approximately \$22,000.

Public Power LLC – Connecticut, Docket #07-06-13 (Docket No. 11-10-06) October 2011

Approximately one year ago, the Connecticut Public Utilities Regulatory Authority ("PURA") opened Docket 11-10-06 to investigate customer complaints that Public Power may have charged rates in excess of its contracts and failed to timely respond to inquiries alleging unauthorized switching of customers from other electric generation service providers to Public Power. The Office of the Connecticut Attorney General and the Office of Consumer Counsel participated in the resolution of this matter. The Prosecutorial Unit appointed by the PURA found no evidence that Public Power charged rates in excess of its contracts. However, to foster good will, Public Power issued credits to the identified customers. As to the unauthorized customer switching allegations, an authorized switch could not be proven as to six customers. Public Power and the Prosecutorial Unit entered into a settlement agreement under which Public Power would make a charitable contribution of \$6,000, in lieu of a civil penalty. The Settlement Agreement was submitted to PURA on June 28, 2012 and is subject to formal approval by that agency.

Public Power LLC – Connecticut, Docket #07-06-13 (Docket No. 07-06-13) September 2010

The Connecticut Public Utilities Regulatory Authority (the "Authority") opened Docket 07-06-13 RE03 on or about September 1, 2010 to investigate whether Public Power's electric supplier license was transferred without the Authority's prior approval. The Authority began its investigation largely, as a result of correspondence dated July 27, 2010, in which Public Power notified the Authority of certain organizational changes, specifically, that its business address changes to Danbury, Connecticut and that Robert Gries, Jr. was now its President and CEO. The case was settled and closed informally on June 20, 2012.

The following matter was filed as a result of information discovered during the due diligence process for the combination of Regional Energy Holdings, Inc. and Public Power LLC to form Crius Energy LLC.

FERC Docket Nos. ER12-2250-000 et al.

On September 14, 2012, in response to a Public Power filing the Federal Energy Regulatory Commission ("FERC") issued a delegated letter order to four Public Power, LLC subsidiaries, granting each of them market-based rate authority on a prospective basis (FERC Docket Nos. ER12-2250-000 et al.). The four entities are Public Power & Utility of New Jersey, LLC, Public Power & Utility of NY, Inc., Public Power (PA), LLC and Public Power & Utility of Maryland, LLC (the "Entities"). This action action

CINCINNATI BELL ENERGY LLC

resulted from the limited type of wholesale energy sales- “balancing energy sales” being conducted by Public Power. Each of the Entities engaged, in the past, in these balancing energy wholesale sales, and did so without market-based rate authority during the pertinent period. Such transactions come about when, for example, an entity offers to purchase 10 MWh in the day-ahead market, and in real-time ultimately purchases 9 MWh, with the 1 MWh difference deemed a sale back to the RTO under RTO rules. It is those past wholesale balancing sales that were the subject of the above FERC filing and order/refund reports. As a result of these past sales, FERC required the filing of refund reports and the submission of data indicating why refunds would not be required. The Entities made the required submission within the thirty days of the issuance of the September 14, 2012 order and request. The Entities expect to have zero refund liability.

The need for FERC Market Base Rate Authority was discovered during the due diligence process preceding the combination of the REH and Public Power. The Public Power Entities were unaware that market-based rate authority was required for real-time balancing sales. For more information on this please see Applicant’s answer in Paragraph 2 of the Amended Application.

NEW DISCLOSURE

Public Power LLC – Connecticut, Docket #07-06-13 (Docket No. 13-02-08) February 2013

Public Power LLC is currently being investigated by the Connecticut Public Utilities Regulatory Authority (“PURA”) due to a spike in slamming complaints during 2012. The vast majority of these complaints were the result of enrollments that took place before the REH management team took over management of Public Power. The purpose of the investigation is to determine whether Public Power engaged in slamming.

CINCINNATI BELL ENERGY LLC

EXHIBIT B-5

Cincinnati Bell Energy, LLC ("CBE"), an affiliate, a predecessor of CBE or principal officer have never been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws. However, in an abundance of caution, please see the answer to question B-4.

EXHIBIT C-1

***“Annual Reports,”** provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information in Exhibit C-1 or indicate that Exhibit C-1 is not applicable and why.*

Prior to November 13, 2012, Cincinnati Bell Energy, LLC (“CBE”) was a privately held company, and did not publish an annual report to shareholders. As of November 13, 2012, CBE’s ultimate parent entity, Crius Energy Trust, a publicly-traded entity traded on the Toronto Stock Exchange, under the ticker symbol “KWH.UN”, is required to file regular disclosures of its financial information, which would include consolidated CBE financial data. Please see the Crius Energy Trust website (“Trust Website”) for a listing of recent filings, at <http://www.criusenergytrust.ca>. The only public financial disclosures made by the Crius Energy Trust since November 13, 2012 (other than the initial prospectus available at the Trust Website) were: (1) Audited Consolidated Financial Statements (September 7, 2012 – December 31, 2012), (2) Management’s Discussion and Analysis, (3) Annual Information Form for the Year Ended December 31, 2012, and (4) a press release “*Crius Energy Trust Confirms March 2013 Distribution*” all attached here as Exhibit C-1 for your convenience (and also available at the Trust Website).



CRIUS ENERGY TRUST

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

**AS AT AND FOR THE PERIOD FROM INCEPTION
ON SEPTEMBER 7, 2012 TO DECEMBER 31, 2012**

CRIUS ENERGY TRUST

CONSOLIDATED FINANCIAL STATEMENTS

As at and for the period from inception on September 7, 2012 to December 31, 2012

INDEX TO FINANCIAL STATEMENTS

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Independent Auditor's Report

Directors of Crius Energy Administrator Inc., as administrator of Crius Energy Trust

We have audited the accompanying consolidated financial statements of Crius Energy Trust (the "Trust"), which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from inception on September 7, 2012 to December 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Crius Energy Trust as at December 31, 2012, and its financial performance and its cash flows for the period from inception on September 7, 2012 to December 31, 2012 in accordance with International Financial Reporting Standards.

Hartford, Connecticut
March 28, 2013

/s/ Ernst & Young LLP

CRIUS ENERGY TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in thousands of U.S. dollars)

| | <u>Notes</u> | <u>December 31, 2012</u> |
|--|--------------|------------------------------|
| ASSETS | | |
| Current | | |
| Cash and cash equivalents | | \$30,301 |
| Restricted cash and cash equivalents | | 65 |
| Collateral deposits | | 984 |
| Accounts receivable | 8 | 56,197 |
| Income tax receivable | 13 | 4,864 |
| Other current financial assets | 12 | 241 |
| Other current assets | | 1,105 |
| | | <u>93,757</u> |
| Property and equipment | 9 | 953 |
| Intangible assets | 10 | 116,945 |
| Deferred tax assets | 13 | 2,855 |
| Other assets | | 175 |
| Goodwill | | 235,150 |
| | | <u>\$449,835</u> |
| LIABILITIES AND UNITHOLDERS' EQUITY | | |
| Current | | |
| Trade and other payable | | \$49,718 |
| Distribution payable | 14 | 1,327 |
| Other current financial liabilities | 12 | 2,610 |
| | | <u>53,655</u> |
| Long-term | | |
| Deferred tax liabilities | 13 | 44,317 |
| Other long-term liabilities | | 1,519 |
| Non-controlling interest | 7 | 258,611 |
| | | <u>304,447</u> |
| Unitholders' Equity | | |
| Trust capital | 14 | 90,300 |
| Accumulated earnings | | 2,760 |
| Accumulated cash distributions | 14 | (1,327) |
| Total Unitholder's Equity | | <u>91,733</u> |
| | | <u>\$449,835</u> |
| Commitments | 22 | |

See accompanying notes to the consolidated financial statements.

CRIUS ENERGY TRUST
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in thousands of U.S. dollars)

| | Notes | For the period from inception on September 7, 2012 to December 31, 2012 |
|--|-------|--|
| Revenue | | \$56,260 |
| Cost of sales | | 44,416 |
| Gross margin | | 11,844 |
| Expenses | | |
| Selling expenses | | 3,396 |
| General and administrative expenses | | 4,960 |
| Depreciation and amortization | 9, 10 | 5,170 |
| | | 13,526 |
| Operating loss | | (1,682) |
| Other (expenses) income | | |
| Finance costs | | (746) |
| Change in fair value of derivative instruments | 12 | (2,386) |
| Change in fair value of non-controlling interest | | 4,469 |
| | | (345) |
| Loss before income taxes | | (3,105) |
| Benefit from income taxes | 13 | (3,105) |
| Net income and total comprehensive income | | \$2,760 |

See accompanying notes to the consolidated financial statements.

CRIUS ENERGY TRUST

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY **For the period from inception on September 7, 2012 to December 31, 2012** (in thousands of U.S. dollars, except unit amounts)

| | Notes | Number of Trust Units | Trust Capital | Accumulated Earnings | Accumulated Cash Distributions | Total |
|---|-------|-----------------------------|------------------|-------------------------|--------------------------------------|-----------------|
| Issued on initial organization – Sept 7, 2012 | 14 | 1 | \$- | \$- | \$- | \$- |
| Repurchase of initial Trust units | 14 | (1) | - | - | - | - |
| Issuance of Trust units | 14 | 10,000,000 | 99,612 | - | - | 99,612 |
| Trust unit issuance costs | 14 | - | (11,587) | - | - | (11,587) |
| Distribution to unitholders | 14 | - | - | - | (1,327) | (1,327) |
| Tax benefit related to stock options | 17 | - | 2,275 | - | - | 2,275 |
| Net income and total comprehensive income..... | | - | - | 2,760 | - | 2,760 |
| | | <u>10,000,000</u> | <u>\$90,300</u> | <u>\$2,760</u> | <u>\$ (1,327)</u> | <u>\$91,733</u> |

See accompanying notes to the consolidated financial statements.

CRUIS ENERGY TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands of U.S. dollars)

| | Notes | For the period from inception on September 7, 2012 to December 31, 2012 |
|--|--------------|--|
| Net outflow of cash related to the following activities | | |
| Operating | | |
| Net income | | \$2,760 |
| Add (deduct) items not affecting cash | | |
| Depreciation of property and equipment | 9 | 42 |
| Amortization of intangible assets | 10 | 5,128 |
| Change in fair value of derivative instruments | 12 | 2,386 |
| Change in fair value of non-controlling interest | 12 | (4,469) |
| Bad debt expense | | 64 |
| Finance costs, non-cash | | 11 |
| Provision for income taxes | 13 | (3,354) |
| | | <u>2,568</u> |
| Net change in operating assets and liabilities | 16 | (12,327) |
| | | <u>(9,759)</u> |
| Investing | | |
| Acquisition of Crius Energy, LLC, net of cash acquired | 7 | (47,877) |
| Purchase of intangible assets | 10 | (18) |
| Purchase of property and equipment | 9 | (71) |
| | | <u>(47,966)</u> |
| Financing | | |
| Proceeds from issuance of Trust units | 14 | 99,612 |
| Trust units issue costs | 14 | (11,587) |
| | | <u>88,025</u> |
| Net cash inflow | | 30,301 |
| Cash and cash equivalents, beginning of period | | - |
| Cash and cash equivalents, end of period | | <u>\$30,301</u> |
| Supplemental cash flow information | | |
| Interest paid | | \$735 |
| Income taxes paid | | \$1,579 |

See accompanying notes to the consolidated financial statements.

CRIUS ENERGY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE PERIOD FROM INCEPTION ON SEPTEMBER 7, 2012 TO DECEMBER 31, 2012
(in thousands of U.S. dollars, unless otherwise stated)

1. NATURE AND ORGANIZATION

Crius Energy Trust (the "Trust") is an unincorporated, open-ended limited purpose trust established under the laws of the Province of Ontario on September 7, 2012. The Trust has been established to provide investors with a distribution-producing investment through its acquisition (the "Acquisition") of an approximate 26.8% ownership interest in Crius Energy, LLC (the "CE"), a Delaware limited liability company, by its indirect wholly-owned subsidiary, Crius Energy Corporation, concurrently with the sale by the Trust of 10,000,000 trust units of the Trust at a price of C\$10 per Unit pursuant to an initial public offering (the "Offering") that closed on November 13, 2012. There was no other activity in the Trust from inception on September 7, 2012 until the initial public offering was completed on November 13, 2012.

The Trust is administered by Crius Energy Administrator ("the Administrator"), pursuant to the Administration Agreement dated September 7, 2012 between Computershare Trust Company, as Trustee of the Trust and the Administrator. The Board of Directors of the Administrator therefore performs the majority of the oversight and governance role for the Trust. The Administrator is not a subsidiary of the Trust but meets the accounting definition of a special purpose entity and accordingly, the Administrator has been consolidated based on the principles set out in SIC 12 Consolidation – Special Purpose Entities.

The Trust is domiciled at: 3400, One First Canadian Place, P.O. Box 130, 100 King Street West, Toronto, Ontario, Canada M5X 1A4

The following is a summary of the entities directly or indirectly wholly owned by the Trust:

- Crius Energy Holdings Inc., was incorporated under the Business Corporations Act (Ontario) on October 23, 2012. The Trust is the sole shareholder of Crius Energy Holdings Inc. Crius Energy Holdings Inc. was incorporated for the purpose of forming, acquiring and holding all of the issued and outstanding shares in, Crius Energy Corporation.
- Crius Energy Corporation was incorporated under the Delaware General Corporation Law on October 26, 2012. Crius Energy Corporation was incorporated for the purpose of acquiring a controlling 26.8% interest in Crius Energy LLC.
- Crius Energy Commercial Trust was established as an unincorporated open-ended limited purpose trust under the laws of the Province of Ontario on November 7, 2012. Crius Energy Commercial Trust was established for the purpose of acquiring and holding debt of the Trust's other subsidiary, Crius Energy Corporation, following the closing of the Offering of trust units of the Trust.

The following are the operating subsidiaries that the Trust, through its indirect wholly owned subsidiary Crius Energy Corporation, holds a 26.8% ownership interest in: Crius Energy, LLC, Crius Energy Management, LLC, Regional Energy Holdings, Inc., Viridian Energy, LLC, Viridian Energy PA, LLC, Viridian Energy NY, LLC, Cincinnati Bell Energy LLC, FairPoint Energy LLC, Viridian Network LLC, FTR Energy Services LLC, Public Power, LLC (a CT entity), Public Power LLC (a PA entity), Public Power Energy, LLC, Public Power & Utility of NY, Inc., Public Power & Utility of New Jersey, Inc. and Public Power & Utility of Maryland, Inc.

2. OPERATIONS

The Trust's business primarily involves the sale of electricity and natural gas to residential and commercial customers under variable-priced and fixed-price contracts. The Trust, through its subsidiaries, markets electricity and natural gas, and derives its gross margin from the difference between the price at which it

sells the commodities to its customers and the price at which it purchases the associated volumes from its supplier.

Through its licensed operating subsidiaries, the Trust provides retail electricity to its customers in the Connecticut, Delaware, District of Columbia, Illinois, Massachusetts, Maine, Maryland, New Hampshire, New Jersey, New York, Ohio and Pennsylvania markets and provides retail natural gas to its customers in the New Jersey, New York, Ohio and Pennsylvania markets. In addition to the states in which it currently operates, its subsidiaries are also licensed, certified, or otherwise qualified by applicable state agencies to supply retail natural gas in District of Columbia, Indiana and Virginia.

3. BASIS OF PRESENTATION

Basis of presentation and adoption of IFRS

The Trust prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements are presented in U.S. dollars, the functional currency of the Trust and all subsidiaries, and all values are rounded to the nearest thousands. The consolidated financial statements are prepared on a going concern basis under the historical cost convention except for the accounting for the acquisition and for certain financial assets and liabilities which are stated at fair value.

These consolidated financial statements have been prepared for the period from inception on September 7, 2012 to December 31, 2012. The opening balance sheet of the Trust on September 7, 2012 consisted of cash of \$10 and one trust unit with the issue price of \$10 and there was no other activity until the initial public offering was completed on November 13, 2012.

Principles of consolidation

The consolidated financial statements include the financial statement of the Trust and entities controlled by the Trust including subsidiaries as at December 31, 2012, and include all the subsidiaries and entities over which the Trust has power to govern the financial and operating policies for and are consolidated from the date of acquisition and control, and continue to be consolidated until the date that such control ceases. All intercompany balances, income, expenses, and unrealized gains and losses resulting from intercompany transactions are eliminated on consolidation.

4. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents consists of cash with financial institutions and includes highly liquid investments with original maturities of three months or less. At any time, cash in banks may exceed federally insured limits.

Restricted cash and cash equivalents

Restricted cash and cash equivalents are pledged as collateral for energy purchase and other obligations as required under the Trust's energy supplier agreement with Macquarie Energy LLC (note 11).

Collateral deposits

Collateral deposits represent cash which is posted with State regulatory entities, independent system operators ("ISO"), local distribution companies ("LDCs"), or other counterparties as collateral for assurance bonds, required collateral in order to operate in certain markets or for other financial assurance programs and are classified as current based on the duration and nature of the deposit requirements.

Accounts receivable

The Trust delivers electricity to its customers through LDCs, many of which guarantee amounts due from customers for consumed electricity. Accounts receivable primarily represents amounts due for electricity consumed by customers net of an allowance for estimated amounts that will not be collected from customers.

Credit risk and allowance for doubtful accounts

The Trust primarily operates in LDC markets which have purchase of receivables ("POR") programs in place under which the LDCs assume the credit risk associated with the customer billings. Consequently, in these markets, the Trust's exposure to credit risk concentration is limited primarily to those LDCs that collect and remit receivables to the Trust. The Trust's customers are individually insignificant and geographically dispersed. The Trust regularly monitors the financial condition of each such LDC and currently believes that its susceptibility to an individually significant write-off as a result of concentrations of customer accounts receivable with those LDCs is remote.

In other markets, the Trust operates under either limited recourse POR or non-POR programs. In these markets, certain receivables are billed and collected by the Trust. The Trust bears the credit risk on these accounts and records an appropriate allowance for doubtful accounts to reflect any losses due to non-payment by customers. The Trust maintains an allowance for doubtful accounts, which represents management's estimates of losses inherent in the accounts receivable balance based on known troubled accounts, historical experience, account aging and other current available information.

Property and equipment

Property and equipment are recognized at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, to bring the asset to a working condition for its intended use. The commencement date for capitalization of costs occurs when the Trust first incurs expenditures for the qualifying assets and undertakes the required activities to prepare the assets for their intended use.

Depreciation commences when the assets are available for use and is recognized on a straight-line basis to depreciate the cost of these assets to their estimated residual value over their estimated useful lives. Maintenance and repairs are charged to expense as incurred. When significant parts of an item included in fixed assets have different useful lives, they are accounted for as separate components of the asset and depreciated over their estimated useful life on a straight-line basis.

Estimated useful lives are as follows:

| Asset category | Depreciation method | Useful life |
|--------------------------------------|---------------------|-------------|
| Office furniture and equipment | Straight line | 3-5 years |
| Computer hardware | Straight line | 3 years |
| Leasehold improvements..... | Straight line | 4 years |

Depreciation methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in operating results in the period the item is derecognized.

Goodwill

Goodwill is measured as the excess of the cost of the business combination over the net fair value of the identifiable assets acquired and liabilities assumed including non-controlling interest. Any negative difference is recognized as a gain directly in the consolidated statement of comprehensive loss. If the fair values of the assets, liabilities and non-controlling interest can only be calculated on a provisional basis, the

business combination is recognized using provisional values. Any adjustments resulting from the completion of the measurement process are recognized within 12 months of the date of acquisition.

Goodwill is considered to have an indefinite useful life and is not amortized, but rather will be tested annually for impairment. After initial recognition, goodwill is measured at cost, less any accumulated impairment losses.

Intangible assets

Intangible assets are initially recognized at fair value with subsequent additions measured at cost and are reflected net of any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization method and useful life of an intangible asset with a finite useful life is reviewed at least once annually. Changes in the expected life or pattern of consumption of future economic benefits are accounted for by changing the amortization period or method, as appropriate, and treated as a change in accounting estimate and recorded on a prospective basis. The amortization expense related to intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in depreciation and amortization expense.

Intangible assets primarily consist of purchased customer relationships, a non-compete agreement, sales network, exclusive marketing relationships and computer related software.

Gains and losses arising from the de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statement of comprehensive income when the asset is de-recognized.

| Asset category | Amortization method | Useful life |
|---|----------------------------|--------------------|
| Customer relationships | Straight line | 3 years |
| Non-compete agreement..... | Straight line | 2 years |
| Sales network | Straight line | 7 years |
| Exclusive marketing relationships | Straight line | 3 years |
| Computer software | Straight line | 3 years |

Impairment of non-financial assets

At each statement of financial position date, the Trust reviews the carrying amounts of its finite life non-financial assets, including property and equipment and intangibles to determine whether there is any indication of impairment.

For the purposes of reviewing finite life non-financial assets for impairment, asset groups are reviewed at their lowest level for which identifiable cash inflows are largely independent of cash inflows of other assets or groups of assets. This grouping is referred to as a cash generating unit ("CGU").

If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the CGU to which the asset belongs is tested for impairment. Corporate assets are tested for impairment at the minimum collection of CGUs to which the corporate asset can be allocated reasonably and consistently.

The recoverable amount of a CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. Impairment losses are recognized in profit and loss in the period in which they occur. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Trust estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss will only be reversed if there will be a change in the assumptions used to determine the asset's recoverable amount since the time the impairment loss was recognized. Where impairment subsequently reverses, the carrying amount of the asset is increased to the extent that the carrying value of the underlying asset does not exceed the carrying amount that would have been determined, net of

depreciation, if no impairment had been recognized. Impairment reversals are recognized in profit and loss in the period in which they occur.

Goodwill is tested for impairment annually as at October 1 and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill can not be reversed in future periods.

Trust issuance costs

The Trust has included all costs incurred related to the initial public offering of the Trust in "trust unit issuance costs". Included in these costs are all cash costs related to the filing of the prospectus and the initial public offering of the units.

