



generation innovation transformation

ENMAX Corporation 2009 Quarterly Report



FIRST QUARTER 2009 HIGHLIGHTS

Three Months Ended March 31

(unaudited - millions of dollars, except
return on equity and operating statistics)

	2009	2008
Total revenues	691.3	650.7
Operating margin ⁽¹⁾	171.5	129.1
Net earnings ⁽²⁾	60.0	37.9
Return on equity (annualized) ⁽³⁾	12.0 %	10.3 %
Operating statistics:		
Electricity sold (gigawatt hours or GWh)	4,694	4,482
Natural gas sold (terajoules or TJ)	14,086	12,597
Distribution volumes (gigawatt hours or GWh)	2,353	2,314

(1) Operating margin is a non-GAAP financial measure. See discussion that follows in Management Discussion & Analysis (MD&A).

(2) Net earnings for 2009 include a \$12.4 million increase relating to 2007 and 2008 which arises as a result of a regulatory decision.

(3) Return on equity (annualized) is equal to annualized net earnings (after excluding one-time adjustments) divided by average shareholder's equity for the period.

As at

(millions of dollars)	March 31, 2009	December 31, 2008
Total Shareholder's equity	1,581.9	1,596.5
Total Assets	3,559.1	3,481.6

FORWARD-LOOKING INFORMATION

This document contains statements about future events and financial and operating results of ENMAX Corporation (ENMAX or the Corporation) that are forward-looking. By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from financial and operating targets, expectations, estimates or intentions expressed in the forward-looking statements.

When used in this MD&A, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “seek”, “propose”, “estimate”, “expect”, and similar expressions, as they relate to the Corporation or an affiliate of the Corporation, are intended to identify forward-looking statements. Such statements reflect the Corporation’s current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Corporation’s actual results, performance or achievements to vary from those described in this MD&A. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A. Intended, planned, anticipated, believed, estimated or expected, and other forward-looking statements included in this MD&A herein should not be unduly relied upon. These statements speak only as of the date of this MD&A. The Corporation does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law.

Factors that could cause actual results to differ materially include, but are not limited to: competitive factors and pricing pressures; regulatory developments and the impact of deregulation in the industry; human resources (including possible labour disruptions); business integrations and internal reorganizations; process risks; financing and debt requirements; tax matters; health, safety and environmental developments; litigation and legal matters; business continuity events (including man-made and natural threats); economic growth and fluctuations; and other risk factors discussed herein and listed from time to time in ENMAX’s reports and other public disclosure documents.

MANAGEMENT’S DISCUSSION AND ANALYSIS

This MD&A, prepared as at May 12, 2009, is a review of the results of operations of ENMAX for the three months ended March 31, 2009, compared with the same period in 2008, and of the Corporation’s financial condition and future prospects. It should be read in conjunction with the accompanying unaudited interim consolidated financial statements of the Corporation as at and for the three months ended March 31, 2009 and 2008, as well as the Corporation’s 2008 Annual Report. This discussion contains forward-looking information that is qualified by reference to, and should be read together with, the discussion regarding forward-looking statements above.

ENMAX's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The consolidated financial statements and MD&A were reviewed by ENMAX's Audit and Finance Committee and approved by ENMAX's Board of Directors. All amounts are in Canadian dollars unless otherwise specified.

The Corporation reports on certain non-GAAP financial measures such as operating margin and funds from operations that are used by management to evaluate performance of business units and segments. Because non-GAAP financial measures do not have a standardized meaning, we have defined and reconciled them with their nearest GAAP measure. For the reader's reference, the definition, calculation and reconciliation of consolidated non-GAAP financial measures is provided in Section 3: Non-GAAP Financial Measures.