Provisions

Provisions are recognized to the extent that we determine it is probable that the Trust will be required to settle a present obligation (legal or constructive) and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Finance Costs

Finance costs are primarily incurred on the Trust's Supplier Agreement and are expensed in the period in which they are incurred (note 11).

Contingencies

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of a present obligation cannot be measured reliably or will likely not result in an economic outflow. Contingent assets are only disclosed when the inflow of economic benefits is probable. When the economic benefit becomes virtually certain, the asset is no longer contingent and is recognized accordingly.

Unit-Based Compensation

The Trust has a Restricted Trust Unit Plan ("RTUP") and Phantom Unit Rights Plan ("PURP"), both as described in note 17. No grants have been made under these plans as of December 31, 2012.

Income taxes

The Trust follows the liability method of accounting for income taxes. Under this method, deferred income taxes are recognized for the effect of any temporary difference between the carrying amount of an asset or liability reported in the consolidated financial statements and its respective tax basis, using substantively enacted income tax rates. Deferred income tax balances are adjusted to reflect changes in substantively enacted income tax rates expected to apply when assets are realized or liabilities are settled, with adjustments being recognized in the period in which the change occurs. Deferred income tax assets are recognized to the extent future recovery is probable. Deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be

recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Trust intends to settle on a net basis.

The Trust is a taxable entity under the Income Tax Act (Canada) ("Tax Act") and is currently taxable only on income that is not distributed or distributable to the unitholders. The Trust distributes all of its taxable income to its unitholders and expects to continue to distribute all of its taxable income to unitholders. The Trust will at no time be a specified investment flow-through entity ("SIFT") as defined in the Tax Act. Investment restrictions contained in the formation documents provide that the Trust and its subsidiaries will only invest in entities that qualify as a "portfolio investment entity" and will not hold any "non-portfolio property" or "taxable Canadian property", each as defined in the Tax Act. It also qualifies as a "mutual fund trust" within the meaning of the Tax Act and will not be subject to the limit on non-resident ownership in the Tax Act as it will not own any "taxable Canadian property" as defined in the Tax Act.

Energy sales

Revenue is recognized based on consumption. Sales of energy are billed based upon information received from the local utilities. The billing cycles for customers do not coincide with the accounting periods used for financial reporting purposes. Energy that has been consumed by a customer, but not yet billed to that customer, is estimated on an accrual basis and included in revenue during the period in which it was consumed. Such estimates are refined in subsequent periods upon obtaining customer billing information from the utilities. Changes in these estimates are reflected in revenue in the period they are refined.

The Trust's operations are seasonal. Electricity consumption is typically highest during the summer months (July and August) due to cooling demand and winter months (January and February) due to heating demand. Natural gas consumption is typically highest during the months of October through March due to heating demand.

Cost of sales

Direct energy costs are recognized concurrently with the related energy sales. Direct energy costs include the commodity cost of purchased electricity or natural gas, costs associated with energy delivery, fees incurred from various energy related service providers, the cost of renewable energy certificates and fees and charges from ISOs and LDCs. The Trust estimates and accrues for these fees based on invoices, activity levels, preliminary settlements and other available information. Final determination and settlements of these charges may take several months following the month of delivery and are adjusted as information becomes available.

Fee revenue

Fee revenue primarily consists of sign-up fees and other monthly fees received from the Trust's independent contractor sales associates in the network marketing sales channel. The sign-up fees component of fee revenue is recognized over the one year term of the agreement with the individual contractor and the monthly fees are recognized on a monthly basis.

Collection of sales tax

Sales tax is added to customer bills in certain markets served by the Trust. Sales tax collected from customers on behalf of governmental entities is recorded on a net basis. Such amounts are excluded from the Trust's revenue and are recorded in trade and other payables on the consolidated statement of financial position until they are remitted to the appropriate governmental entities.

Financial instruments

Financial assets and liabilities are recognized when the Trust becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to receive cash flows from the financial asset expire, or if the Trust transfers the control or substantially all the risks and

rewards of ownership of the financial asset to another party. Financial liabilities are derecognized when obligations under the contract expire, are discharged or cancelled.

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit or loss," "loans and receivables," "available-for-sale," "held-to-maturity" or "financial liabilities measured at amortized cost."

Financial assets and financial liabilities classified as fair value through profit or loss are either classified as held for trading or financial liabilities measured at fair value with changes in those fair values recognized in profit or loss.

Financial assets classified as loans and receivables, financial assets and financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method of amortization.

All derivative instruments are classified as held for trading.

The Trust's financial assets and financial liabilities are classified and measured as follows:

| Asset/Liability | Classification | Measurement |
|----------------------------------|-----------------------------|--------------------|
| Derivative contracts..... | Held for trading | Fair value |
| Accounts receivable | Loans and receivables | Amortized cost |
| Collateral deposits..... | Loans and receivables | Amortized cost |
| Trade and other payables..... | Other financial liabilities | Amortized cost |
| Notes payable and bank debt..... | Other financial liabilities | Amortized cost |
| Non-controlling interest..... | Other financial liabilities | Fair value |
| Other liabilities | Other financial liabilities | Amortized cost |

The Trust has not classified any financial assets as available-for-sale or held to maturity.

Fair values are determined based on the quoted market values where available from active markets. If the financial asset is not traded in an active market, the Trust establishes the fair value through valuation techniques taking into account external market inputs where possible.

Gains and losses on fair value of derivative instruments are recognized in profit and loss in the period in which they are incurred.

Transaction costs are capitalized to the carrying amount of the instrument and amortized using the effective interest method, other than those related to financial instruments measured at fair value through profit and loss, which are expensed as incurred.

Impairment of financial instruments

Financial assets, other than those classified as fair value through profit or loss, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in net income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized the previously recognized impairment loss is reversed through profit and loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

Comprehensive income (loss)

The Trust is required to report total comprehensive income (loss) and its components in the financial statements. The Trust has no items impacting other comprehensive income (loss) and, accordingly, the Trust's net income equals total comprehensive income.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these financial statements requires the use of estimates and assumptions to be made in applying accounting policies that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities, at the date of the financial statements, and the reported income and expenses during the reporting period.

Judgment is commonly used in determining whether a balance or transaction should be recognized in the financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated. As the basis for its judgments, management uses estimates and related assumptions which are based on previous experience and various commercial, economic and other factors that are considered reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Actual outcomes may differ from these estimates under different assumptions and conditions.

Judgments, made by management in the application of IFRS that have a significant impact on the consolidated financial statements relate to the following:

Revenue recognition

Accounts receivable includes an unbilled receivables component, representing the amount of energy consumed by customers as at the end of the period but not yet billed. Unbilled receivables are estimated by the Trust based on the number of units of energy consumed but not yet billed, based on estimates using usage data available, multiplied by the current customer average sales price per unit.

Accounts receivable

The Trust reviews its accounts receivables at each reporting date to assess whether an allowance needs to be provided to reflect estimated amounts that will not be collected from customers. In particular, judgment by management is required in the estimation of the amount and timing of collectability of accounts receivable, based on financial conditions, the aging of the receivables, customer and industry concentrations, the current business environment and historical experience. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Fair value of financial instruments

Determining the value of derivative instruments requires judgment and is based on market prices or management's best estimates if there is no market and/or if the market is illiquid. Where the fair value of financial instruments recorded cannot be derived from active markets, they are determined using valuation techniques including making internally generated adjustments to quoted prices in observable markets and discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment

In assessing the value of intangible assets or non-financial assets for potential impairment, assumptions are made regarding future cash flows. These calculations require the use of estimates. If these estimates change in the future, the Trust may be required to record impairment charges related to intangible assets.

Deferred taxes

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax-planning strategies.

Useful life of property and equipment and intangible assets

The amortization method and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by the Trust.

Acquisition accounting

Management uses judgment to determine whether an acquisition qualifies as an asset acquisition or a business combination by reviewing inputs, processes, and outputs within a transaction. All identifiable assets, liabilities and contingent liabilities acquired in an asset purchase are recognized at fair value on the date of acquisition. Estimates are used to calculate the fair value of these assets and liabilities as at the date of acquisition.

Classification of Trust units as equity

Trust units issued by the Trust give the holder the right to put the units back to the issuer in exchange for cash. IAS32 "Financial Instruments: Presentation" establishes the general principle that an instrument which gives the holder the right to put the instrument back to the issuer for cash should be classified as a financial liability, unless such instrument has all of the features and meets the conditions of the IAS 32 "puttable instrument exemption". If these "puttable instrument exemption" criteria are met, the instrument is classified as equity. The Trust has examined the terms and conditions of its Trust Indenture and classifies its outstanding Trust units as equity because the Trust units meet the "puttable instrument exemption" criteria as there is no contractual obligation to distribute cash.

6. FUTURE ACCOUNTING PRONOUNCEMENTS

Recent accounting pronouncements that are issued but not yet effective up to the date of issuances of the Trust's financial statements are listed below.

The IASB amended IFRS 7 "Financial Instruments: Disclosure" and IAS 32 "Financial Instruments: Presentation" to enhance disclosure requirements and clarify the requirements for the offsetting of financial assets and liabilities. The amendments are effective for years beginning on or after January 1, 2013 and January 1, 2014, respectively. The disclosure amendments are required to be adopted retrospectively for periods beginning January 1, 2013. These amendments will require minimal disclosure changes in the Trust's financial statements.

The IASB issued IFRS 9 “Financial Instruments: Classifications and Measurements” as the first step in its project to replace IAS 39 “Financial Instruments: Recognition and Measurement.” IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity’s business model and the contractual cash flows of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

The IASB amended IFRS 9 “Financial Instruments: Classifications and Measurements” and IFRS 7 “Financial Instruments: Disclosures” which includes added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on the measurement of financial liabilities and derecognition of financial instruments. In December 2011, the IASB issued an amendment that adjusted the mandatory effective date of IFRS 9 from January 1, 2013 to January 1, 2015. The Trust has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

The IASB issued IFRS 10 “Consolidated Financial Statements” to replace IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The new consolidation standard changes the definition of control so that the same criteria apply to all entities, both operating and special purpose entities, to determine control. The revised definition focuses on the need to have both power over the investee to direct relevant activities and exposure to variable returns before control is present. The standard is required to be adopted for periods beginning January 1, 2013. IFRS 10 will have no impact on the Trust’s financial statements on adoption as the current consolidation method adheres to this standard.

The IASB issued IFRS 11 “Joint Arrangements” to replace IAS 31 Interests in Joint Ventures. The new standard defines two types of arrangements: Joint Operations and Joint Ventures. Focus is on the rights and obligations of the parties to the joint arrangement, thereby requiring parties to recognize the individual assets and liabilities to which they have rights or for which they are responsible, even if the joint arrangement operates in a separate legal entity. IFRS 11 will be applied starting January 1, 2013. IFRS 11 will have no impact on the Trust’s financial statements on adoption as the Trust and subsidiaries are not parties to any joint arrangements.

The IASB issued IFRS 12 Disclosure of Interests in Other Entities to create a comprehensive disclosure standard to address the requirements for subsidiaries, joint arrangements and associates and the reporting entity’s involvement with other entities. It also includes the requirements for unconsolidated structured entities (i.e. special purpose entities). The standard is required to be adopted for periods beginning January 1, 2013. IFRS 12 will have no impact on the Trust’s financial statements.

The IAS issued IFRS 13 “Fair Value Measurement” as a single source of guidance for all fair value measurements required by IFRS to reduce the complexity and improve consistency across its application. The standard provides a definition of fair value and guidance on how to measure fair value as well as a requirement for enhanced disclosures. IFRS 13 will be applied starting January 1, 2013. IFRS 13 will require minimal disclosure changes in the Trust’s financial statements.

The IASB reissued IAS 27 “Separate Financial Statements”, to reflect the change as the consolidation guidance has recently been included in IFRS 10. In addition, IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the Trust prepares separate financial statements. IFRS 27 is effective for years beginning on or after April 1, 2013. These amendments will have no impact on the Trust’s financial statements.

The IASB amended IAS 28 “Investments in Associates and Joint Ventures” as a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12. IAS 28 has been amended and will further provide the accounting guidance for investments in associates and will set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard will be applied by the Trust when there is joint control or significant influence over an investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not include control or joint control of those policy decisions. When it has been determined that the Trust has an interest in a joint venture, the Trust will recognize an investment and will account for it using the equity method in accordance with IAS 28. IAS 28 is effective for years beginning on or after April 1, 2013. IFRS 28 will

have no impact on the Company's financial statements on adoption as the Company has no associates or joint ventures that will be accounted for under the equity method.

7. ACQUISITION

On November 13, 2012 concurrent with the initial public offering of the Trust, the Trust, through its indirectly owned subsidiary, Crius Energy Corporation, acquired a 26.8% interest in CE. This 26.8% interest represents a controlling interest in CE due to the governance arrangements. This acquisition was accounted for using the acquisition method of accounting. The purchase price represents the cash payable by Crius Energy Corporation to the non-controlling interest for the acquisition of their ownership interests in CE's operating subsidiaries at the time of the acquisition. The purchase price was paid in full in cash on November 13, 2012 with a portion of the proceeds from the initial public offering of the Trust. The Trust allocated the purchase price of \$64,125 to the identifiable assets and liabilities based on their preliminary fair values at the date of acquisition, as follows.

| Net assets acquired: | | \$ |
|--|--|-----------------|
| Cash and cash equivalents..... | | 16,248 |
| Accounts receivable | | 48,472 |
| Trade and other payables | | (54,565) |
| Other net assets | | 3,345 |
| Customer relationships..... | | 76,000 |
| Sales network..... | | 19,300 |
| Exclusive marketing partnerships | | 24,947 |
| Non-compete agreements | | 1,469 |
| Goodwill | | 235,150 |
| Deferred tax liability, net | | (43,161) |
| Non-controlling interest | | (263,080) |
| Total purchase price | | \$64,125 |

The above listed assets and liabilities were measured at their preliminary fair value on the date of the acquisition. The purchase price allocation is considered preliminary, and as a result, it may be adjusted during the 12 month period following the acquisition, in accordance with IFRS 3.

If the acquisition had occurred at the date of inception on September 7, 2012, the estimate of revenues from operations for the current reporting period is \$124,443. The estimate of net income (loss) for the same period had the acquisition occurred at the date of inception is impracticable to calculate.

The goodwill includes benefits such as the value of assembled workforce and synergies which do not meet the criteria for recognition as intangible assets under IAS 38. Goodwill that is deductible for income tax purposes is \$24,556. The deferred tax liability comprises the tax effect of the amortization for tax purposes of the above-mentioned intangible assets acquired. Non-controlling interest represents the ownership in CE by the non-controlling unit holders and is classified as a liability (Note 14). The fair value of the non-controlling interest is measured by applying a discount to the publicly traded unit price of the Trust. The fair value of Accounts receivable acquired was \$48,472, and the gross contractual amounts receivable was \$49,703, with the difference of \$1,231 being amounts not expected to be collected.

8. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

| | December 31, 2012 |
|---|-------------------|
| Accounts receivable | \$56,261 |
| Less: allowance for doubtful accounts | (64) |
| | <u>\$56,197</u> |

9. **PROPERTY AND EQUIPMENT**

| 2012 | Computer hardware | Office furniture and equipment | Leasehold improvements | Total |
|--|-------------------|--------------------------------|------------------------|--------------|
| Cost | | | | |
| Balance as at September 7, 2012 | \$— | \$— | \$— | \$— |
| Additions | 232 | 252 | 511 | 995 |
| Balance as at December 31, 2012 | 232 | 252 | 511 | 995 |
| Accumulated depreciation | | | | |
| Balance as at September 7, 2012 | (—) | (—) | (—) | (—) |
| Depreciation | (18) | (6) | (18) | (42) |
| Balance as at December 31, 2012 | (18) | (6) | (18) | (42) |
| Net book value — December 31, 2012 | <u>\$214</u> | <u>\$246</u> | <u>\$493</u> | <u>\$953</u> |

Additions in the period include the effect of the CE acquisition (Note 7).

10. **INTANGIBLE ASSETS**

| 2012 | Computer software | Customer relationships | Non-compete agreements | Sales network | Exclusive marketing relationships | Total |
|---------------------------------------|-------------------|------------------------|------------------------|---------------|-----------------------------------|------------------|
| Cost | | | | | | |
| Balance as at September 7, 2012 | \$— | \$— | \$— | \$— | \$— | \$— |
| Additions | 357 | 76,000 | 1,469 | 19,300 | 24,947 | 122,073 |
| Balance as at December 31, 2012 | 357 | 76,000 | 1,469 | 19,300 | 24,947 | 122,073 |
| Accumulated amortization | | | | | | |
| Balance as at September 7, 2012 | (—) | (—) | (—) | (—) | (—) | (—) |
| Amortization | (43) | (3,511) | (98) | (367) | (1,109) | (5,128) |
| Balance as at December 31, 2012 | (43) | (3,511) | (98) | (367) | (1,109) | (5,128) |
| Net book value — December 31, 2012 .. | <u>\$314</u> | <u>\$72,489</u> | <u>\$1,371</u> | <u>18,933</u> | <u>23,838</u> | <u>\$116,945</u> |

Additions in the period include the effect of the CE acquisition (Note 7).

At December 31, 2012, the remaining amortization period is 2 to 7 years.

11. **FINANCING**

Macquarie Energy Supplier Agreement

In September 2012, CE and its operating subsidiaries entered into several agreements (the “Supplier Agreement”) with Macquarie Energy LLC (“Macquarie Energy”) for the exclusive supply of the Trust’s wholesale energy needs and hedging requirements for a term ending in October 2017. Under the Supplier Agreement, Macquarie Energy assumes the responsibility for meeting all the credit and collateral requirements with each ISO, and the LDCs serving the Trust’s customers are directed to remit all customer payments into a designated restricted bank account, (the “Lockbox”), whereby the funds in that account are used to pay Macquarie Energy for the energy supplied and other fees and interest due under the Supplier Agreement. The trade payables are secured by funds pledged in the Lockbox, accounts receivable and all other assets of CE.

Macquarie Energy extends trade credit to buy wholesale energy supply, with all amounts due being payable in the month following delivery of the energy. The credit extended under the Supplier Agreement was limited to an overall exposure limit of \$200,000 subject to certain standard financial covenants, and limited to a calculated credit base based on restricted cash in the Lockbox, billed and unbilled receivables and

natural gas inventory. CE incurs a volumetric fee based on the wholesale energy delivered, which is included in finance costs in the statement of comprehensive income.

The facility includes a working capital facility with a sub-limit of \$25,000 under which letters of credit and cash advances can be made based on the calculated credit base. Such letters of credit and cash advances under this line are subject to an annual interest rate of 5.5% plus LIBOR.

As at December 31, 2012, Macquarie Energy had extended trade credit to CE totaling \$28,115 under this Supplier Agreement. At December 31, 2012, there were letters of credit issued totaling \$4,318, and no cash advances drawn under the working capital facility. During the period from inception at September 7, 2012 to December 31, 2012, total energy purchases totaled \$42,554 and interest expense under the working capital facility totaled \$61. As at December 31, 2012, the aggregate availability under the credit facility was \$12,683.

12. FINANCIAL INSTRUMENTS

Fair value

Fair value is the estimated amount that the Trust would pay or receive to dispose of financial instruments in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Management has estimated the fair value of financial instruments using a method that employs market forward curves that are either directly sourced from third parties or are developed internally based on third party market data. These curves can be volatile thus leading to volatility in the mark to market with no impact to cash flows. The fair value of the non-controlling interest is measured by applying a discount to the publicly traded unit price of the Trust.

The Trust's activities expose it to a variety of market risks, principally from fluctuating commodity and currency prices. The Trust has established risk management policies and procedures designed to reduce the potentially adverse effects of price volatility on operating results and distributions. The Trust's risk management activities include the use of derivative instruments such as swaps and options. The Trust maintains commodity and currency price risk management strategies that use derivative instruments, within approved risk tolerances to minimize significant, unanticipated fluctuations in earnings or distributions caused by market price volatility.

The following table illustrates unrealized losses related to the Trust's derivative financial instruments classified as held-for-trading and recorded in the consolidated statement of comprehensive income:

| | For the period from inception on September 7, 2012 to December 31, 2012 |
|---|--|
| Fixed-for-floating electricity swaps..... | \$(2,023) |
| Fixed-for-floating gas swaps | (329) |
| Foreign exchange options..... | (34) |
| Change in fair value of derivative instruments..... | <u><u>\$(2,386)</u></u> |

The following table summarizes the fair value of the financial assets and liabilities recorded in the consolidated balance sheet at December 31, 2012:

| | Other current financial assets | Other current financial liabilities |
|---|-----------------------------------|--|
| Foreign exchange options..... | \$241 | \$— |
| Fixed-for-floating electricity swaps..... | — | (2,262) |
| Fixed-for-floating gas swaps | — | (348) |
| | <u>\$241</u> | <u>\$(2,610)</u> |

The following table summarizes financial instruments which are classified as held-for-trading as at December 31, 2012:

| | Notional Volume | Total Remaining Volume | Maturity Date | Fixed Price | Fair Value (unfavorable) | Notional Value |
|---|-----------------------------|------------------------------|------------------|-----------------------|-----------------------------|-------------------|
| Fixed-for-floating electricity swaps | 1-139 MWh | 937,016 MWh | 1-18 months | \$31.10 to \$89.75 | \$(2,262) | 46,593 |
| Fixed-for-floating gas swaps | 10,000- 140,000 Mmbtu | 992,500 Mmbtu | 1-3 months | \$3.37 to \$3.94 | \$(348) | 3,678 |

| | Notional Value | Total Remaining Volume | Maturity Date | Fixed Price | Fair Value (unfavorable) |
|--------------------------------|-------------------------|------------------------------|------------------|--------------------------|-----------------------------|
| Foreign exchange options | US\$12,307 C\$12,294 | US\$12,307 C\$12,294 | 1-12 months | C\$0.999 per US\$1 | US\$241 |

Fair value ("FV") hierarchy

Level 1

The fair value measurements are classified as Level 1 in the FV hierarchy if the fair value is determined using quoted, unadjusted market prices. The Trust values its cash and cash equivalents, restricted cash, collateral deposits, accounts receivable, trade and other payable and distribution payable under level 1.

Level 2

Fair value measurements that require inputs other than quoted prices in Level 1, either directly or indirectly, are classified as Level 2 in the FV hierarchy. This could include the use of statistical techniques to derive the FV curve from observable market prices. However, in order to be classified under Level 2, inputs must be substantially observable in the market. Derivative assets and liabilities included in Level 2 are valued using multiple prices quoted by market participants other than exchanges, industry pooling, and other inputs that are derived principally from, or collaboratively by, observable market data.

Level 3

Fair value measurements that require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs are classified as Level 3 in the FV hierarchy. The Trust's policy is to recognize transfers in and out as at the end of the reporting period.

During the period from inception on September 7, 2012 to December 31, 2012 there were no significant transfers between levels.

The following table illustrates the classification of financial assets/(liabilities) in the FV hierarchy as at December 31, 2012:

| | Level 1 | Level 2 | Level 3 | Total |
|--|----------|---------|-----------|-----------|
| Financial assets | | | | |
| Cash and cash equivalents | \$30,301 | \$— | \$— | \$30,301 |
| Restricted cash and cash equivalents | 65 | — | — | 65 |
| Collateral deposits | 984 | — | — | 984 |
| Accounts receivable | 56,197 | — | — | 56,197 |
| Income tax receivable | 4,864 | — | — | 4,864 |
| Other current financial assets | — | 241 | — | 241 |
| Other current assets | 1,105 | — | — | 1,105 |
| Financial liabilities | | | | |
| Trade and other payables | (49,718) | — | — | (49,718) |
| Distribution payable | (1,327) | — | — | (1,327) |
| Non-controlling interest | — | — | (258,611) | (258,611) |
| Other current financial liabilities | — | (2,610) | — | (2,610) |
| Other long-term liabilities | (1,519) | — | — | (1,519) |

Changes in Level 3 financial liabilities during the period were as follows:

| | Non-controlling interest |
|---|--------------------------|
| Liability as at November 13, 2012 | \$263,080 |
| Changes in fair value | (4,469) |
| Liability at December 31, 2012 | \$258,611 |

Classification of financial assets and liabilities

As at December 31, 2012, the carrying amounts of the financial assets and liabilities, except for derivative assets and liabilities and non-controlling interest, approximated their fair value. The derivative assets and liabilities and non-controlling interest are recorded at fair value.

Management of risks arising from financial instruments

The risks associated with the Trust's financial instruments are as follows:

Market risk

Market risk is the potential loss that may be incurred as a result of changes in the market or fair value of a particular instrument or commodity. Components of market risk to which the Trust is exposed are discussed below.

Commodity price risk

The Trust is exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements. Management actively monitors these positions on a daily basis in accordance with its Risk Management Policy. This policy sets out a variety of limits, most importantly thresholds for open positions in the electricity and natural gas portfolios. The Trust's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. The Trust enters into derivative instruments in order to manage exposures to changes in commodity prices. The inability or failure of the Trust to manage and monitor the above market risks could have a material adverse effect on the operations and cash flow of the Trust.

The fair values of the Trust's financial instruments are significantly influenced by the variability of forward spot prices for electricity and natural gas. Period to period changes in forward spot prices could cause significant changes in the mark to market valuation ("MTM valuation") of these contracts, as shown below:

| Electricity | | |
|--|---------------------------------|--------------------------------|
| Percentage change in the forward spot price at December 31, 2012 | Percent change in MTM Valuation | Dollar change in MTM Valuation |
| +/- 1% | +/- 19.6% | +/- \$443 |
| +/- 5% | +/- 98.0% | +/- \$2,217 |
| +/- 10% | +/- 196.0% | +/- \$4,433 |

| Gas | | |
|--|---------------------------------|--------------------------------|
| Percentage change in the forward spot price at December 31, 2012 | Percent change in MTM Valuation | Dollar change in MTM Valuation |
| +/- 1% | +/- 7.7% | +/- \$28 |
| +/- 5% | +/- 28.4% | +/- \$101 |
| +/- 10% | +/- 54.2% | +/- \$194 |

Interest rate risk

The Trust is exposed to interest rate risk on certain advances within the Supplier Agreement with Macquarie Energy. The Trust has letters of credit and cash advances outstanding of \$4,318 under this facility, and therefore is exposed to interest rate risk. The Trust's current exposure to interest rate risk does not economically warrant the use of derivative instruments and the Trust does not currently believe that it is exposed to material interest rate risk. In the period from inception on September 7, 2012 to December 31, 2012 the impact of a 1% increase (decrease) in the interest rate on these balances would have not had a material impact on Finance costs in the consolidated statement of comprehensive income.

Foreign currency risk

The Trust is exposed to currency rate risk in that its business operations are conducted in United States dollars, however, its distributions and publicly listed units are denominated in Canadian dollars. The Trust mitigates its exposure to currency rate movements by entering into currency derivative hedging products including options and swaps. Period to period changes in forward spot prices could cause significant changes in the mark to market valuation ("MTM valuation") of these contracts, as shown below:

| Percentage change in the forward spot price at December 31, 2012 | Percent change in MTM Valuation | Dollar change in MTM Valuation |
|--|---------------------------------|--------------------------------|
| +/- 1% | + 36.2%/-29.5% | + \$87/- \$71 |
| +/- 5% | + 210.5%/-81.0% | + \$507/- \$195 |
| +/- 10% | + 453.6%/-93.9% | + \$1,093/- \$226 |

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Trust is exposed to credit risk in two specific areas: customer credit risk and counterparty credit risk.

Customer credit risk

In Maine, Massachusetts, New Hampshire, District of Columbia, certain Ohio markets and New Jersey, the Trust is exposed to customer credit risk and, therefore, credit review and other processes have been implemented to perform credit evaluations of customers and manage customer default. If a significant number of customers were to default on their payments, it could have a material adverse effect on the operations and cash flows of the Trust.

For the remaining markets, the LDCs provide collection services and assume the risk of any bad debts owing from the Trust's customers for a fee. Management believes that the risk of the LDCs failing to deliver payment to the Trust is minimal. There is no assurance that the LDCs that provide these services will continue to do so in the future.

As at December 31, 2012, the customer credit risk exposure amount of \$15,724 represents the risk related to the Trust's accounts receivable from Maine, Massachusetts, New Hampshire, District of Columbia, certain Ohio markets and New Jersey and the accounts receivable aging for these markets are as follows:

| | Current | 1-30 days | 31-60 days | Over 60 days | Total |
|---------------------------|-----------------|----------------|--------------|----------------|-----------------|
| Accounts receivable | \$11,184 | \$1,925 | \$985 | \$1,630 | \$15,724 |
| | <u>\$11,184</u> | <u>\$1,925</u> | <u>\$985</u> | <u>\$1,630</u> | <u>\$15,724</u> |

A reconciliation of the beginning and ending amounts of the Trust's allowance for doubtful accounts is as follows:

| | December 31, 2012 |
|--|--------------------|
| Balance at the beginning of the period | \$— |
| Additional amounts provided for during the period..... | 64 |
| Balance at December 31, 2012 | <u>\$64</u> |

Counterparty credit risk

Counterparty credit risk represents the loss that the Trust would incur if a counterparty fails to perform under its contractual obligations. This risk would manifest itself in the Trust replacing contracted supply at prevailing market rates, thus impacting the related customer margin. Counterparty risk is limited to Macquarie Energy for all wholesale supply positions. However, the failure of the counterparty to meet its contracted obligations could have a material adverse effect on the operations and cash flows of the Trust.

As at December 31, 2012, the maximum counterparty credit risk exposure amounted to \$241, representing the risk relating to its derivative financial assets.

Liquidity risk

Liquidity risk is the potential inability to meet financial obligations as they fall due. The Trust manages this risk by monitoring cash flow forecasts for the next 12 months to ensure adequate and efficient use of cash resources and credit facilities.

The following are the contractual maturities of the Trust's financial liabilities as at December 31, 2012:

| | Carrying amount | Contractual cash flow | Less than 1 year | 1 to 5 years | More than 5 years |
|----------------------------------|-----------------|-----------------------|------------------|----------------|-------------------|
| Trade and other payables..... | \$49,718 | \$49,718 | \$49,718 | \$— | \$— |
| Operating leases | — | 4,011 | 1,271 | 2,740 | — |
| Derivative instruments..... | 2,610 | 2,610 | 2,610 | — | — |
| Distribution payable | 1,327 | 1,327 | 1,327 | — | — |
| Other long term liabilities..... | 1,519 | 1,070 | — | 1,070 | — |
| | <u>\$55,174</u> | <u>\$58,736</u> | <u>\$54,926</u> | <u>\$3,810</u> | <u>\$—</u> |

Supplier risk

The Trust purchases its energy delivered to its customers through contracts entered into with Macquarie Energy. The Trust has an exposure to supplier risk as the ability to continue to deliver energy to its customers is reliant upon the ongoing operations of this supplier and its contractual obligations.

13. INCOME TAXES

The major components of the provision for income taxes, which relates to the Trust's U.S. subsidiaries, for the period from inception on September 7, 2012 to December 31, 2012 are:

| | <u>December 31, 2012</u> |
|---|--------------------------|
| Current income tax: | |
| Current income tax charge..... | \$249 |
| Deferred income tax: | |
| Origination and reversal of temporary differences | (3,354) |
| Total tax expense | <u><u>\$ (3,105)</u></u> |

Reconciliation of effective tax rate

The benefit for income taxes represents an effective tax rate different than the combined federal and state statutory tax rate as follows:

| | <u>For the period from inception on September 7, 2012 to December 31, 2012</u> |
|--|--|
| Loss before income taxes | \$(345) |
| Federal income tax (at 34.0%)..... | (117) |
| State income tax | (439) |
| <i>Impact of permanent differences</i> | |
| Change in fair value of non-controlling interest | (1,519) |
| Other permanent items | (1,030) |
| Total benefit for income taxes | <u><u>\$ (3,105)</u></u> |

Other permanent items principally represent income of CE that is attributed directly to the non-controlling unitholders of CE. Under United States partnership taxation rules CE is not a taxable entity and its taxable income/(loss) flows through to its partners who are then taxed on their allocable share of the partnership income tax/(benefit).

Recognized deferred tax assets and liabilities

Recognized deferred tax assets and liabilities are attributed to the following:

| | <u>December 31, 2012</u> |
|---|---------------------------|
| Deferred tax assets: | |
| Change in fair value of derivative instruments..... | \$672 |
| Allowance for doubtful accounts | 337 |
| Interest expense..... | 342 |
| Depreciation and amortization | 649 |
| Renewable energy certificates..... | 842 |
| Incentive compensation..... | 8 |
| Other | 5 |
| Total deferred tax assets | <u>2,855</u> |
| Deferred tax liabilities: | |
| Intangible | (44,213) |
| Goodwill | (99) |
| Other | (5) |
| Total deferred tax liabilities..... | <u>(44,317)</u> |
| Total net deferred tax liabilities..... | <u><u>\$ (41,462)</u></u> |

Movement in deferred tax balances

| | Balance December 31, 2012 |
|--|------------------------------|
| Change in fair value of derivative instruments | \$625 |
| Stock based compensation..... | (315) |
| Allowance for doubtful accounts..... | 26 |
| Incentive compensation | (36) |
| Renewable energy certificates | 109 |
| Interest expense | 342 |
| Intangibles..... | 1,254 |
| Goodwill..... | (99) |
| Depreciation and amortization..... | 493 |
| Other..... | 2 |
| Total net deferred tax assets | \$2,401 |

14. TRUST CAPITAL

Initial public offering

On November 2, 2012, the Trust filed a final prospectus relating to the initial public offering of its Units. The closing date of this initial public offering was November 13, 2012 and the Trust received gross proceeds from the offering of \$99,612 and incurred issue costs of \$11,587.

On closing, through an indirectly wholly owned subsidiary, Crius Energy Corporation, the Trust purchased an approximate 26.8% ownership interest in Crius Energy, LLC (the "CE Interest") for \$88,025, with \$64,125 being paid to former non-controlling members of CE and with \$23,900 being retained for general corporate purposes and to fund future acquisitions.

Authorized

The beneficial interests in the Trust are represented and constituted by one class of units. An unlimited number of common voting trust units may be issued pursuant to the Trust Indenture. Each unit represents an equal, undivided beneficial interest in the net assets of the Trust, and all units rank equally and rateably with all other units. Each unit entitles the holder to one vote at all meetings of unitholders. Unitholders are entitled to receive non-cumulative distributions from the Trust if, as, and when declared by the Trust.

Trust units are redeemable at any time or from time to time on demand by the Unitholders thereof. Upon delivery to the Trust, the holder is entitled to receive a price per unit (the "Redemption Price") equal to the lesser of: (i) 90% of the volume-weighted average trading price of a unit during the last 10 consecutive trading days; and (ii) 100% of the volume-weighted average trading price of a unit on the redemption date. The aggregate Redemption Price payable by the Trust in respect of any units tendered for redemption during any month shall be satisfied by cheque drawn on a Canadian chartered bank or trust in lawful money of Canada payable to the Unitholders who exercised the right of redemption, on or before the end of the calendar month following the calendar month in which the units were tendered for redemption; provided that Unitholders shall not be entitled to receive cash upon the redemption of their Units if the total amount payable by the Trust in respect of such units and all other units tendered for redemption in the same month exceeds \$100,000. If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the limitations set forth in the immediately preceding paragraph, then the Redemption Price for each Unit tendered for redemption shall be equal to the fair market value of a Unit as determined by the Trustee, in its discretion, and shall, subject to all necessary regulatory approvals, be paid and satisfied by way of a distribution in specie of Trust Property, other than certain specified Trust assets as determined by the Trustee in its discretion. To the extent that the Trust does not hold Trust Property, other than the above mentioned specified Trust assets, having a sufficient amount outstanding to effect payment in full of the in specie Redemption Price, the Trust may affect such payment by issuing Redemption Notes, being unsecured subordinated promissory notes of the Trust. It is anticipated that the redemption right will not be the primary mechanism for Unitholders to dispose of their Units.

Trust Units Outstanding

| | Number of Units | \$ |
|--|-------------------|-----------------|
| Issuance on initial formation – September 7, 2012..... | 1 | \$— |
| Repurchase of initial Trust units..... | (1) | — |
| Trust units issued pursuant to public offering..... | 10,000,000 | 99,612 |
| Trust unit issuance costs..... | — | (11,587) |
| | 10,000,000 | \$88,025 |

On November 13, 2012, as part of the initial public offering, 10 million units were issued at a price of C\$10.00 per unit, and with these funds, the Trust acquired a 26.8% membership interest in CE through an indirect wholly-owned subsidiary.

Distributions

During the period from inception on September 7, 2012 to December 31, 2012, the Trust declared distributions to unitholders totaling \$1,327 representing \$0.1327 (C\$0.1326) per unit in December 2012, which were paid out on January 15, 2013.

Offer to Purchase CE Units from Excess Cash

In each fiscal year commencing with the 2019 fiscal year, the Trust is required make an offer (“Liquidating Offer”), on or before the 90th day of such fiscal year, to purchase the maximum number of membership units of the non-controlling interest that may be purchased out of Excess Cash (as defined below), at a price per unit equal to the Liquidity Offer Purchase Price (as defined below). If, in any year, a Liquidity Offer is made by the Trust for all or a portion of the membership units held by the non-controlling interest and any non-controlling interest refuses to accept such Liquidity Offer with respect to any of the member’s membership units that are subject to the Liquidity Offer (the “Non-Tendered Membership Units”), the Trust is not required to make a further Liquidity Offer for any of the member’s Non-Tendered Membership Units in any subsequent year. For these purposes, “Excess Cash” means an amount, as of the end of the immediately preceding fiscal year of the Trust, determined by the Trust’s board of directors, in its sole and absolute discretion, which is not required to be retained in order to permit the Trust to make distributions (including future distributions) at the then current level of distributions and which is in excess of any other reasonable reserves established by the Trust’s board of directors for any proper purpose. The “Liquidity Offer Purchase Price” per membership unit means, in respect of a Liquidity Offer made in any fiscal year of the Trust, an amount equal to (i) five times the Trust’s consolidated cash flow for the immediately preceding fiscal year, plus the Trust’s cash and cash equivalents on a consolidated basis as of the end of such preceding fiscal year, minus the Trust’s debt as of the end of such preceding fiscal year, divided by (ii) the number of outstanding membership units as of the date of such Liquidity Offer.

Right to Acquire Membership Units

If at any time Crius Energy Corporation and its affiliates hold more than 80% of the membership units in CE then outstanding, the Trust has the right, exercisable at its option, to purchase all, but not less than all, of the outstanding membership units held by persons other than Crius Energy Corporation and its affiliates, at a price per membership unit equal to the greater of (i) the fair market value of the membership unit, determined by the Trust’s board of directors in good faith, and (ii) the highest price paid by Crius Energy Corporation or any of its affiliates for any membership unit purchased during the 90-day period preceding the date notice of the Trust’s intention to exercise its right is mailed.

Offer to Purchase Membership Units Upon Trust Change of Control

Within 30 days following the occurrence of a Trust Change of Control (as defined below), the Trust or Crius Energy Corporation is required to make an offer to purchase all of the membership units of each non-controlling interest at a price per membership unit equal to the Change of Control Purchase Price (as defined below). For these purposes, a “Trust Change of Control” means the occurrence of any of the following: (i) the adoption by the Trust of a plan relating to the liquidation or dissolution of the Trust; (ii) the consummation of any transaction (including, without limitation, any merger, consolidation or amalgamation) the result of which is that any person becomes the beneficial owner, directly or indirectly,

of more than 50% of the Units of the Trust; (iii) the first day on which a majority of the members of the board of directors of the Administrator are not continuing directors; or (iv) the first day on which the Trust does not own, directly or indirectly through other wholly-owned subsidiaries, all of the outstanding equity interests in Cirus Energy Corporation.

The "Change of Control Purchase Price" per membership unit is equal to (i) 6.5 times the Trust's consolidated cash flow for the preceding fiscal year (subject to certain adjustments in the event the Trust has made a material acquisition or disposition during that period), plus the amount of the Trust's cash and cash equivalents on a consolidated basis as of the preceding fiscal quarter, minus the amount of debt as of the end of the preceding fiscal quarter, divided by (ii) the number of outstanding membership units; provided that if the non-controlling interests, in the aggregate, own less than 20% of the outstanding membership units, the Change of Control Purchase Price per membership unit shall be the fair market value of a membership unit as determined by the Trust's board of directors in good faith.

Non-controlling interest

Due to the redeemable nature of the non-controlling interest in CE arising from the Liquidity Offer and Trust Change of Control provisions outlined above, the non-controlling interest is classified as a Long-term liability on the consolidated statement of financial position. This non-controlling interest is measured at fair value at the end of each period with the gain or loss being charged to profit or loss in the consolidated statement of comprehensive income.

15. INCOME PER UNIT

| | <u>December 31, 2012</u> |
|--|--------------------------|
| Net income and total comprehensive income | 2,760 |
| Weighted average number of units outstanding | 4,210,526 |
| Basic and diluted income per unit | (\$0.66) |

Basic income per unit is calculated by dividing the net income and total comprehensive income by the weighted average number of units outstanding during the period from inception on September 7, 2012 to December 31, 2012.

16. CONSOLIDATED STATEMENT OF CASH FLOWS

The inflows (outflows) of net change in operating assets and liabilities, excluding the effects of the acquisition of CE LLC, is as follows:

| | <u>December 31, 2012</u> |
|-----------------------------------|--------------------------|
| Accounts receivable | \$(7,789) |
| Restricted cash | (65) |
| Collateral deposits | 518 |
| Other current assets | 1,092 |
| Other assets | 162 |
| Trade and other payables | (6,048) |
| Other long-term liabilities | 1,390 |
| Income tax payable | (1,587) |
| | <u><u>\$(12,327)</u></u> |

17. UNIT BASED COMPENSATION

Restricted Trust Unit Plan

Under the Trust's Restricted Trust Unit Plan ("RTUP"), restricted trust units ("RTUs") may be granted by the board of the Administrator, or an appointed committee thereof (the "RTUP Administrator") to directors, officers, employees or direct or indirect service providers ("Participants") of the Trust. The number of Units reserved for issuance pursuant to the redemption of RTUs granted under the RTUP and pursuant to all other security based compensation arrangements of the Trust shall, in the aggregate, not exceed 10% of the number of Units then issued and outstanding. If any RTUs are redeemed, the number of Units to which

such redeemed RTUs relate shall be available for the purpose of granting additional RTUs under the RTUP. In addition, if any RTUs expire or terminate for any reason without having been redeemed, any unissued Units to which such RTUs relate shall be available for the purposes of granting additional RTUs under the RTUP. The vesting of RTUs is determined by the RTUP Administrator at the time of grant, provided that no vesting conditions shall extend beyond December 20th of the third calendar year following the service year in respect of which the RTUs were granted. Unless otherwise provided in the applicable award agreement, all RTUs shall vest: (i) one-third on the first anniversary of the date of grant of such RTUs (the "Grant Date"); (ii) an additional one-third on the second anniversary of the Grant Date; and (iii) the final one-third on the third anniversary of the Grant Date. For the period from inception on September 7, 2012 to December 31, 2012, no RTUs were granted under the RTUP.

Phantom Unit Plan

CE adopted a cash settled Phantom Unit Right Plan ("PURP") for the benefit of directors, officers or employees or direct or indirect service providers of the CE resident in the United States the ("U.S. Participants"). The purpose of the PURP is to provide incentive bonus compensation based on the appreciation in value of the Trust units and distributions payable in respect of these units, thereby providing additional incentive for continued efforts in promoting the growth and success of the Trust and in attracting and retaining management personnel in the United States. The PURP mirrors the material terms of the RTUP with the exception that Phantom Unit Rights ("PURs") may only be settled with cash payments by CE. The PURP allows U.S. Participants to comply with tax and securities laws in the United States applicable to the awards. For the period from inception on September 7, 2012 to December 31, 2012, no PURs were granted under the PURP.

18. EMPLOYEE BENEFITS

Employee benefit expense

| | For the period from inception on September 7, 2012 to December 31, 2012 |
|---|---|
| Salaries and other short term benefits..... | \$1,530 |
| | <u>\$1,530</u> |

Compensation of key management personnel

The Trust's key management personnel are comprised of the Board of Directors and members of the executive team of the Trust. Compensation of key management personnel that is directly attributable to the Trust is as follows:

| | For the period from inception on September 7, 2012 to December 31, 2012 |
|--|---|
| Wages, salaries and other short-term employee benefits | \$549 |
| Directors fees..... | 75 |
| Post-employment benefits | 5 |
| | <u>\$629</u> |

19. RELATED PARTY TRANSACTIONS

CE entered into a transition services agreement for professional services with a related party during the year for an initial period of 6 months, with the option to extend the agreement for an additional 6 months. As at December 31, 2012, included in Trade and other payables is a payable balance in the amount of \$24. For the period from inception on September 7, 2012 to December 31, 2012, included in General and

administrative expense are charges in the amount of \$78 related to this agreement. CE has given notice to the related party that it will not extend the agreement subsequent to the initial 6 month term.

CE has entered into a Supplier Agreement with Macquarie Energy, which is related to Macquarie Americas Corp which is a unitholder in CE. Both Macquarie entities are part of the same group (note 11).

20. CAPITAL DISCLOSURES

For capital management purposes, the Trust considers its capital structure to include unitholders' equity, non-controlling interest, working capital and availability under the Supplier Agreement. The Trust's principal objectives in managing capital are:

- ensure sufficient liquidity to adequately fund the ongoing operations of the business;
- provide flexibility to take advantage of contract and growth opportunities that are expected to provide satisfactory returns to unitholders;
- maintain a strong capital base so as to maintain investor, creditor and market confidence;
- provide returns and generate predictable cash flow for distributions to unitholders;
- comply with financial covenants required under its financing arrangements.

The Trust manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management. The Trust is not subject to externally imposed capital requirements other than standard covenants in the Supplier Agreement (Note 11). At December 31, 2012 all these covenants have been met.

21. REPORTABLE BUSINESS SEGMENTS

The Trust operates in the following reportable business segments: electricity marketing, natural gas marketing and other, which represents fee revenue from network marketing. Management evaluates the performance of its business segments based on gross margin. The following table presents the Trust's results by business segment.

| | For the period from inception on September 7, 2012 to December 31, 2012 |
|--|--|
| Revenue | |
| Electricity | \$52,968 |
| Natural gas | 2,779 |
| Other..... | 513 |
| | <u>56,260</u> |
| Cost of sales | |
| Electricity | 41,505 |
| Natural gas | 2,911 |
| | <u>44,416</u> |
| Gross margin | |
| Electricity | 11,463 |
| Natural gas | (132) |
| Other..... | 513 |
| | <u>11,844</u> |
| Expenses | |
| Selling expenses | 3,396 |
| General and administrative expenses..... | 4,960 |
| Depreciation and amortization..... | 5,170 |
| Operating loss | <u>(1,682)</u> |
| Finance costs | (746) |
| Change in fair value of derivative instruments | (2,386) |
| Change in fair value of non-controlling interest | 4,469 |
| Loss before income taxes | <u>(345)</u> |
| Benefit for income taxes..... | (3,105) |
| Net income and total comprehensive income | <u>\$ 2,760</u> |

Capital expenditures, assets and liabilities are not allocated by segment.

Geographic information

All of the Trust's revenues from external customers and assets are located in the United States of America. The Trust does not have any key customers. For the period from inception on September 7, 2012 to December 31, 2012, the Trust operated in three states which together comprise 70.9% of revenue, two of which comprised 30.3% and 27.7%, respectively.

22. COMMITMENTS

Surety bonds

As at December 31, 2012, the Trust has surety bonds issued of \$7,109 to the various state regulatory commissions and LDCs.

Operating leases

The Trust leases its office facilities under non-cancelable operating leases which contain fixed escalation clauses and is subject to extension at the option of the Trust. The Trust takes into account escalation clauses when determining the amount of future minimum lease payments. All future minimum lease payments are recognized on a straight-line basis over the minimum lease term. For the period from inception on

September 7, 2012 to December 31, 2012, rent expense under its operating leases of \$68 was incurred and these costs are included in the consolidated statement of comprehensive income and the associated deferred rent liability is included within other long-term liabilities on the consolidated statement of financial position.

Employee defined contribution plan

The Trust has a 401(k) retirement plan in which substantially all full-time employees may participate. The Trust matches employee contributions up to a maximum of 4% of each participant's annual salary. During the period ended December 31, 2012, employer contributions totaled \$15.

Regulatory proceedings

The Trust is an independent energy marketer of retail electricity and natural gas to residential and commercial customers across numerous states. Market rules and regulations locally, regionally and state to state change periodically. These changes will likely have an impact on the Trust's business; some may be material and others may not. Some changes may lead to new or enhanced business opportunities, some changes may result in a negative impact on the Trust's business. As such, there is no way to impute an exact effect through a cost benefit analysis, because there are many variables. The regulatory process does allow for some participation, and the Trust engages in that participation, however, such participation provides no assurance as to the outcome of such proceedings. The Trust does not expect proceedings to have a material adverse effect on the Trust's financial condition or results of operations.

Litigation and other claims

The Trust is involved in various disputes and litigation. In the opinion of management, the resolution of these disputes against the Trust will not have a material effect on the consolidated results of operations, cash flows or financial position of the Trust.

23. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were authorized for issue on March 28, 2013 by the Board of Directors of the Administrator.

24. SUBSEQUENT EVENTS

Distributions

On January 22, 2013, the Trust declared distributions to unitholders totaling C\$833 representing C\$0.0833 per unit, which was paid on February 15, 2013. On February 15, 2013, the Trust declared distributions to unitholders totaling C\$833, representing C\$0.0833 per unit, which was paid on March 15, 2013. On March 13, 2013, the Trust declared distributions to unitholders totaling C\$833, representing C\$0.0833 per unit, payable on April 15, 2013.

Acquisition

In February 2013, the Company announced that it has entered into an agreement with PNE Energy Supply LLC to acquire a portfolio of residential and small commercial customer accounts in New Hampshire. The transaction will be accounted for as an asset acquisition.

Unit Based Compensation

In March 2013, the Trust granted 14,924 RTUs to directors of the Administrator.



MANAGEMENT'S DISCUSSION AND ANALYSIS CRIUS ENERGY TRUST

MARCH 28, 2013

The following management's discussion and analysis ("MD&A") for Crius Energy Trust (the "Trust"), dated March 28, 2013 has been prepared with all information available up to and including March 28, 2013. This MD&A should be read in conjunction with the audited annual consolidated financial statements for the period ended December 31, 2012. The Trust's audited annual consolidated financial statements and other disclosure documents, including the Trust's Annual Information Form, are available on www.sedar.com and on the Trust's website at www.criusenergytrust.ca.

The audited annual consolidated financial statements of the Trust are prepared in accordance with International Financial Reporting Standards ("IFRS"). The annual audited consolidated financial statements of the Trust are presented in United States dollars. All figures within this MD&A are presented in United States dollars unless otherwise indicated. Certain totals, subtotals and percentages may not reconcile due to rounding.

Certain information contained in this MD&A constitutes "forward-looking statements". Investors should read the "Note about Forward Looking Statements" section at the end of this MD&A.

Non-IFRS financial measures

Statements throughout this MD&A make reference to EBITDA and Adjusted EBITDA which are non-IFRS financial measures commonly used by financial analysts in evaluating financial performance of companies, including companies in the energy retailing industry. Accordingly, management believes EBITDA and Adjusted EBITDA may be useful metrics for evaluating the Trust's financial performance as they are measures that management uses internally to assess performance, in addition to IFRS measures. As there is no generally accepted method of calculating EBITDA and Adjusted EBITDA, these terms as used herein are not necessarily comparable to similarly titled measures of other companies. The items excluded from EBITDA are significant in assessing the Trust's operating results and liquidity. EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income or other data prepared in accordance with IFRS. EBITDA is calculated as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is calculated as EBITDA adjusted to exclude any change in the fair value of derivative instruments. See the "Non-IFRS financial measures" section of this MD&A for a reconciliation of EBITDA and Adjusted EBITDA to net income and comprehensive income as calculated under IFRS for the period, the most directly comparable measure in the Trust's audited annual consolidated financial statements. Other financial data has been prepared in accordance with IFRS.

Overview

Crius Energy Trust

The Trust is an unincorporated, open-ended limited purpose trust established under the laws of the Province of Ontario on September 7, 2012. The Trust has been established to provide investors with a distribution-producing investment through its acquisition (the "Acquisition") of an approximate 26.8% ownership interest (the "Company Interest") in Crius Energy, LLC (the "Company"), a Delaware limited liability company, by its indirect wholly-owned subsidiary, Crius Energy Corporation,

concurrently with the sale by the Trust of 10,000,000 trust units of the Trust ("Units") at a price of C\$10 per Unit pursuant to an initial public offering (the "Offering") that closed on November 13, 2012. The Company Interest entitles Crius Energy Corporation to appoint a majority of the members of the board of directors of the Company, and thereby to control the day-to-day operations of the Company, including the amount of distributions the Company makes from available funds, if any.

The following is a summary of the entities directly or indirectly wholly owned by the Trust:

- Crius Energy Holdings Inc., was incorporated under the *Business Corporations Act* (Ontario) on October 23, 2012. The Trust is the sole shareholder of Crius Energy Holdings Inc. Crius Energy Holdings Inc. was incorporated for the purpose of forming, acquiring and holding all of the issued and outstanding shares in, Crius Energy Corporation.
- Crius Energy Corporation was incorporated under the Delaware General Corporation Law on October 26, 2012, and Crius Energy Holdings, Inc. is the sole shareholder of Crius Energy Corporation. Crius Energy Corporation was incorporated for the purpose of acquiring the Company Interest.
- Crius Energy Commercial Trust was established as an unincorporated open-ended limited purpose trust under the laws of the Province of Ontario on November 7, 2012. Crius Energy Commercial Trust was established for the purpose of acquiring and holding debt of the Trust's other subsidiaries, including debt of Crius Energy Corporation following the closing of the Offering of Units.

The following are the wholly owned operating subsidiaries of the Company: Crius Energy Management, LLC, Regional Energy Holdings, Inc., Viridian Energy, LLC, Viridian Energy PA, LLC, Viridian Energy NY, LLC, Cincinnati Bell Energy LLC, FairPoint Energy LLC, Viridian Network LLC, FTR Energy Services LLC, Public Power, LLC (a CT entity), Public Power LLC (a PA entity), Public Power Energy, LLC, Public Power & Utility of NY, Inc., Public Power & Utility of New Jersey, Inc. and Public Power & Utility of Maryland, Inc.

Throughout this MD&A, Crius Energy Trust and its subsidiaries are collectively referred to as the "Trust" and the term "Company" refers to Crius Energy, LLC and its consolidated subsidiaries for purposes of convenience. In addition, references to the results of operations refer to operations of the Company, of which the Trust holds a 26.8% ownership interest. Operations officially commenced on November 13, 2012, concurrent with the Offering and the closing of the acquisition of the Company Interest. The Trust has only recently been formed and December 31, 2012 represents the end of its first fiscal year. Therefore, no comparative financial information is provided.

Crius Energy, LLC

The Company is an independent energy retailer that markets and sells electricity and natural gas through its subsidiaries to residential and small-to-medium size commercial customers in the United States.

The Company's business currently involves the sale of electricity through its subsidiaries to customers in Connecticut, Delaware, District of Columbia, Illinois, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ohio, and Pennsylvania and the sale of natural gas to customers in Indiana, New Jersey, New York, Ohio and Pennsylvania.

The Company's sales channels focus on network marketing, exclusive marketing partnerships and telemarketing and door-to-door activities in which independent contractor sales agents are paid up-front fees and ongoing residual based commissions for customer origination. The Company primarily targets residential and small to medium-size commercial customers in the above states and pursues large commercial customers opportunistically.

The Company's operating subsidiaries sell electricity and natural gas to its customers under either (i) variable price contracts with no fixed term and a rate subject to change at any time by the Company, or (ii) fixed rate contracts under which there is a fixed contract term and a fixed rate for the term. The Company's general policy is to match the estimated energy requirements of its customers by purchasing offsetting volumes of electricity or natural gas through either physical or financial transactions at wholesale energy spot prices or fixed prices.

2012 Highlights

- Completed the Offering on November 13, 2012 for gross proceeds of C\$100 million through the issuance of 10,000,000 Units at C\$10.00 per Unit and completed the Acquisition of the Company Interest for approximately \$89.7 million.
- 534,564 residential customer equivalents at the end of the fourth quarter, up from 504,225 at the end of the third quarter, including gross adds of 93,356.⁽¹⁾
- Sold 676,480 MWh of electricity and 665,057 Mmbtu from the period of November 13, 2012 to December 31, 2012.
- Revenue of \$56.3 million for the period from inception to December 31, 2012.
- Gross margin of \$11.9 million for the period from inception to December 31, 2012.
- Gross margin as a percentage of revenue of 21.1% for the period from inception to December 31, 2012.
- Adjusted EBITDA of \$3.5 million for the period from inception to December 31, 2012.
- Adjusted EBITDA as a percentage of revenue of 6.2% for the period from inception to December 31, 2012.
- Net income of \$2.8 million for the period from inception to December 31, 2012.
- Cash balance of \$30.3 million and no long term debt as of December 31, 2012.

Note:

(1) Reflects customer aggregation data for the Company for the period from January 1, 2012 to December 31, 2012 which includes customer data for the Company prior to the Acquisition of the Company Interest by the Trust on November 13, 2012.

(a) Highlights Subsequent to Year-End

- On January 15, 2013, the Trust paid its first distribution to unitholders for the initial period from November 13, 2012 to December 31, 2012 in the amount of C\$1,326,000 (C\$0.1326 per Unit). Subsequent monthly distributions, at a rate of C\$0.0833 per Unit, were paid on February 15 and March 15, 2013.
- In February 2013, the Company, through its wholly-owned subsidiary FairPoint Energy LLC, entered into an agreement with PNE Energy Supply LLC to acquire a portfolio of residential and small commercial customer accounts in New Hampshire.

(b) Customer Aggregation⁽¹⁾

The following table summarizes the Company's historical growth in customers over the 2012 year, by quarter.

Customer Aggregation (in customers)⁽²⁾

| | Opening Customer Count | Customer Adds ⁽³⁾ | Customer Drops ⁽³⁾ | Net Change | Closing Customer Count |
|---|------------------------------|---------------------------------|----------------------------------|---------------|------------------------------|
| Electricity..... | 442,833 | 57,059 | (54,127) | 2,932 | 445,765 |
| Natural Gas..... | — | 15,615 | (422) | 15,193 | 15,193 |
| Quarter ending March 31, 2012..... | 442,833 | 72,674 | (54,549) | 18,125 | 460,958 |
| Net Change % of Opening Customer Count..... | | | | 4.1% | |
| Electricity..... | 445,765 | 85,378 | (62,121) | 23,257 | 469,022 |
| Natural Gas..... | 15,193 | 13,139 | (1,754) | 11,385 | 26,578 |
| Quarter ending June 30, 2012..... | 460,958 | 98,517 | (63,875) | 34,642 | 495,600 |
| Net Change % of Opening Customer Count..... | | | | 7.5% | |
| Electricity..... | 469,022 | 77,103 | (72,433) | 4,670 | 473,692 |
| Natural Gas Electricity..... | 26,578 | 5,775 | (1,820) | 3,955 | 30,533 |
| Quarter ending September 30, 2012..... | 495,600 | 82,878 | (74,253) | 8,625 | 504,225 |
| Net Change % of Opening Customer Count..... | | | | 1.7% | |
| Electricity..... | 473,692 | 85,465 | (61,097) | 24,368 | 498,060 |
| Natural Gas..... | 30,533 | 7,891 | (1,920) | 5,971 | 36,504 |
| Quarter ending December 31, 2012..... | 504,225 | 93,356 | (63,017) | 30,339 | 534,564 |
| Net Change % of Opening Customer Count..... | | | | 6.0% | |

Notes:

- (1) Reflects customer aggregation data for the Company for the period from January 1, 2012 to December 31, 2012 which includes customer data for the Company, Regional Energy Holdings, Inc., Public Power, LLC and their wholly-owned subsidiaries prior to the Acquisition of the Company Interest by the Trust on November 13, 2012.
- (2) Customers are estimates of the residential customer equivalents based on customer accounts and information available regarding their historical usage.
- (3) Customer adds and customer drops are based on a customer's service commencement date and service end dates, which lag the customer's enrolment and termination request dates respectively by several months.

Sources of Revenue

The Company earns its revenue primarily from electricity and natural gas sales and recognizes its revenue based on customer consumption. Both electricity and natural gas are subject to seasonal variations in customer usage and the Company's revenues may fluctuate accordingly; however, the impact of seasonality on customer usage is one of the many factors impacting revenues, which are also affected by retail rates charged to customers, customer growth and customer attrition. Electricity consumption is typically highest during the summer months (July and August) due to cooling demand and, to a lesser extent, during the winter months (January and February) due to heating demand. Natural gas consumption is typically highest during the months of October through March due to heating demand.

The Company also receives revenue from fees paid by independent contractors in the network marketing channel. Independent contractors pay sign-up fees and other fees to the Company to participate in the network marketing program. Sign-up fees are deferred and recognized over the twelve month term of the independent contractor agreement and other monthly fees are recognized on a monthly basis.

Energy Procurement

The Company procures its energy requirements from various wholesale energy markets, including both physical and financial markets and through short-term and long-term contracts. For both electricity and natural gas, the Company procures its wholesale energy requirements at various utility load zones for electricity and various city gates for natural gas, based on the geographic location of our customers. See "Financial Instruments and Risk Management" in this management's discussion and analysis for details of the risk management processes adopted by the Company to minimize commodity market risk.

The Company's gross margin is derived from the difference between the price charged to its customers and that paid to its wholesale energy suppliers. The Company also incurs selling expenses to compensate independent contractors and exclusive marketing partners for customer acquisition activities, through a mixture of upfront payments and residual-based payments proportionate to customer usage (payable only upon receipt of customer payment). All such costs are recognized as expenses in the period incurred pursuant to the contractual arrangements in place. In addition, the Company incurs general, administrative and financing expenses to operate its business.

Selected Consolidated Financial and Operational Data

The following selected historical financial information has been derived from the audited annual consolidated financial statements of the Trust for the period ended December 31, 2012. The operating data has been prepared by management based on the Company's records.

Statement of Comprehensive Income Highlights (in millions)

| | September 7 to December 31, ⁽¹⁾ 2012 |
|---|---|
| Revenue..... | \$56.3 |
| Cost of sales | \$44.4 |
| Gross margin | \$11.9 |
| Selling expenses | \$3.4 |
| General and administrative..... | \$5.0 |
| Depreciation and amortization | \$5.2 |
| Finance costs | \$0.7 |
| Change in fair value of derivative instruments..... | \$2.4 |
| Change in fair value of non-controlling interest..... | \$(4.5) |
| Benefit of income taxes | \$(3.1) |
| Net income and comprehensive income..... | \$2.8 |
| EBITDA ⁽²⁾ | \$5.6 |
| Adjusted EBITDA ⁽²⁾ | \$3.5 |

Notes:

- (1) Reflects operations of the Company from the close of the Acquisition of the Company Interest on November 13, 2012 through December 31, 2012.
- (2) EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income or other data prepared in accordance with IFRS. See "Non-IFRS Financial Measures". The following table is a reconciliation of net income to EBITDA and Adjusted EBITDA for the period indicated.

Reconciliation of Net Income and Comprehensive Income to EBITDA and Adjusted EBITDA
(in millions)

| | September 7 to December 31,⁽¹⁾ 2012 |
|--|---|
| Net income and comprehensive income | \$2.8 |
| Excluding the impacts of: | |
| Benefit of income taxes | \$(3.1) |
| Finance costs | \$0.7 |
| Depreciation and amortization | \$5.2 |
| EBITDA | \$5.6 |
| Excluding the impact of: | |
| Change in fair value of derivative instruments | \$2.4 |
| Change in fair value of non-controlling interest | \$(4.5) |
| Adjusted EBITDA | \$3.5 |

Note:

- (1) Reflects operations of the Trust from inception on September 7, 2012 through December 31, 2012 which reflects the results of the operations of Company from the close of the Acquisition of the Company Interest on November 13, 2012 through December 31, 2012 as there was no activity in the Trust prior to the Acquisition of the Company Interest.

Statement of Financial Position Highlights
(in millions)

| | As at December 31, 2012 |
|-----------------------------|--|
| Current assets | \$93.8 |
| Total assets | \$449.8 |
| Current liabilities | \$53.7 |
| Long-term liabilities | \$304.4 |
| Unitholders' equity | \$91.7 |

Operational Highlights for period from September 7, 2012 to December 31, 2012

| | September 7 to December 31,⁽¹⁾ 2012 |
|--------------------------------------|---|
| <i>Electricity</i> | |
| Volumes (MWh) | 676,480 |
| Revenue (\$ million) | \$53.0 |
| Gross margin (\$ million) | \$11.5 |
| Gross margin (\$/MWh) | \$16.99 |
| Gross margin as a % of revenue | 21.7% |
| <i>Natural gas</i> | |
| Volumes (Mmbtu) | 665,057 |
| Revenue (\$ million) | \$2.8 |
| Gross margin (\$ million) | \$(0.1) |
| Gross margin (\$/Mmbtu) | \$(0.2) |
| Gross margin as a % of revenue | (4.8%) |

Note:

- (1) Reflects operations of the Company from the close of the Acquisition of the Company Interest on November 13, 2012 through December 31, 2012.

Statement of Cash Flows Highlights
(in millions)

| | September 7 to December 31,⁽¹⁾ 2012 |
|--|---|
| Cash flows used in operating activities | \$(9.8) |
| Cash and cash equivalents at end of year | \$30.3 |

Note:

(1) Reflects operations of the Company from the close of the Acquisition of the Company Interest on November 13, 2012 through December 31, 2012.

Results of Operations

For the period from inception on September 7, 2012 to December 31, 2012

The Trust was established on September 7, 2012 and completed the Offering and the Acquisition of the Company Interest on November 13, 2012. Accordingly, the results of operations for the period ending December 31, 2012 in this MD&A reflects operations of the Company from the close of the Acquisition of the Company Interest on November 13, 2012 through December 31, 2012.

Crius Energy's results for the period ending December 31, 2012 were impacted by unusual weather conditions that affected the eastern seaboard of the United States and resulted in an increase in wholesale electricity prices and volatility. Those weather conditions included Hurricane Sandy, the largest Atlantic hurricane on record, and a November 7th Nor'easter snow storm which brought extreme cold temperature to the Northeast.

In response to market conditions, and consistent with the Company's variable rate customer contracts, Management increased retail rates charged to its variable rate customers in December 2012. However, the retail rate increases did not fully recover the lost margin in the fourth quarter as the result of the time lag to implement price changes with the local utility and other management considerations including product competitiveness, seasonality and customer attrition.

Revenue and Gross Margin

For the period ending December 31, 2012 revenue was \$56.3 million and gross margin was \$11.9 million, representing 21.1% of revenue.

Electricity

For the period ending December 31, 2012 electricity revenue was \$53.0 million. Electricity revenues for the period ending December 31, 2012 accounted for 94.1% of total revenue. Electricity volumes were 676,480 MWh.

Electricity gross margins for the period ending December 31, 2012 were \$11.5 million and electricity gross margins per unit were \$16.99/MWh (21.7% of electricity revenue).

Natural Gas

For the period ending December 31, 2012, natural gas revenue was \$2.8 million. Natural gas revenues accounted for 5.0% of total revenue. Natural gas volumes for period ending December 31, 2012 were 665,057 Mmbtu.

Natural gas gross margins for the period ending December 31, 2012 were (\$0.1) million, representing gross margins per unit of (\$0.20)/Mmbtu ((4.8%) of natural gas revenue).

Fee Revenue

Fee revenue consists of sign-up fees and other monthly fees received from independent contractors in the network marketing channel. For the period ending December 31, 2012, fee revenue was \$0.5 million. Fee revenue for the period ending December 31, 2012 accounted for 0.9% of total revenue

Selling Expenses

Selling expenses consist of commissions due to independent contractors in the network marketing channel, telemarketing and door-to-door channel and to partners in our exclusive marketing partnerships for enrolling new customers and for customer electricity and natural gas usage. Selling expenses are expensed in the period that the commissions are earned by the independent contractors or exclusive marketing partnerships.

Commissions earned are comprised of upfront commissions, which are primarily based on the successful enrolment of the customer with the utility, and residual commissions, which are based on customer usage and receipt of customer payment. The commission structures by sales channel are summarized below:

- Commissions due to independent contractors for customers acquired through network marketing are calculated pursuant to a multi-level compensation plan designed to reward independent contractors for building successful marketing networks. Under the compensation plan, independent contractors are eligible to earn upfront and residual commissions, cash bonuses and promotional pay based on a number of factors, including customer enrolment, usage, product bundling (electricity and natural gas) and independent contractor recruitment. Residual commissions are earned and payable after receipt of payment from the customer.
- Commissions due for customers acquired through our exclusive marketing partnerships are calculated based on a fixed upfront commission per customer enrolled, subject to a partial or full repayment of commission for customers who terminate their service within the first three months, and a residual-based commission based on a percentage of revenue share over a customer's term of enrolment, earned and payable after receipt of the payment from the customer.
- Commissions due to independent contractors in our telemarketing and door-to-door channel are primarily comprised of upfront commission based on the successful qualification of the customer with the utility, subject to a partial or full repayment of commissions for customers who terminate their service within the first three months.

For the period ending December 31, 2012, selling expenses amounted to \$3.4 million. Selling expenses amounted to 6.0% of customer revenue. These costs consist of (a) upfront customer acquisition commissions of \$2.0 million (amounting to \$40.70 per customer acquired) and (b) residual based commissions of \$1.3 million (amounting to 2.3% of customer revenues).

General and Administrative Expenses

General and administrative expenses for the period ending December 31, 2012 were \$5.0 million and amounted to 8.9% of revenues. General and administrative expenses for the period ending December 31, 2012 are set out in the table below.

General and Administrative Expenses (in \$ millions and % of revenue)

| | September 7 to December 31, ⁽¹⁾ | |
|--|---|-------------|
| | 2012 | |
| | \$ | % |
| General and Administrative Expenses | | |
| POR fees / bad debt..... | \$0.4 | 0.7% |
| Processing costs | \$0.4 | 0.7% |
| Human resources | \$1.7 | 3.0% |
| Other | \$2.5 | 4.5% |
| Total | \$5.0 | 8.9% |

Note:

(1) Reflects operations of the Company from the close of the Acquisition of the Company Interest on November 13, 2012 through December 31, 2012.

Depreciation and Amortization

Depreciation and amortization relate to the property, equipment and intangibles used in the Company's operations. Depreciation and amortization for the period ending December 31, 2012 was \$5.2 million

Finance Costs

Finance costs for the period ending December 31, 2012 were \$0.7 million. Finance costs are primarily incurred pursuant to the Company's agreements with Macquarie Energy LLC ("Macquarie Energy"), for the exclusive supply of the Company's wholesale energy needs and hedging requirements for a term ending in October 2017 (the "Supplier Agreement"). Under the Supplier Agreement, Macquarie Energy assumes the responsibility for meeting all the credit and collateral requirements with each Independent System Operator ("ISO"). Under the Supplier Agreement, the utilities serving the Company's customers are directed to remit all customer payments into a designated restricted bank account, (the "Lockbox"), and the funds in that account are used to pay Macquarie Energy for the energy supplied and other fees and interest due under the Supplier Agreement. The trade payables are secured by funds pledged in the Lockbox, accounts receivable and all other assets of the Company.

Macquarie Energy extends trade credit to buy wholesale energy supply, with all amounts due being payable in the month following delivery of the energy. The credit extended under the Supplier Agreement was limited to an overall exposure limit of \$200 million subject to certain customary financial covenants, and limited to a calculated credit base based on restricted cash in the Lockbox, billed and unbilled receivables. The Company incurs a volumetric fee based on the wholesale energy delivered, which is included in finance costs in the statement of comprehensive income.

The Supplier Agreement includes a working capital facility with a sub-limit of \$25 million under which letters of credit and cash advances can be made based on the calculated credit base. Such letters of credit and cash advances under this line are subject to an annual interest rate of 5.5% plus LIBOR.

As at December 31, 2012, Macquarie Energy had extended trade credit to the Company totaling \$28.1 million under this Supplier Agreement. At December 31, 2012, there were letters of credit issued totaling \$4.3 million, and no cash advances drawn under the working capital facility. During the period ended December 31, 2012, interest expense under the working capital facility totaled \$0.06 million. As at December 31, 2012, the aggregate availability under the Supplier Agreement was \$12.7 million.

Change in Fair Value of Derivative Instruments

The fair value of derivative instruments consists of changes in unrealized gains or losses on derivatives, which represent the estimated amount that the Trust would need to pay or receive to dispose of the remaining notional commodity or currency positions in the market if the derivative contracts were to be terminated at the respective period end (see "Financial Instruments and Risk Management" in this MD&A).

For the period ending December 31, 2012, the unrealized gains and losses associated with derivative contracts were a loss of \$2.4 million; made up of (a) unrealized losses of \$2.4 million on forward electricity and natural gas positions and (b) unrealized loss of \$0.03 million on forward currency positions. These gains and losses represent non-cash gains and losses associated with mark-to-market movements on forward hedge positions that are outstanding at period end.

Change in Fair Value of Non-controlling Interest

Changes in fair value of non-controlling interest for the period ending December 31, 2012 were \$4.5 million representing the mark to market valuation of the non-controlling interest liability included on the consolidated statement of financial position.

Non-controlling interest

Due to the redeemable nature of the non-controlling interest in CE arising from certain provisions in the governance documents, the non-controlling interest is classified as a Long-term liability on the consolidated statement of financial position. This non-controlling interest is measured at fair value at the end of each period with the gain or loss being charged to profit or loss in the consolidated statement of comprehensive income. The fair value of the non-controlling interest is measured by applying a discount to the publicly traded unit price of the Trust.

Income Taxes

For the period ending December 31, 2012, the benefit for income taxes was \$(3.1) million.

Net Income and Comprehensive Income

For the period ending December 31, 2012, net income and comprehensive income was \$2.8 million.

Cash and Working Capital Position

As of December 31, 2012, the Trust had no long term debt and a cash and working capital balance of \$30.3 million and \$40.1 million respectively.

Off Balance Sheet Items

Pursuant to the Supplier Agreement, the Company has issued letters of credit totalling \$4.3 million to various counterparties, principally utilities.

Pursuant to separate arrangements with International Fidelity Insurance Corporation and ACE American Insurance Company the Company has issued surety bonds to various counterparties including States, regulatory bodies and utilities in return for a fee and/or meeting certain collateral posting requirements. Such surety bond postings are required in order to operate in certain states or markets. Total surety bonds issued as at December 31, 2012 totaled \$7.1 million.

Critical Accounting Estimates

The preparation of these financial statements requires the use of estimates and assumptions to be made in applying accounting policies that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities, at the date of the financial statements, and the reported income and expenses during the reporting period.

Judgment is commonly used in determining whether a balance or transaction should be recognized in the financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated. As the basis for its judgments, management uses estimates and related assumptions which are based on previous experience and various commercial, economic and other factors that are considered reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Actual outcomes may differ from these estimates under different assumptions and conditions.

Judgments, made by management in the application of IFRS that have a significant impact on the consolidated financial statements relate to the following judgments made by management in the application of IFRS that have a significant impact on the consolidated financial statements relate to the following:

(a) Revenue recognition

Accounts receivable includes an unbilled receivables component, representing the amount of energy consumed by customers as at the end of the period but not yet billed. Unbilled receivables are estimated by the Company based on the number of units of energy consumed but not yet billed, based on estimates using usage data available, multiplied by the current customer average sales price per unit.

(b) Accounts receivable

The Company reviews its accounts receivables at each reporting date to assess whether an allowance needs to be provided to reflect estimated amounts that will not be collected from customers. In particular, judgment by management is required in the estimation of the amount and timing of collectability of accounts receivable, based on financial conditions, the aging of the receivables, customer and industry concentrations, the current business environment and historical experience. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

(c) *Fair value*

Determining the value of derivative instruments requires judgment and is based on market prices or management's best estimates if there is no market and/or if the market is illiquid. Where the fair value of financial instruments recorded cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The fair value of the non-controlling interest is measured by applying a discount to the publicly traded unit price of the Trust.

The fair value of financial instruments is significantly influenced by the variability of forward commodity and currency prices. Periodic changes in forward prices could cause significant changes in the marked-to-market valuation ("MTM Valuation") of these financial instruments. For example, assuming that all other variables remain constant:

| Percentage change in the forward spot price at December 31, 2012 | Electricity | |
|--|---------------------------------|----------------------------------|
| | Percent change in MTM Valuation | Dollar change in MTM Valuation |
| +/-1% | +/-19.6% | +/- \$0.4 million |
| +/-5% | +/-98% | +/- \$2.2 million |
| +/-10% | +/-196% | +/- \$4.4 million |
| Percentage change in the forward spot price at December 31, 2012 | Gas | |
| | Percent change in MTM Valuation | Dollar change in MTM Valuation |
| +/- 1% | +/-7.7% | +/- \$0.03 million |
| +/-5% | +/- 28.4% | +/- \$0.1 million |
| +/-10% | +/- 54.2% | +/- \$0.2 million |
| Percentage change in the forward spot price at December 31, 2012 | Foreign Exchange | |
| | Percent change in MTM Valuation | Dollar change in MTM Valuation |
| +/- 1% | +36.2%/-29.5% | +\$0.01 million/- \$0.01 million |
| +/-5% | +210.5%/-81.0% | +\$0.5 million/- \$0.2 million |
| +/-10% | +453.6%/-93.9% | +\$1.1 million/- \$0.2 million |

(d) *Impairment*

In assessing the value of goodwill and intangible assets for potential impairment, assumptions are made regarding future cash flows. These calculations require the use of estimates. If these estimates change in the future, the Company may be required to record impairment charges related to goodwill and intangible assets.

(e) *Deferred taxes*

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax-planning strategies.

(f) *Useful life of property and equipment and definite life intangibles*

The amortization method and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by the Company.

International Financial Reporting Standards

The Trust prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

Future Accounting Pronouncements

Recent accounting pronouncements that are issued but not yet effective up to the date of issuances of the Trust's financial statements are listed below.

The IASB amended IFRS 7 "Financial Instruments: Disclosure" and IAS 32 "Financial Instruments: Presentation" to enhance disclosure requirements and clarify the requirements for the offsetting of financial assets and liabilities. The amendments are effective for years beginning on or after January 1, 2013 and January 1, 2014, respectively. The disclosure amendments are required to be adopted retrospectively for periods beginning January 1, 2013. These amendments will require minimal disclosure changes in the Trust's financial statements.

The IASB issued IFRS 9 "Financial Instruments: Classifications and Measurements" as the first step in its project to replace IAS 39 "Financial Instruments: Recognition and Measurement." IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flows of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

The IASB amended IFRS 9 "Financial Instruments: Classifications and Measurements" and IFRS 7 "Financial Instruments: Disclosures" which includes added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on the measurement of financial liabilities and derecognition of financial instruments. In December 2011, the IASB issued an amendment that adjusted the mandatory effective date of IFRS 9 from January 1, 2013 to January 1, 2015. The Trust has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

The IASB issued IFRS 10 "Consolidated Financial Statements" to replace IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The new consolidation standard changes the definition of control so that the same criteria apply to all entities, both operating and special purpose entities, to determine control. The revised definition focuses on the need to have both power over the investee to direct relevant activities and exposure to variable returns before control is present. The standard is required to be adopted for periods beginning January 1, 2013. IFRS 10 will have no impact on the Trust's financial statements on adoption as the current consolidation method adheres to this standard.

The IASB issued IFRS 11 "Joint Arrangements" to replace IAS 31 Interests in Joint Ventures. The new standard defines two types of arrangements: Joint Operations and Joint Ventures. Focus is on the rights and obligations of the parties to the joint arrangement, thereby requiring parties to recognize the individual assets and liabilities to which they have rights or for which they are responsible, even if the joint arrangement operates in a separate legal entity. IFRS 11 will be applied starting January 1, 2013. IFRS 11 will have no impact on the Trust's financial statements on adoption as the Trust and subsidiaries are not parties to any joint arrangements.

The IASB issued IFRS 12 Disclosure of Interests in Other Entities to create a comprehensive disclosure standard to address the requirements for subsidiaries, joint arrangements and associates and the reporting entity's involvement with other entities. It also includes the requirements for unconsolidated structured entities (i.e. special purpose entities). The standard is required to be adopted for periods beginning January 1, 2013. IFRS 12 will have no impact on the Trust's financial statements .

The IAS issued IFRS 13 "Fair Value Measurement" as a single source of guidance for all fair value measurements required by IFRS to reduce the complexity and improve consistency across its application. The standard provides a definition of fair value and guidance on how to measure fair value as well as a requirement for enhanced disclosures. IFRS 13 will be applied starting January 1, 2013. IFRS 13 will require minimal disclosure changes in the Trust's financial statements. The IASB reissued IAS 27 "Separate Financial Statements", to reflect the change as the consolidation guidance has recently been included in IFRS 10. In addition, IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the Trust prepares separate financial statements. IFRS 27 is effective for years beginning on or after April 1, 2013. These amendments will have no impact on the Trust's financial statements .

The IASB amended IAS 28 “Investments in Associates and Joint Ventures” as a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12. IAS 28 has been amended and will further provide the accounting guidance for investments in associates and will set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard will be applied by the Trust when there is joint control or significant influence over an investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not include control or joint control of those policy decisions. When it has been determined that the Trust has an interest in a joint venture, the Trust will recognize an investment and will account for it using the equity method in accordance with IAS 28. IAS 28 is effective for years beginning on or after April 1, 2013. IFRS 28 will have no impact on the Company’s financial statements on adoption as the Company has no associates or joint ventures that will be accounted for under the equity method.

Financial Instruments and Risk Management

Electricity and natural gas derivatives

The Company has entered into contracts with customers to provide electricity or natural gas at either variable or fixed prices, with the majority of the electricity and natural gas provided by the Company to customers is pursuant to variable price contracts. Fixed price contracts expose the Company to changes in market prices of electricity and natural gas as the Company is obligated to purchase the electricity or natural gas at floating wholesale market prices for the electricity or natural gas consumed by its customers. To reduce its exposure to short-term and long-term movements in commodity prices arising from the procurement of electricity or natural gas at floating prices, the Company uses derivative instruments. These derivative instruments are principally fixed-for-floating swaps whereby the Company agrees with a counterparty, currently Macquarie Energy, to cash settle the difference between the floating price and the fixed price on a notional quantity of electricity or natural gas for a specified time frame. The cash flow from these instruments is expected to be effective in offsetting the Company’s price exposure and serves to fix the Company’s wholesale cost of electricity or natural gas to be delivered to the customer. The Company remains subject to commodity risk for any volumetric differences between the actual quantities used by customers and the forecasted quantities upon which the commodity hedging is based.

Realized swap settlements under derivative instruments are included in cost of sales in the consolidated statement of comprehensive income. Unrealized gains or losses resulting from changes in the fair value of the swaps, generally referred to as mark-to-market gains or losses, have been recognized as the change in fair value on derivative instruments in the consolidated statement of comprehensive income.

The fair value of derivative financial instruments is the estimated amount that the Company would pay or receive to dispose of these derivative instruments in the market, in the unlikely event that the Company was required to dispose of its derivative instruments. The Company has estimated the value of derivative instruments using market-based forward wholesale price curves.

As at December 31, 2012, the Company had fixed-for-floating swap contracts with the following terms:

| | Notional Volume | Total Remaining Volume | Maturity Date | Fixed Price | Fair Value (unfavorable) | Notional Value |
|---|----------------------|------------------------------|------------------|--------------------|-----------------------------|-------------------|
| Fixed-for-floating electricity swaps | 1-139 MWh | 937,016 MWh | 1-18 months | \$31.10 to \$89.75 | (2,262) | 46,593 |
| Fixed-for-floating gas swaps | 10,000-140,000 Mmbtu | 992,500 Mmbtu | 1-3 months | \$3.37 to \$3.94 | (348) | 3,678 |

Currency derivatives

The Company is exposed to currency risk as its business operations are conducted in United States dollars and distributions are denominated in Canadian dollars. To reduce its exposure to fluctuations in currency markets, the Company uses derivative instruments, including foreign exchange options and swaps whereby the Company agrees with a counterparty, to swap (or to have the right to swap) the floating price and the fixed price on a notional quantity of currency at or over a specified time frame. Realized settlements under derivative instruments are included in the relevant section of the consolidated statement of comprehensive income) or consolidated balance sheet. Unrealized gains or losses resulting from

changes in the fair value of the derivatives, generally referred to as mark-to-market gains or losses, have been recognized as the change in fair value on derivative instruments in the consolidated statement of comprehensive income.

The fair value of derivative financial instruments is the estimated amount that the Company would pay or receive to dispose of these derivative instruments in the market, in the unlikely event that the Company was required to dispose of its derivative instruments. The Company has estimated the value of derivative instruments using market-based prices and option valuation methods.

As at December 31, 2012, the Company had foreign currency derivatives outstanding with the following terms:

| | Notional Value | Total Remaining Volume | Maturity Date | Fixed Price | Fair Value (unfavorable) |
|--------------------------|-------------------------|-------------------------|---------------|--------------------|--------------------------|
| Foreign exchange options | US\$12,307 C\$12,294 | US\$12,307 C\$12,294 | 1-12 months | C\$0.999 per US\$1 | US\$241 |

Transactions with Related Parties

The Company entered into an arm's length transition services agreement for professional services with Gries Management, LLC which indirectly owns units in the Company, during the year for an initial period of six months, with the option to extend the agreement for an additional six months. As at December 31, 2012, included in trade and other payables is a payable balance in the amount of \$0.02 million. For the period from inception on September 7, 2012 to December 31, 2012, included in general and administrative expenses are charges in the amount of \$0.08 related to this agreement. The Company has given notice that it will not extend the agreement subsequent to the initial 6 month term.

The Company is a party to the Supplier Agreement with Macquarie Energy, which is related to Macquarie Americas Corp which holds a membership interest in the Company. Details of this arrangement are discussed above in the "Finance Costs" section of this MD&A.

Risks and Uncertainties

The Trust's operations are affected by a number of underlying risks, both internal and external to the Trust. The Trust's financial position, results of operations, and cash distributions are directly impacted by these factors.

A full listing of the operational and business risks is set out in the Trust's 2012 Annual Information Form that is available on www.sedar.com and on the Trust's website at www.criusenergytrust.ca.

The Trust's activities expose it to a variety of financial risks that arise as a result of its operating, investing, and financing activities, including:

- Market risk, including commodity price risk, interest rate risk and foreign currency risk;
- Credit risk, including customer credit risk and counterparty credit risk
- Liquidity risk

This section sets out information about the Trust's exposure to each of these risks, the Trust's objectives, policies and processes for measuring and managing risk, and the Trust's management of capital. Further quantitative disclosures are included throughout the consolidated financial statements.

Market risk

Market risk is the potential loss that may be incurred as a result of changes in the market or fair value of a particular instrument or commodity. Components of market risk to which the Trust is exposed are discussed below.

Commodity price risk

The Trust is exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements. Management actively monitors these positions on a daily basis in

accordance with its Risk Management Policy. This policy sets out a variety of limits, most importantly thresholds for open positions in the electricity and natural gas portfolios. The Trust's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. The Trust enters into derivative instruments in order to manage exposures to changes in commodity prices. The inability or failure of the Trust to manage and monitor the above market risks could have a material adverse effect on the operations and cash flow of the Trust.

Interest rate risk

The Trust is exposed to interest rate risk on certain advances within the Supplier Agreement. The Trust has letters of credit outstanding of \$4.3 million under this facility, and therefore is exposed to interest rate risk. The Trust's current exposure to interest rate risk does not economically warrant the use of derivative instruments and the Trust does not currently believe that it is exposed to material interest rate risk. In the period ending December 31, 2012 the impact of a 1% increase (decrease) in the interest rate on these balances would not have had a material impact on Finance costs in the consolidated statement of comprehensive income.

Foreign currency risk

The Trust is exposed to currency rate risk in that its business operations are conducted in United States dollars, however, its distributions and publicly listed units are denominated in Canadian dollars. The Trust mitigates its exposure to currency rate movements by entering into currency derivative hedging products including options and swaps.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Trust is exposed to credit risk in two specific areas: customer credit risk and counterparty credit risk.

Customer credit risk

In Maine, Massachusetts, New Hampshire, District of Columbia, certain Ohio markets and New Jersey, the Trust is exposed to customer credit risk and, therefore, credit review and other processes have been implemented to perform credit evaluations of customers and manage customer default. If a significant number of customers were to default on their payments, it could have a material adverse effect on the operations and cash flows of the Trust.

For the remaining markets, the utilities provide collection services and assume the risk of any bad debts owing from the Trust's customers for a fee. Management believes that the risk of the utilities failing to deliver payment to the Trust is minimal. There is no assurance that the utilities that provide these services will continue to do so in the future.

As at December 31, 2012, the customer credit risk exposure amount of \$15.7 million represents the risk related to the Trust's accounts receivable from Maine, Massachusetts, New Hampshire, District of Columbia, certain Ohio markets and New Jersey and the accounts receivable aging for these markets are as follows:

| | Current | 1-30 days | 31-60 days | Over 60 days | Total |
|---------------------|---------|-----------|------------|--------------|--------|
| Accounts receivable | \$11.2 | \$1.9 | \$1.0 | \$1.6 | \$15.7 |
| | \$11.2 | \$1.9 | \$1.0 | \$1.6 | \$15.7 |

Counterparty credit risk

Counterparty credit risk represents the loss that the Trust would incur if a counterparty fails to perform under its contractual obligations. This risk would manifest itself in the Trust replacing contracted supply at prevailing market rates, thus impacting the related customer margin. Counterparty risk is limited to Macquarie Energy for all wholesale supply positions. However, the failure of the counterparty to meet its contracted obligations could have a material adverse effect on the operations and cash flows of the Trust. As at December 31, 2012, the maximum counterparty credit risk exposure amounted to \$3.2 million representing the risk relating to its derivative financial assets.

Liquidity risk

Liquidity risk is the potential inability to meet financial obligations as they fall due. The Trust manages this risk by monitoring cash flow forecasts for the next 12 months to ensure adequate and efficient use of cash resources and credit facilities. The table below under the “Contractual Obligations” section of this MD&A outlines the contractual maturities of the Trust’s financial liabilities as at December 31, 2012.

Supplier risk

The Trust purchases its energy delivered to its customers through contracts entered into with Macquarie Energy. The Trust has an exposure to supplier risk as the ability to continue to deliver energy to its customers is reliant upon the ongoing operations of this supplier and its contractual obligations.

Liquidity and Capital Resources

The Trust expects to have sufficient liquidity to fund its planned operations for the foreseeable future. The following sources of funding for future expenditures are expected by management to be available: (i) internally generated cash flow from operations; (ii) existing cash and working capital; (iii) external debt financing; (iv) new capital through the issuance of additional Units; and (v) borrowing capacity under our Supplier Agreement.

Under the Supplier Agreement, the Company and its operating subsidiaries are permitted to make monthly distributions provided that (i) no event of default, termination event or potential event of default under the Supplier Agreement has occurred, (ii) Macquarie Energy has been paid in full for all amounts owing under all then outstanding monthly invoices, (iii) Macquarie Energy has not received notice that any amount owed to any party is then currently past due, and (iv) the requested distribution would not result in a breach of any covenant under the Supplier Agreement. Refer to the discussion under “Principal Agreement with Macquarie Energy” in the Trust’s 2012 Annual Information Form, available on www.sedar.com and on the Trust’s website at www.criusenergytrust.ca, for a detailed description of the Supplier Agreement.

Cash and Cash Flow from Operations

Period Ending December 31, 2012

As at December 31, 2012, the Company had cash and cash equivalents of \$30.3 million. The Company had net working capital of \$40.1 million. Cash flow used by operations for the year ending December 31, 2012 amounted to \$(9.8) million.

Contractual Obligations

In the normal course of business, the Company is obligated to make future payments under various non-cancellable contracts and other commitments. As at December 31, 2012 the payments due by period are set out in the following table:

Contractual Obligations (in \$ millions)

| | Carrying Amount | Contractual Cash Flow | Less Than 1 Year | 1 to 5 Years | More Than 5 Years |
|-----------------------------------|--------------------|--------------------------|---------------------|-----------------|----------------------|
| Trade and other payables..... | 49.7 | 49.7 | 49.7 | — | — |
| Derivative instruments | 2.6 | 2.6 | 2.6 | — | — |
| Operating leases | — | 4.0 | 1.3 | 2.7 | — |
| Distribution payable..... | 1.3 | 1.3 | 1.3 | — | — |
| Other long term liabilities | 1.5 | 1.1 | — | 1.1 | — |
| | <u>55.1</u> | <u>58.7</u> | <u>54.9</u> | <u>3.8</u> | <u>—</u> |

Distributions

As required by National Policy 41-201 - *Income Trusts and Other Indirect Offerings*, the following table outlines the differences between net cash provided by operating activities and cash distributions as well as the differences between net income and cash distributions.

| (in \$ millions) | September 7 to December 31, 2012 ⁽¹⁾ |
|---|--|
| Net cash used in operating activities ⁽²⁾ | (9.8) |
| Net income for the period | 2.8 |
| Distributions paid or payable | 1.3 |
| Shortfall of net cash provided by operating activities over cash distributions paid | (11.1) |
| Excess net income over cash distributions paid | 1.5 |

Note:

(1) Reflects operations of the Company from the close of the Acquisition of the Company Interest on November 13, 2012 through December 31, 2012.

(2) Takes into account changes in non-cash working capital balances and includes financing costs.

Distributions exceeded net cash from operating activities for the period. The Trust was formed on September 7, 2012 and commenced business operations on November 13, 2012 with the acquisition of its interest in the Company, and as such a full year of cashflow from operations is not reflected in the period. Cash used in operating activities was impacted by changes in working capital of due to the impacts of seasonality on the period from November 13, 2012 to December 31, 2012. As the period covers the beginning of winter, with increasing electric and natural gas demand, cash is used to satisfy the lag from the time the Company pays for the energy procured to the time the Company receives payments from customers for the energy supply. The Trust expects these impacts of seasonality to even out over a 12 month period. This shortfall was funded by existing internally generated cash flows from operations.

Outstanding Unit Data

At the date of this MD&A, the Trust had 10,000,000 Units outstanding and granted 14,924 of Restricted Trust Units.

Outlook

Management is encouraged by the customer growth across all marketing channels in the fourth quarter. The customer growth, highlighted by the Viridian Energy and FairPoint Energy brands, continued into the first quarter of 2013 resulting in a larger revenue base to support future distributions to our unit holders.

However, the Company continued to experience challenging market conditions in the first quarter of 2013 which included the impacts of Winter Storm Nemo as well as natural gas supply constraints. As was the case in the fourth quarter of 2012, the result of these challenging market conditions was an increase in wholesale electricity prices, volatility and customer usage.

Management plans to pass along price increases to our variable rate customers in 2013 to recover lost gross margin as a result of the challenging market conditions experienced. Management is focused on carefully implementing price increases in order to maintain competitiveness in the market and mitigate customer attrition.

Note about Forward Looking Statements

Certain statements contained in this MD&A constitute forward looking statements and forward looking information that involve substantial known and unknown risks and uncertainties, most of which are beyond the control of the Trust, including, without limitation, those listed under "Risk Factors" and "Forward Looking Statements" in the Trust's Annual Information Form that is available on www.sedar.com and on the Trust's website at www.criusenergytrust.ca (collectively, "forward looking statements"). Forward-looking information in this MD&A includes, but is not limited to, the Trust's objectives and status as a mutual fund trust and not a SIFT trust, results of operations, financial position or cash flows, customer revenues and margins, customer additions and renewals, customer attrition, customer consumption levels, general and administrative expenses, treatment under governmental regulatory regimes, distributable cash and Crius Energy's expectations and estimates regarding the payment of distributions to unitholders. The Trust cautions investors about important factors that could cause the Trust's actual results to differ materially from those projected in any forward looking statements included in this MD&A. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward looking and may involve estimates, assumptions and

uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward looking statements. No assurance can be given that the expectations set out in this MD&A will prove to be correct and accordingly, such forward looking statements should not be unduly relied upon. These statements speak only as of the date of this MD&A and the Trust does not assume any obligation to update or revise the forward looking statements to reflect new events or circumstances, except as required by applicable securities laws. New factors emerge from time to time, and it is not possible for management to predict all of these factors or to assess in advance the impact of each such factor on the Trust's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward looking statements.



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E N E R G Y

**ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2012**

Dated as of March 28, 2013

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SPECIAL NOTES TO READER

In this Annual Information Form, unless otherwise indicated or the context otherwise requires, terms defined under the heading "Glossary — Definitions" shall have the meaning attributed thereto. See "Glossary — Definitions". Words importing the singular include the plural and vice versa and words importing any gender include all genders. A reference to an agreement means the agreement as it may be amended, supplemented or restated from time to time. Unless otherwise indicated, all dollar amounts are expressed in United States dollars and references to "C\$" are to Canadian dollars and references to "\$", "US\$" or "U.S. dollars" are to United States dollars.

Forward Looking Statements and Risk Factors

Certain statements and information contained in this Annual Information Form constitute forward looking statements and forward looking information (collectively, "**Forward Looking Statements**") and the Trust cautions investors in the Units about important factors that could cause the Trust's actual results to differ materially from those projected in any Forward Looking Statements included in this Annual Information Form. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "expects", "will continue", "is anticipated", "anticipates", "believes", "estimated", "intends", "plans", "forecast", "projection" and "outlook") are not historical facts and may be Forward Looking Statements and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such Forward Looking Statements. No assurance can be given that these expectations will prove to be correct and such Forward Looking Statements included in this Annual Information Form should not be unduly relied upon. These statements speak only as of the date of this Annual Information Form. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the information and factors discussed throughout this Annual Information Form.

In particular and without limitation, this Annual Information Form contains Forward Looking Statements pertaining to the following:

- projections of the wholesale prices of electricity and natural gas;
- supply and demand fundamentals for electricity and natural gas;
- expectations regarding the ability to raise capital and grow through acquisitions;
- realization of anticipated benefits of the Combination;
- growth strategy and opportunities;
- treatment under governmental regulatory regimes and tax laws;
- capital expenditure programs;
- plans for, and results of, a risk management program to manage credit, commodity, foreign exchange and liquidity exposure;
- anticipated operating expenses;
- anticipated benefits of our marketing channels;
- status of the Trust as a "mutual fund trust" and not as a "SIFT trust", for the purposes of the Tax Act, and the taxability of the Trust and its subsidiaries;
- the payment and stability of cash distributions by the Trust, including timing of payment of cash distributions, and the payments made among the Trust's subsidiaries and to the Trust;
- the taxability of distributions received by Canadian resident Unitholders;
- the impact of Canadian and U.S. federal income taxation on the availability of cash for distribution by the Trust; and
- access to credit facilities and related borrowing base capacity.

With respect to Forward Looking Statements contained in this Annual Information Form, assumptions have been made regarding, among other things:

- future wholesale prices for electricity and natural gas;
- future currency exchange rates;
- the ability of the Crius Group to obtain qualified staff, independent contractors in a timely and cost-efficient manner;
- the regulatory framework governing the retail energy market in the United States;

- the ability of the Crius Group to successfully market future electricity and natural gas products and services;
- the Crius Group's future sales levels;
- future capital expenditures to be made by the Crius Group and the Trust's ability to obtain financing on acceptable terms for capital projects and future acquisitions;
- future sources of funding for the capital programs of and future acquisitions by the Crius Group;
- the impact of competition on the Crius Group;
- the tax legislation in Canada and the United States;
- the deductibility for tax purposes of various amounts by the Crius Group;
- the impact of Canadian and U.S. federal income taxes on cash available for distribution by the Trust; and
- the Trust's status as a "mutual fund trust" and not as a "SIFT trust" for purposes of the Tax Act.

The Trust's actual results could differ materially from those anticipated in Forward Looking Statements as a result of the risk factors set forth below and included elsewhere in this Annual Information Form:

- failure to realize the anticipated benefits of the Combination and future acquisitions and dispositions;
- volatility of wholesale prices for electricity and natural gas;
- failure to manage appropriately the credit, commodity and liquidity exposure which arises in the ordinary course of business;
- risks which may create liabilities to the Crius Group in excess of the Trust's insurance coverage;
- general economic, market and business conditions;
- current global financial conditions, including fluctuations in interest rates, foreign exchange rates, inflation and commodity prices and stock market volatility;
- competition for, among other things, customers, independent contractors, marketing partners, capital and skilled personnel;
- incorrect assessments of the value of acquisitions and the opportunities for consolidation in the retail energy market;
- changes in government regulations or increased scrutiny by governmental agencies;
- loss or revocation of an electricity or natural gas licence issued by a public utility commission;
- failure to obtain regulatory, industry partner and third party consents and approvals where required;
- failure to engage or retain key personnel;
- claims made in respect of the Trust's properties or assets;
- potential losses which would stem from any disruptions in production or infrastructure performance, including work stoppages or other labour difficulties, or disruptions in the electricity or natural gas transmission networks on which the Crius Group will be reliant;
- disruptions in the source, transmission and distribution and/or storage of natural gas and electricity;
- the failure of the Crius Group to meet specific requirements of its contractual agreements, including under the Base Confirmation Agreement;
- the ability to obtain financing on acceptable terms;
- failure of third parties' reviews, reports and projections to be accurate;
- dependence on contracts with Macquarie Energy and Macquarie Energy's inability to perform its obligations under the Base Confirmation Agreement; and
- the other factors discussed under "Risk Factors".

Since actual results or outcomes could differ materially from those expressed in any Forward Looking Statements made by or on behalf of the Trust, investors should not place undue reliance on any such Forward Looking Statements. Readers are cautioned that the foregoing lists of factors are not exhaustive. Further, the Forward Looking Statements contained in this Annual Information Form are expressly qualified by the foregoing cautionary statements and are only as of the date of this Annual Information Form. The Trust undertakes no obligation to update or revise any Forward Looking Statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by applicable securities laws. New factors emerge from time to time, and it is not possible for Management to predict all of these factors or to assess in advance the impact of each such factor on the Trust's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any Forward Looking Statement.

Investors should read this entire Annual Information Form and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment in the Units.

Non-IFRS Financial Measures

Statements throughout this Annual Information Form make reference to distributable cash, which is a non-IFRS financial measure commonly used by the trust sector as an indicator of financial performance and management believes that investors may consider the cash distributed by the Trust relative to the price of the Units when assessing an investment in Units. As there is no generally accepted method of calculating distributable cash, this term as used herein is not necessarily comparable to similarly titled measures of other companies. Distributable cash has limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income or other data prepared in accordance with IFRS. References to distributable cash refer to distributable cash to Unitholders in accordance with the distribution policies of the Trust described in this Annual Information Form.

Access to Documents

Any document referred to in this Annual Information Form and described as being filed on SEDAR at www.sedar.com (including those documents referred to as being incorporated by reference in this Annual Information Form) may be obtained free of charge from us at Suite 3400, One First Canadian Place, P.O. Box 130, Toronto, Ontario, M5X 1A4.

Exchange Rate Data

The following table sets forth, for the periods indicated, the high, low, average and period-end noon spot rates of exchange for one U.S. dollar, expressed in Canadian dollars, as published by the Bank of Canada.

| | Year Ended December 31 | | |
|--|------------------------|--------|--------|
| | 2012 | 2011 | 2010 |
| | (C\$) | (C\$) | (C\$) |
| Highest rate during the period | 1.0418 | 1.0604 | 1.0778 |
| Lowest rate during the period | 0.9710 | 0.9449 | 0.9946 |
| Average noon spot rate for the period ⁽¹⁾ | 0.9996 | 0.9891 | 1.0299 |
| Rate at the end of the period | 0.9949 | 1.0170 | 0.9946 |

Notes:

(1) Determined by averaging the noon rate for each day of the respective period.

On March 27, 2013, the noon rate of exchange posted by the Bank of Canada for conversion of U.S. dollars into Canadian dollars was US\$1.00 equals C\$1.0170.

THE TRUST AND ITS SUBSIDIARIES

Reference is made to the "Glossary — Definitions" on page 79 of this Annual Information Form for the meaning of certain defined terms.

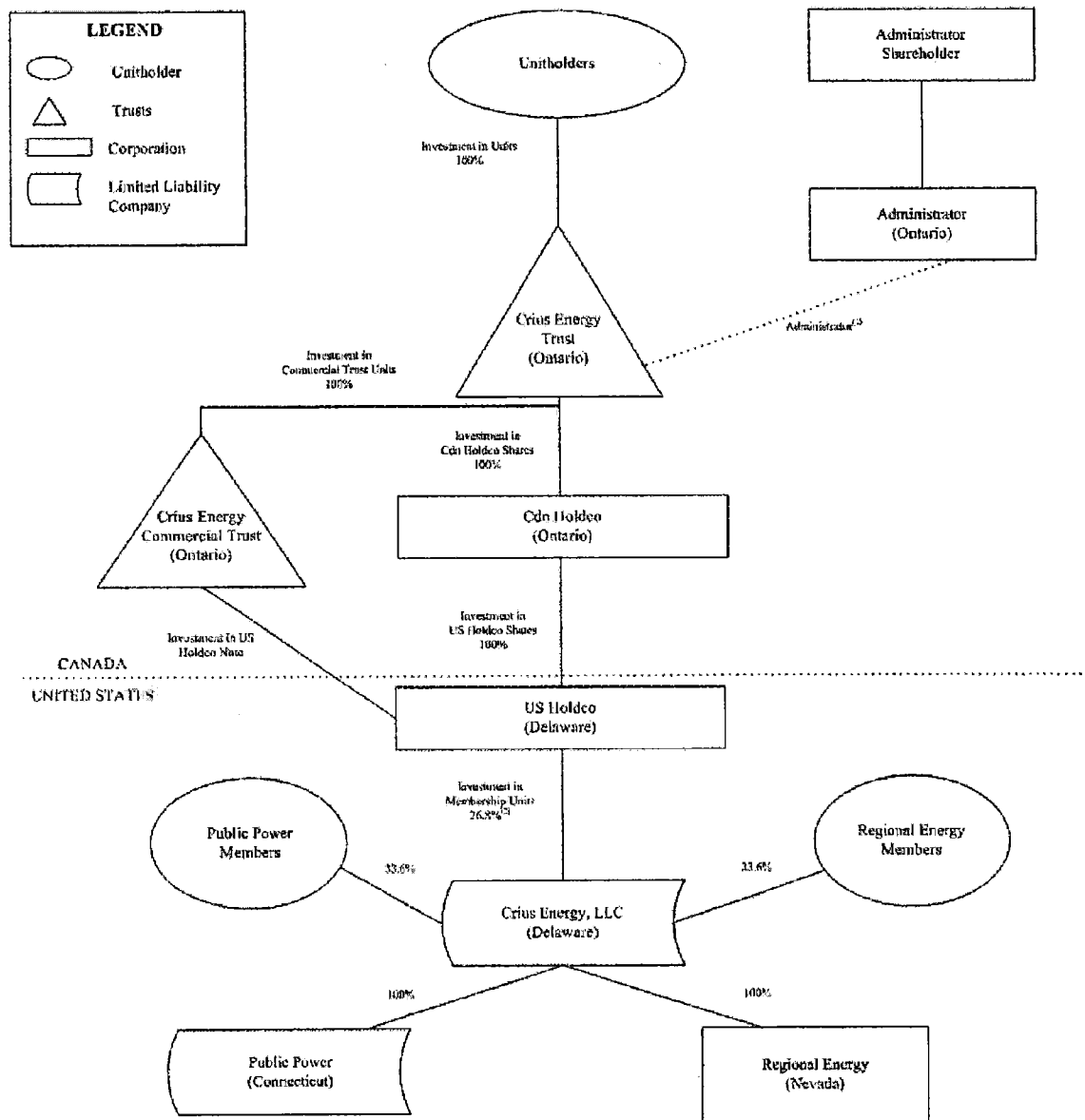
The Trust

The Trust is an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario on September 7, 2012 pursuant to the Trust Indenture. The Trust has been established to invest in U.S. energy businesses through its various subsidiaries, including the investment in Carius Energy, LLC (the "Company") through US Holdco.

The Company is an independent Energy Retailer that markets and sells electricity and natural gas through its subsidiaries to residential and small-to-medium size commercial customers in the United States.

The Trust is a "reporting issuer" in all of the provinces and territories of Canada.

The following chart illustrates the structure of the Trust, Trust Subsidiaries and their subsidiaries and affiliates. The Trust Subsidiaries are directly or indirectly wholly-owned by the Trust. The Trust owns an indirect 26.8% ownership interest in the Company (the "Company Interest"), which entitles US Holdco, an indirect wholly-owned subsidiary of the Trust, to appoint a majority of the members of the board of directors of the Company and thereby control the day-to-day operations of the Company, including the amount of distributions the Company makes from available funds, if any. See "Description of the Company — Company LLC Agreement — Management and Operation of Company Business".



Notes:

- (1) Pursuant to the terms of the Administrative Services Agreement, the Administrator performs all general and administrative services that are or may be required or advisable, from time to time, for the Trust.
- (2) US Holdco's interest in the Company allows it, and indirectly the Trust, to appoint a majority of the members of the board of directors of the Company and thereby to control the day-to-day operations of the Company, including the amount of distributions the Company makes from available funds, if any. See "Description of the Company — Company LLC Agreement — Management and Operation of Company Business".

Offices

The principal head and registered office of the Trust, the Administrator and Cdn Holdco are located at Suite 3400, One First Canadian Place, P.O. Box 130, Toronto, Ontario, M5X 1A4. The principal head office of US Holdco and the Company is located at 1055 Washington Boulevard, 7th Floor, Stamford, Connecticut. The registered office of US Holdco and the Company is located at 160 Greentree Drive, Suite 101, Dover, Delaware 19904.

INDUSTRY OVERVIEW

Retail Energy Market Overview

The retail electricity and natural gas markets can be categorized into two main customer segments: (i) residential and small-to-medium size commercial; and (ii) large commercial and industrial. Energy Retailers operate by providing a variety of fixed and variable rate contracts to customers for varying periods of time. In general, large commercial and industrial customers are serviced by fixed price contracts for up to two years. By contrast, residential and small-to-medium size commercial customers are typically serviced by short-term, month-to-month variable price contracts or fixed-term, fixed price contracts for up to one year. Some Energy Retailers focus only on one customer segment (e.g. residential), while others focus on the full spectrum of customers. Energy Retailers have the ability to sell both electricity and natural gas to the same customers in states where they are licensed to sell both products.

Unlike local distribution companies ("LDCs"), whose rates are regulated and approved by the state public utility commissions ("PUCs"), Energy Retailers' rates for retail electricity and natural gas supply in deregulated states are not regulated, but are determined by a variety of factors including, but not limited to, the wholesale cost of electricity, the wholesale price of natural gas, competitive forces and the business objectives of market participants. In many cases, Energy Retailers may use the LDC to invoice and collect from customers for energy supply and other costs. Under arrangements entered into between the Energy Retailers and the LDCs, LDCs remain responsible for the delivery of the electricity from the independent system operator ("ISO") or regional transmission organization ("RTO") to the customer's resident or place of business. Natural gas LDCs, commonly known as natural gas utilities, manage natural gas flows and are responsible for operational considerations and system expansions under their regulated mandate to deliver natural gas. Natural gas Energy Retailers are responsible for delivery of the natural gas to the LDC citygate for their customer usage.

Retail Energy Systems

Purchase of Receivables Programs

In the United States, several states have implemented or are planning to implement POR programs under which state utilities are responsible for billing the customer, collecting payment from the customer, and paying the Energy Retailer. In states with POR programs, the Energy Retailer's credit risk is linked to the applicable utility and not to the customer. Energy Retailers pay a monthly fee to the utility for the credit protection offered by the POR program (currently ranging between 0% and 2.5% of the Energy Retailer's revenue depending on the state and customer segment). By contrast, in states without POR programs, Energy Retailers are exposed to the credit risk of the customer.

In non-recourse POR states, Energy Retailers have no customer credit exposure because the utility pays the Energy Retailer regardless of whether the customer makes their payments. Where the customer fails to make payment, the utility will typically disconnect service for the customer, which results in the loss of the customer account for the Energy Retailer. New Jersey is a recourse POR state in which Energy Retailers have no exposure to customer credit risk provided that the customer remains on the utility consolidated billing program. Where the customer's electricity account is in default for 60 days or the customer's natural gas account is in default for 120 days, the utility has the option to convert the customer to a dual billing system. Under a dual billing system, the utility will send a bill to the customer for delivery charges and the Energy Retailer will send a separate bill for electricity and natural gas supply. The Energy Retailer will then be responsible for the collection of its outstanding accounts and has a direct credit exposure to the customer. Currently, the only state with a recourse POR program in the U.S. is New Jersey.

Energy Procurement and Billing

Utility Service and Procurement Process

Utility service is made available by the LDC to any customer who chooses not to buy electricity or natural gas from an Energy Retailer or whose contract has ended with an Energy Retailer.

The regulatory framework for competitive electricity supply in the deregulated states in which the Company operates can be characterized in three ways: market pass-through, competitive auction, or other.

- *Market pass-through.* This structure allows LDCs to base their service rates on a supply pricing mechanism that depends on daily clearing prices for energy procured.
- *Competitive auction.* In this framework, LDCs procure their supply via a competitive auction process for varying periods of time (month, quarter or year) by rate class. This requires that Energy Retailers compete against the periodically resetting service rate, rather than one that adjusts dynamically with wholesale market prices and underlying commodity prices. The rate will be set and may be updated monthly, quarterly or on a seasonal basis to reflect actual costs through a retail price adjustment.
- *Other.* In these markets, LDCs are required to procure supply through either an electric security plan which is set through a regulatory proceeding before the state utility commission and must be set lower than current market pricing or market rate offer which includes a range of approaches such as competitive auctions.

The regulatory framework for competitive natural gas supply in deregulated states in which the Company operates can be characterized in three ways: monthly rate setting, annual or quarterly rate setting with adjustments, and Standard Choice Offer ("SCO") auction.

- *Monthly rate setting.* The monthly rate setting regulatory structure allows LDCs to base their rates on a supply pricing mechanism that depends on settled prices for natural gas procured via the New York Mercantile Exchange ("NYMEX") for the specific month plus charges incurred for transporting the natural gas to the end user.
- *Annual or quarterly rate setting.* Under the annual or quarterly rate setting structure, LDCs establish an initial rate based on estimated costs and consumption. The rate will be set and may be updated monthly to reflect actual costs through a retail price adjustment.
- *SCO auction.* Under this framework, utility customers are transitioned to third party suppliers at a rate set each month based on the month-end settlement price for natural gas on the NYMEX plus a retail price adjustment that is set by an annual natural gas supply auction. Under this market structure, all customers purchasing natural gas under the SCO structure pay the same regardless of the third party supplier.

Billing Structure

There are three billing structures available in deregulated states: utility consolidated billing, dual billing and Energy Retailer consolidated billing:

- *Utility consolidated billing.* Under this structure, the utility is responsible for billing the customer for all transmission, distribution and generation charges for electricity and transportation, distribution and commodity charges for natural gas as well as the collection of outstanding accounts. The Energy Retailers' charges included in the utility's bill are calculated in one of two ways. First, in rate ready states, the Energy Retailer posts rates with the utility and the utility calculates the charges for inclusion on the customer's bill. Second, in bill ready states, the Energy Retailer receives usage data from the utility and calculates the amount owed by the customer. This amount is communicated back to the utility for inclusion on the customer's bill. The utility is responsible for the collection of all outstanding accounts and, in POR markets, has direct credit exposure to the customer.
- *Dual billing.* Under this framework, the utility will send a bill to the customer for transmission (electricity) and transportation (natural gas) and distribution (electricity and natural gas) charges and the Energy Retailer will send a separate bill for generation (electricity) or commodity (natural gas) charges. The Energy Retailer is responsible for the collection of its outstanding accounts and has direct credit exposure to the customer.
- *Energy Retailer consolidated billing.* This structure provides that the Energy Retailer is entirely responsible for billing the customer for all transmission, transportation, delivery and generation charges. The Energy Retailer is responsible for the collection of all outstanding amounts and has direct credit exposure to the customer.

Customer Switching

Customer switching or attrition describes the loss of existing customers and is monitored by Energy Retailers as a key business metric. Attrition can be measured as either voluntary or involuntary.

- *Involuntary attrition.* Arises due to circumstances such as customer death or relocation to a new location where the customer's current Energy Retailer does not operate.
- *Voluntary attrition.* Arises due to a decision by the customer to switch to another service provider, such as another Energy Retailer or the LDC. Voluntary attrition often occurs due to factors that are within an Energy Retailer's control such as pricing, value proposition and the customer relationship.

Regulatory Environment

Energy Retailers are governed by state and federal agencies including FERC and PUCs. Energy Retailers operate as public utilities under the Federal Power Act and are required to have market based rates authorization from FERC in order to sell electricity in the wholesale market ("**MBR Authorization**"). MBR Authorization is related to wholesale sales of electric energy, capacity and ancillary services and relates to mitigating horizontal and vertical market power. Energy Retailers are required to make filings to FERC to disclose any affiliate relationships and quarterly filings to FERC regarding volumes of wholesale electricity sales.

Energy Retailers are generally licenced under state regulation to provide natural gas and electricity to end-use customers. The term of the licence varies by state. In states where licences expire, the Energy Retailer has to apply for a renewal of its licence. The state PUC regulations define customer protection standards for residential and small commercial customers. Energy Retailers are required to respond to any customer complaints received from the PUC or customers and to update licences with information on an annual or as needed basis.

GENERAL DEVELOPMENT OF OUR BUSINESS

Overview

The Trust is an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario on September 7, 2012. The Trust has no prior history of operations or earnings. The Trust has been established to provide investors with a distribution-producing investment through its 26.8% ownership interest in the Company by the Trust's indirect wholly-owned subsidiary, US Holdco.

History of the Company

The Company was formed on August 7, 2012 for the purpose of acquiring the businesses of Regional Energy and Public Power. On September 18, 2012, the businesses of Regional Energy and Public Power were combined to form the operations of the Company (the "**Combination**").

The Company is well-positioned for long-term growth and profitability through its diversified sales and marketing approach, diversified product offering and scalable and stable diversified energy supply and financing facilities through its relationship with Macquarie Energy. The Combination resulted in increased size and economies of scales which provided estimated cost savings of approximately \$1.9 million through December 31, 2012. The Combination also provided the Company with an enhanced ability to consolidate other Energy Retailers as a result of its anticipated access to capital.

Initial Public Offering

On November 13, 2012, the Trust closed its initial public offering of 10,000,000 Units at a price of C\$10.00 per Unit for gross proceeds of C\$100,000,000 (the "**IPO**").

Recent Acquisitions

Concurrently with closing its IPO, the Trust, indirectly acquired, through its wholly owned subsidiaries, a 26.8% ownership interest in the Company (the "**Company Interest Acquisition**"), a limited liability corporation under the laws of Delaware for approximately C\$89.5 million. Approximately US\$25 million of the net proceeds from the IPO were used for the Company's general corporate purposes and to fund future acquisitions and the balance was used to acquire the Retained Regional Energy Interests and Retained Public Power Interests.

The Company is an independent Energy Retailer that markets and sells electricity and natural gas, through its wholly-owned subsidiaries, to residential and small-to-medium size commercial customers in the United States. US Holdco, the Trust's indirect wholly-owned subsidiary, is entitled to appoint a majority of the members of the board of directors of the Company and thereby control the day-to-day operations of the Company including the amount of distributions the Company makes, if any. The Trust has filed a Form 51-102F4 - *Business Acquisition Report* in respect of the Company Interest Acquisition, which report is incorporated by reference into this Annual Information Form and is on SEDAR under the Trust's issuer profile at www.sedar.com. See "Description of the Company — Company LLC Agreement — Management and Operation of Company Business".

On February 11, 2013, the Trust announced that the Company, through its wholly-owned subsidiary FairPoint Energy LLC, had entered into an agreement with PNE Energy Supply LLC to acquire a portfolio of residential and small commercial customer accounts in New Hampshire. The acquisition closed on February 6, 2013.

BUSINESS OF CRIUS ENERGY

General

The Company is a Delaware limited liability company formed on August 7, 2012. The Company is one of the largest independent Energy Retailers operating in the United States, with approximately 534,564 residential customers equivalents as of December 31, 2012. Revenues for the period from inception of the Trust on September 7, 2012 to December 31, 2012, representing the combined electricity, natural gas and fee revenues of the Company, was \$56.3 million. The Company serves customers across a variety of segments, including residential and small to medium-size commercial customers, and markets its products through a variety of sales channels and brand names. The Company currently sells electricity in 11 states and the District of Columbia and natural gas in five states. By virtue of its leading retail energy platform, cost base and anticipated access to capital, the Company believes that it is well positioned to expand through organic customer growth and acquisitions. We believe that organic growth will be driven by the Company's multi-channel marketing platform, continued geographic expansion and increased focus on the commercial market segment and natural gas products.

Company Operations, Headquarter and Call Centres

Electricity Operations

The Company is licenced to sell and is actively marketing electricity in Connecticut, Delaware, the District of Columbia, Illinois, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ohio and Pennsylvania. During the twelve months ending December 31, 2012, the Company sold 4.6 million MWh of electricity in these states. Seven states (Connecticut, Illinois, Maryland, New Jersey (recourse POR program), New York, Ohio (certain markets) and Pennsylvania) have implemented a POR program, while four states (Delaware, Maine, Massachusetts and New Hampshire) and the District of Columbia have not implemented a POR program.

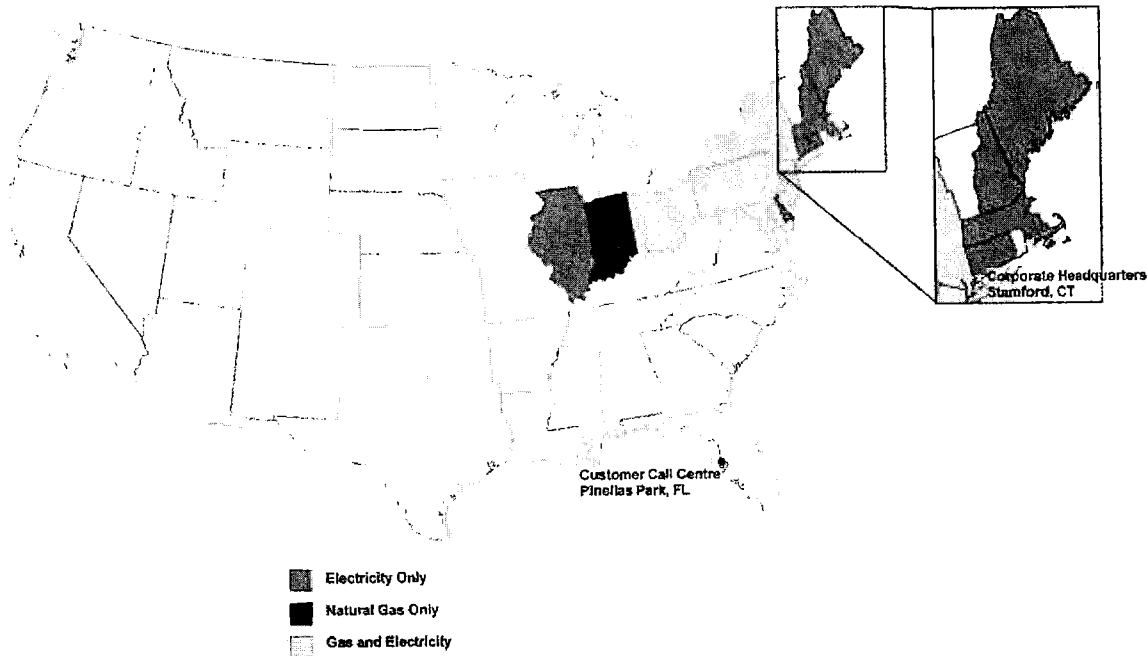
As of December 31, 2012, the Company had 498,060 electricity customers in 11 states (Connecticut, Delaware, Indiana, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ohio and Pennsylvania) and the District of Columbia.

Natural Gas Operations

The Company is also licenced to sell and is actively marketing natural gas in Indiana, New Jersey, New York, Ohio and Pennsylvania. During the twelve months ending December 31, 2012, the Company sold 1,328,150 Mmbtu of natural gas in these states. Five states (New Jersey (recourse POR program), New York, Indiana, Ohio (certain markets) and Pennsylvania) have implemented a POR program.

As of December 31, 2012, the Company had 36,504 natural gas customers in four states (New Jersey, New York, Ohio and Pennsylvania).

The map below illustrates the location of the Company's headquarters and customer call centre and also displays the states in which the Company currently operates.



Notes:

- (1) The Company is also licensed to market and sell electricity in Rhode Island and natural gas in the District of Columbia, Illinois, Maryland and Virginia.
- (2) The Company anticipates that it may begin to actively market and sell natural gas in the District of Columbia and Maryland and Virginia in June 2013.

Business Strengths

Diversified Sales and Marketing Platform

The Company leverages a variety of marketing channels with unique customer value propositions to effectively penetrate various customer segments. Each marketing channel and brand is tailored to attract a specific customer segment. The Company's full range of marketing channels enables it to enter new states as well as increase penetration in existing states using multiple marketing channels simultaneously. Management believes that using multiple marketing channels, including those that only pay upfront commissions (telemarketing and door-to-door) and those that pay both upfront and residual commissions (marketing partnership and network marketing), provides additional benefit for the Company such as more stable cash flows compared to an upfront commission only strategy.

Each channel and energy brand has a unique product offering and customer value proposition that is tailored to attract specific customer segments. Under the Public Power brand, we offer electricity and natural gas products combined with a rewards and loyalty program. Under our Viridian Energy brand, we offer natural gas with a commitment to sustainability and various electricity products including a 20% renewable energy option, sourced from locally produced renewable energy, as well as a 100% renewable energy option, sourced from locally produced wind power. Under our exclusive marketing partnerships brands we offer, natural gas (if applicable), electricity, and 100% renewable electricity sourced from nationally and locally sourced wind power. Some of the Company's renewable energy products are certified through Green-e Energy, a renewable energy certification

program. The following marketing channels employed by the Company, each with a unique customer value proposition, allow the Company to effectively penetrate customer segments and retain existing customers:

- *Exclusive Marketing Partnerships.* The Company has exclusive marketing partnerships with three telecommunications companies to market the Company's energy service under their brand names and through their respective sales forces and distribution channels. The Company targets all eligible existing subscribers of the marketing partner and potential new customers in the service area. Although the Company relies upon the well-established marketing capabilities of these telecommunications companies, the customers acquired through this channel have contractual relationships with the Company. Management expects to continue capitalizing on its existing marketing partnerships and is actively pursuing additional exclusive marketing partnerships.
- *Network Marketing.* The Company uses a network marketing approach, which currently consists of over 14,000 independent contractors representing the Viridian Energy brand. Independent contractors enroll friends, family and acquaintances and, on average, each new independent contractor enrolls approximately 14 customers during their time working with the Company.
- *Telemarketing and Door-to-Door.* The Company maintains third-party relationships with telemarketing companies and door-to-door companies, representing individual agents who market energy services on behalf of the Public Power brand. The Company's telemarketing and door-to-door channels can quickly be deployed in different areas as market opportunities arise.
- *Customer Win Back Program.* The Company has a dedicated win back team of customer service professionals based out of our call centre in Florida. The team contacts customers that have recently terminated service or notified the utility of their intention to terminate service to encourage them to re-enroll (the "win back program"). The cost to retain a customer under the win back program compares favorably with new customer acquisition costs.
- *Commercial Sales.* The Company has a proprietary web-based commercial sales platform (the "commercial platform") that provides real-time pricing by rate class and contract administration functionality. The commercial platform is currently in use by the Public Power brand and is distributed through select energy brokers.

Cost Effective Customer Acquisition Model

The Company has a cost-effective customer acquisition model as measured by the payback period for each customer enrolled. The Company measures the payback period as the length of time a customer must purchase energy from the Company for the gross margin received to equal or exceed the customer acquisition costs, including upfront and residual commissions. As a general policy, the Company targets an average payback period of three months or less across all marketing channels. The Company has performed favourably against its target payback period in all of its marketing channels. The Company's commission structure generally entitles it to recoup some or all of its upfront commissions paid for those customers who terminate prior to three months, which further mitigates our risk for such customers.

Prudent Risk Management Culture

The Company has a prudent risk management culture focused on managing credit, commodity, liquidity and foreign currency exchange risk. The Company manages its risk exposure through a risk management policy described below (the "Risk Management Policy"), which management believes enables the Company to operate with a low risk profile and achieve stable operating results.

Credit Risk

The Company believes it has limited credit exposure to its customers as it participates in POR programs. In states where such programs are available, the Company's credit exposure is limited to investment-grade utilities. In non-POR states, the Company assesses the creditworthiness of new applicants, monitors customer payment activities, and administers an active collections program. Over 90% of the Company's customers are in states with POR programs.

See "Industry Overview — Retail Energy Systems — Purchase of Receivables Programs" and "Business of Crius Energy — Risk Management" for additional information on POR programs, the Company's Risk Management Policy and customer and utility credit risks.

Commodity Risk

The Company believes it has low commodity exposure as it has primarily variable priced customer contracts under which the Company can change the price charged to customers in accordance with energy market conditions. While the mix of variable price and fixed price contracts is subject to change, variable price contracts currently account for over 90% of the Company's total customer contracts. For customers that are on fixed price contracts, the Company maintains a forward hedging program. The Company's hedging strategy is to match exposures with offsetting physical and financial hedges in each delivery month and location whenever possible, or the closest periods and points where the majority of the risk can be mitigated.

See "Business of Crius Energy — Risk Management" for additional information on the Company's risk management policy and commodity hedging strategy.

Liquidity Risk

The Company believes it has limited exposure to liquidity risk as a result of its relationship with Macquarie Energy. Macquarie Energy is the Company's exclusive supplier of wholesale energy (electricity and natural gas) and hedging products. Macquarie Energy assumes responsibility for meeting the Company's credit and collateral requirements with each ISO and RTO and provides a \$200 million procurement facility and a \$25 million working capital facility, including cash advance and letter of credit capabilities. Macquarie Energy extends trade credit to the Company to buy wholesale energy supply, with all amounts due being payable in the month following delivery of the energy. Macquarie Energy also supplies credit for the Company, at no additional cost, to enter into wholesale energy transactions, within specified limits, with approved wholesale counterparties in order to transact directly with those counterparties where terms and pricing are more favorable to the Company.

See "Business of Crius Energy — Suppliers" and "Principal Agreement with Macquarie Energy" for additional information.

Foreign Currency Exchange Risk

The Crius Group has a foreign currency hedging program to manage exposure to changes in foreign exchange rates and support the long-term sustainability of Trust distributions. The Company's business generates cash flow in U.S. dollars but Trust distributions are paid in Canadian dollars. The Crius Group's hedging strategy predominantly consists of forward and other derivative contracts and other derivative products, hedging at least twelve months of anticipated Trust distributions on a rolling basis. Changes in the fair value of the forward and other derivative contracts will partially offset foreign exchange gains or losses on the U.S. dollar distributions received by the Trust Subsidiaries.

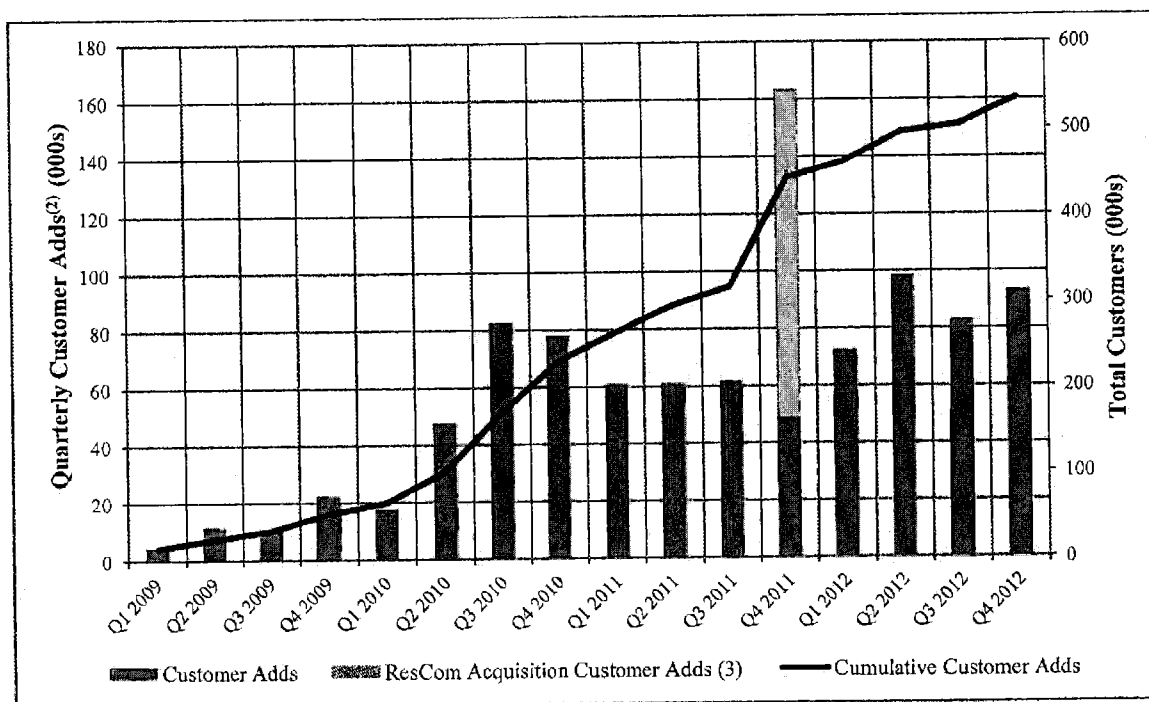
Experienced Management Team

Our management team has more than 40 years of experience in all aspects of the retail energy industry as well as public company experience. Michael Fallquist is the former Chief Executive Officer of Regional Energy and is the Chief Executive Officer of the Company and the Administrator. Robert Gries, Jr. is the former Chief Executive Officer of Public Power and is the Chairman of the Board of the Administrator. Our experienced management team also includes Roop Bhullar (Chief Financial Officer), Jan Fox (Senior Vice President and General Counsel), Cami Boehme (Senior Vice President, Marketing & Brand Strategy) and Michael Chester (Vice President, Operations). For additional details regarding the qualifications and experience of our management team, see "Trustee, Directors and Management".

Opportunities for Growth

The Company has several growth initiatives, including expanding marketing efforts in the states in which we currently operate, expanding into new states, cross-selling additional energy products to our existing customers, increasing our commercial customer base and opportunistically acquiring Energy Retailers. The graph below illustrates the approximate number of customers added by quarter, both organically and through acquisition, including the acquisition of ResCom Energy, LLC's ("ResCom") Connecticut and Maryland customer portfolios, which included approximately 114,000 customers (the "ResCom Acquisition") in November 2011.

Quarterly Customer Adds and Total Customers: January 2009 to December 2012⁽¹⁾



Note:

- (1) Results depict the customer adds of Public Power and Regional Energy on a combined basis prior to the Combination.
- (2) Represents the gross number of customers added per quarter, inclusive of customers retained through the win back program.
- (3) A total of 163,579 customers were added during Q4 2011, approximately 114,000 of which were attributable to the ResCom Acquisition.

Organic Growth

The Company plans to sustain its organic growth in existing and new states through its diversified sales and marketing platform. Management intends to grow the Company organically and increase its customer base using the following growth strategies.

- *Expand marketing efforts in our existing states.* Each of the Company's energy brands is positioned to provide customers with a unique value proposition. For example, the Public Power brand offers a loyalty program whereas the Viridian Energy brand offers affordable green electricity and natural gas with a commitment to sustainability. Currently, not all of the Company's brands are marketed throughout each of the states in which the Company operates. Management intends to increase its customer base by expanding our diversified marketing channels and multiple brand offerings within our existing states. In addition, the Company is actively developing new exclusive marketing partnerships to gain access to the customer relationships, distribution channels and sales infrastructure of well-known companies with recognizable brands.
- *Expand to new states in which we do not currently operate.* Management believes that the Company's business model and operations could be expanded to provide energy services to most or all of the utilities in deregulated electricity and natural gas states in the United States. Management plans to enter into several new utilities through its different brands over the next 12 months, including the natural gas markets in California, the District of Columbia, Illinois, Massachusetts, Maryland and Virginia. The Company anticipates that it will begin to market and sell natural gas in the District of Columbia, Maryland and Virginia in June 2013.

- *Cross-sell additional energy products to existing customers.* The Company plans to increase its efforts to supply both electricity and natural gas to more of its customers. Cross-selling is expected to increase the number of customers purchasing multiple commodities from the Company, resulting in higher revenue per customer, lower acquisition costs and reduced customer attrition. Among other strategies to cross-sell our energy products, the Company plans to begin cross-selling additional energy products as part of its ongoing win back program in the near future.
- *Increase commercial sales.* The Company plans to expand its sales efforts with commercial customers by leveraging our commercial platform. The commercial platform includes a web-based interface that provides real-time pricing by rate class and contract administration functionality. Management anticipates that the commercial platform positions the Company to be more competitive in the commercial segments in which we currently serve (small-to medium-size commercial customers) while also providing the Company the opportunity to expand into the large commercial and industrial segment. The Company anticipates launching a more comprehensive commercial platform that utilizes the commercial platform under the Viridian Energy, Cincinnati Bell Energy, FairPoint Energy and FTR Energy Service brands in 2013.

Acquisition Growth

The Company intends to grow through strategic acquisitions of small Energy Retailers (fewer than 200,000 customers). Management believes there is a significant opportunity to participate in the consolidation of smaller market participants. The retail energy industry in the United States is fragmented and the vast majority of residential Energy Retailers are smaller participants. Management believes that small Energy Retailers generally have limited access to credit and lack exit alternatives to monetize their investment. Management believes a lack of competition in pursuing small Energy Retailers exists and this dynamic creates an attractive opportunity for the Company to acquire small Energy Retailers at accretive valuations.

The Company's operational infrastructure, management expertise and core business functions are in place to support acquisitions. The Company uses industry leading and scalable business process outsourcing providers to manage all aspects of the business, including electronic data interchange, customer information management, energy forecasting and sales force commissioning. Management believes that our outsourcing strategy supports our expansion plans, both organically and through acquisitions, without requiring significant capital investment or overhead costs. In November 2011, Public Power successfully completed the ResCom Acquisition which included approximately 114,000 customers. In February 2013, the Company, through its operating subsidiary, acquired residential and small commercial customer accounts in New Hampshire. These acquisitions were accretive and the additional customers were added to our platform without a significant increase in overhead costs or the number of employees.

Suppliers

The Company has a five-year agreement with Macquarie Energy, pursuant to which Macquarie Energy will be the Company's exclusive supplier of wholesale energy (electricity and natural gas) and hedging products. Management believes the agreement with Macquarie Energy provides the Company with a stable and scalable source of energy supply and financing that will accommodate the Company's growth and expansion plans. For information regarding the Company's agreements with Macquarie Energy, see "Principal Agreement with Macquarie Energy".

Risk Management

Management operates under a set of corporate risk policies and procedures relating to the purchase and sale of electricity and natural gas, general risk management and credit and collections functions. The Company's energy procurement department is responsible for managing the Company's commodity positions (including energy procurement, capacity, transmission, renewable energy, and resource adequacy requirements) within risk tolerances defined by the Risk Management Policy. The risk management department, which is separated from the energy procurement department, is responsible for monitoring these positions to ensure compliance with the limits established by the Risk Management Policy. In addition, the board of the Company has a responsibility to oversee management's exercise of these functions and compliance with the Company's Risk Management Policy. Under the terms of the Company's Base Confirmation Agreement with Macquarie Energy, the Risk Management Policy has been approved by Macquarie Energy and the Company is required to be in compliance with it at all times.

Commodity Hedging Strategy

The Company's primary risk management objective is to maintain a volumetric and price neutral position in energy markets. The Company maintains a forward hedging program for all fixed price products. The Company's hedging strategy is to match exposures with offsetting physical and financial hedges in each delivery month and location whenever possible; or the closest periods and points where most of the risk can be mitigated. Over-the-counter ("OTC") swaps, futures, or physical fixed price hedges may be used to offset outright price exposure. Basis swaps or physical basis may be used to offset basis exposure. Physical basis is the difference between the price of electricity or natural gas at a market hub and the price at the actual delivery location. OTC options may be used to offset price risk from price caps or floors embedded in variable products. Swing physical or financial options may be used to hedge daily balancing requirements. OTC options and weather swaps or options may be used to offset weather related volume risks.

Customer Credit Risk

The Company's credit risk management policies are designed to limit customer credit exposure, with a target of bad debt expense not to exceed 2.5% of revenue. Credit risk is managed through participation in POR programs in states where such programs are available and, in non-POR states, the Company assesses the creditworthiness of new applicants, monitors customer payment activities and administers an active collections program. Using risk models, past credit experience and different levels of exposure in each of the markets, the Company monitors its aging, bad debt forecasts and actual bad debt expenses and continually adjusts as necessary.

In POR states (recourse and non-recourse), the Company does not require a credit check as part of the customer enrolment process. In New Jersey, a recourse POR state where the Company has exposure if the customer is in default for 60 days (electricity) or 120 days (natural gas), the Company has instituted a proactive approach to managing customer credit risk by reviewing monthly customer arrears reports from the utilities. In POR markets, where credit exposure is primarily to the state utility, all utilities that the Company deals with are investment-grade with an average credit rating of BBB+ from Standard & Poors and Baa2 from Moody's Investors Service.

In non-POR states, the Company requires a credit check as part of the customer enrolment process. Currently, the only states without a POR program in which the Company operates are Maine, Massachusetts, New Hampshire, and Ohio (select markets only) and the District of Columbia. All new applicants in non-POR markets are subject to credit screening prior to acceptance as a customer. The Company utilizes the TEC (Telecommunications, Energy, Cable) score from Experian Information Solutions, Inc., based on credit reports and industry specific risk models, to review the creditworthiness of potential new residential customers. The credit screening process utilizes a number of different customer credit history data points and customer reporting models in order to balance bad debt targets with customer acquisition targets.

Volumetric Risk

The Company's energy procurement department manages the Company's supply and demand portfolio positions. It forecasts the load for each state in which the Company serves customers, basing its forecasts on load profiles for applicable customer classifications, number of meters and seasonal weather patterns. Load forecasting is performed using third party software from the Energy Services Group Inc. ("ESG"). ESG's forecasting system provides load forecasts through the use of load profiles and historical usage data. Where applicable, the system also performs a regression analysis using the data provided by the utility along with forecasted weather information from an industry standard national weather services provider. Once a representative load for each hour, by season, and by day type for each utility load profile classification has been generated, loss factors as available at the market, utility, and/or congestion zone level are applied to the results to account for the loss between the generation point and delivery point. Load forecasting is validated by the Company's energy procurement department and the risk management department.

Exposure Limits

The Company's risk management structure is intended to proactively establish conservative limits on open commodity positions. As an overriding principle, speculative commodity positions are prohibited. Hedge limits and guidelines for hedging variable price customer contracts and fixed price customers contracts are firm and must be adhered to, and any deviation is considered a risk violation. For variable price contracts, the energy procurement department may procure up to 100% of the expected load in the current and immediately following month. The energy procurement department may also procure up to 50% of the expected load

up to the sixth month past the current month if certain predetermined conditions are met. For fixed price contracts, the energy procurement department is required to be between 90% to 110% hedged for the aggregate portfolio and between 80% to 120% hedged for each individual month for the duration of the fixed price customer contracts. The maximum term of all fixed price contract hedges is 25 months past the current month.

Guidelines and limits for natural gas inventory storage injections and withdrawal are dictated by, and set forth in, the tariff for each pipeline or utility. Authorized personnel entering into transactions for the purchase and sale of energy have a \$20 million transaction limit. Both the Chief Financial Officer and the Chief Executive Officer are authorized to further increase the daily limit by an additional \$20 million, but neither is authorized to initiate such transactions.

Renewable Energy Certificates

The Company relies on renewable energy certificates ("RECs") to satisfy the renewable portion of the Company's energy products. RECs are generally not bought directly from the generators but are instead purchased in the secondary market from REC brokers. Generally, the Company purchases RECs in arrears as it delivers load to customers. The Company forecasts REC prices and incorporates these prices into its customer rate-setting process. In the event that the Company is unable to purchase enough RECs to meet its compliance obligation for its renewable energy products, the Company must pay an alternative compliance penalty ("ACP"). The ACPs are price penalties that are determined on a state-by-state basis within the states' renewable portfolio standard or alternative energy portfolio standard.

Competition

Management primarily views the larger, well-capitalized Energy Retailers as its primary competition in the market. These competitors would include companies such as Direct Energy Inc., Dominion Retail Inc., FirstEnergy Solutions Inc., Just Energy Group Inc. and NRG Energy. These companies generally have diversified energy platforms with multiple marketing approaches and broad geographic coverage. Management regularly reviews their offers and marketing approaches of such competitors to ensure our products have a competitive value proposition to maintain our competitive positioning.

The Company does not view LDCs as competitors. LDCs are the supplier for customers who have not previously made an active decision to switch to an Energy Retailer or have previously received service from an Energy Retailer but have switched back to the LDC. In general, LDCs do not actively seek to obtain or retain customers as, per regulatory statutes, they are not allowed to profit from supplying electricity or natural gas to the customer. LDCs are responsible for delivering energy to customers regardless of whether they have an energy supply contract with an Energy Retailer.

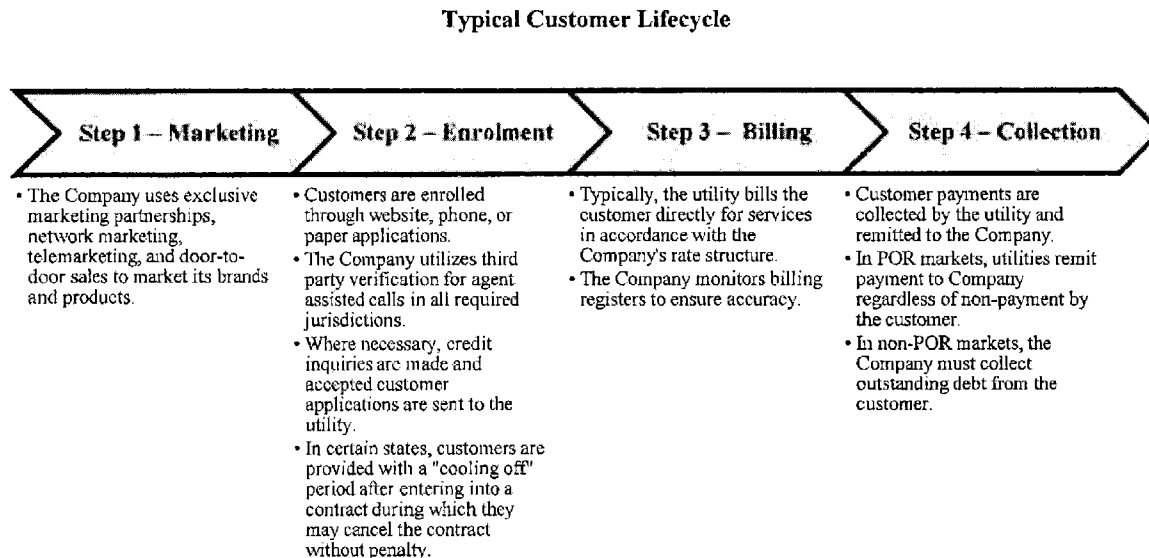
Management views regulated utility pricing, referred to as the "price to compare" set by utilities, as the competitive benchmark in each state in which the Company operates. Where possible, the Company strives to supply products to customers that offer a competitive value proposition relative to the price to compare.

The degree of market penetration by Energy Retailers is generally correlated with the length of time the market has been deregulated and the regulatory framework within that market. This trend has been observed across both natural gas and electricity markets as well as across both residential and commercial and industrial customer segments.

Customer Energy Contracts

Typical Customer Lifecycle

The following chart depicts the typical customer lifecycle for the Company.



Fixed and Variable Contracts

The Company's customers purchase electricity and/or natural gas under energy contracts with standard terms and conditions. The Company offers variable price contracts with a month-to-month term and a rate subject to change at any time or fixed price contracts under which there is a fixed contract term of up to 24 months and a fixed price for the term. Fixed price contracts have an early termination fee in the event the customer terminates service prior to the end of the fixed contract term.

For variable price contracts, the Company charges customers a price that varies in accordance with market fluctuations. The price charged to customers is derived from, among other factors, the Company's wholesale cost of energy plus a margin which generally allows the Company to maintain operational margins independent of natural gas and electricity market conditions. This permits the Company's customers to benefit from pricing that generally reflects prevailing natural gas and electricity market conditions. For fixed price energy contracts, customers buy energy from the Company at a fixed price over the term of the contract. This permits the Company's customers to eliminate or reduce their exposure to changes in natural gas and electricity prices for the term of the contract.

Billing and Collection

Currently, the Company only operates in markets with utility consolidated billing, in which customers receive a bill directly from their utility that includes the amount charged by the Company for supplying the energy plus the applicable utility charges for delivery, transmission and transportation. In such markets, the utility is responsible for all collection activities. However, in non-POR markets, in the event that a customer does not make payment to the utility in a timely fashion, the Company collects through both in house and external third party collectors.

Contract Termination and Customer Win Back

To help reduce net customer attrition, the Company uses a win back program to contact customers that have terminated or have indicated their intention to terminate their service with the Company. See "Business of Crius Energy — Business Strengths — Diversified Sales and Marketing Platform" for a description of the Company's win back program.

The Company's variable contracts can be terminated by the customer without penalty upon the expiry of the applicable notice period. The Company's residential fixed contracts may not be terminated by the residential customer prior to the expiry of their term unless the customer pays an early termination fee of approximately \$50. Under commercial contracts, fees vary depending on hedging terms, expected margins and other factors.

In most states in which the Company operates, customers who decide to switch energy providers, or who are moving their service, are required to give notice to their utility, new Energy Retailer or existing Energy Retailer. Once the utility is notified of the customer's decision to switch or move their service, the utility notifies the Company.

If a customer has fallen behind on payments, the customer may be dropped by the Energy Retailer from competitive supply service. Prior to being dropped by the Energy Retailer, the customer is required to be notified in accordance with state rules. If there is an outstanding debt and the utility is no longer responsible for remitting payment to the Company on behalf of the customer (non-POR states and recourse POR states), the Company pursues debt collection even after the drop has occurred.

Customer Service Centres

The Company operates two customer service centres one located in Connecticut and one in Florida. Any of the Company's customers can call the customer service centres directly, where sales representatives are equipped to enroll customers for any of our products through a secure internal online enrolment application. At this time, the Florida customer service centre is primarily used for inbound and outbound customer win backs.

Information Technology and Software

Energy Operations

The Company uses third party systems to manage its electronic data interchange ("EDI") and customer information systems ("CIS") which represent the required infrastructure to interact with the LDCs and manage customer information. The Company currently uses two companies, EC Infosystems and ESG., to manage its requirements in these areas. The Company is in the process of consolidating all of its EDI and CIS systems with one company, EC Infosystems, the conversion is expected to be completed by April 2013.

Energy Load Forecasting

The Company uses third party systems, provided by ESG., for energy load forecasting. See "Business of Crius Energy — Risk Management — Volumetric Risk" for a description of the energy load forecasting methodology.

Sales Force Management

The Company uses third party systems to provide an online back office application to all of its independent contractors. The application provides access to proprietary information that may be used to promote the development of an independent contractor's network and increase the sale of energy services. The application provides information about current promotions, business growth and commission payments. The Company currently uses Jenkon International Inc. to manage these requirements, but is currently in the process of transitioning to Data Paradigm, Inc.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

4/11/2013 2:50:40 PM

in

Case No(s). 11-2410-GA-CRS

Summary: Application Renewal Certification Application Competitive Retail Natural Gas Suppliers - PART I electronically filed by Mr. Stephen M Howard on behalf of Cincinnati Bell Energy LLC