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1 RESULTS OF OPERATIONS

Selected Consolidated Quarterly Financial Information <i>(millions of dollars)</i>	Three months ended March 31	
	2009	2008
Total revenue	691.3	650.7
Operating margin ⁽¹⁾	171.5	129.1
Earnings before interest, income tax, depreciation and amortization (EBITDA) ⁽¹⁾	112.2	80.8
Net earnings	60.0	37.9
Funds generated from operations ⁽¹⁾	103.5	69.1
Cash provided by (used in) operating activities	16.2	(70.5)

(1) *Non-GAAP financial measure. See discussion that follows in Section 3: Non-GAAP Financial Measures.*

ENMAX's consolidated net earnings for the three months ended March 31, 2009, have increased to \$60.0 million compared to \$37.9 million for the three months ended March 31, 2008. These increases are driven primarily by increased generation volumes associated with acquisitions completed in 2008, higher natural gas sales volumes, and increased transmission and distribution margins which reflected a regulatory decision retroactive to January 1, 2007. These increases were partially offset by higher operations, maintenance and administration expenses (OM&A), and amortization and interest charges associated with growing the business.

A reconciliation of net earnings for the three months ended March 31, 2009, as compared to 2008 is as follows:

<i>(millions of dollars)</i>	Total	Impact of:		Continuing Operations
		Regulatory Decision	Acquisitions	
Net earnings for the period ended March 31, 2008	37.9			37.9
Increased / (decreased) margins attributable to:				
Electricity	21.7		13.9	7.8
Natural gas	5.2			5.2
Transmission and distribution	15.8	14.6		1.2
Contractual services and other	(0.3)		0.2	(0.5)
Increased expenses:				
Operations, maintenance and administration	(11.0)	(2.2)	(3.2)	(5.6)
Amortization	(5.3)		(5.7)	0.4
Interest	(1.6)		(0.7)	(0.9)
Income taxes	(2.4)		1.0	(3.4)
Net earnings for the period ended March 31, 2009	60.0	12.4	5.5	42.1

Regulatory Decision

In May 2007, the Corporation applied to the AUC to have rates set under a formula-based ratemaking (FBR) approach. On March 25, 2009, the regulator approved the application, with adjustments, retroactive to January 1, 2007. The Corporation recorded \$12.4 million of transmission and distribution revenues, net of \$2.2 million in regulatory hearing costs, reflecting the preliminary estimate of the 2007 and 2008 portions of the decision.

Acquisitions

Electricity margins increased by \$13.9 million as a result of generation volumes associated with the acquisitions of the Calgary Energy Centre (CEC) and Kettles Hill Wind Power (Kettles). These increased margins are offset by higher OM&A associated with operating the CEC and Kettles assets, as well as charges for amortization and interest.

Continuing operations

Electricity margins increased \$7.8 million for the quarter ended March 31, 2009, from \$84.7 million for same period in 2008. The increased electricity margins reflected higher realized sales prices combined with increased sales volumes resulting from successful acquisitions of fixed- and variable-price electricity customers and renewals.

Natural gas margins increased to \$2.6 million for the three months ended March 31, 2009, from a loss of \$2.6 million for the same period in 2008. The increased natural gas margins reflect higher sales volumes as a result of increases in customer sites and weather related demand.

For the three months ended March 31, 2009, transmission and distribution margins increased to \$38.4 million, compared to \$37.2 million for the same three month period in 2008. The higher margins were driven by the impact of the regulatory decision on FBR and approximately 2% higher volumes delivered compared to the same three month period last year.

For the three months ended March 31, 2009, margins for contractual services and other remained consistent with those for the same period last year.

OM&A costs for the three months ended March 31, 2009, increased to \$53.9 million compared with \$48.3 million for same period in 2008. The increases were driven primarily by staffing costs relating to growth across the business and non-capital costs associated with the new billing and customer care system, launched in February 2009, which replaced a legacy system at the end of its life.

Amortization expense for the three months ended March 31, 2009, totaled \$27.6 million, compared to \$28.0 million for the same period in 2008. The decrease was driven primarily by the impact of approximately \$10.0 million of information technology assets that became fully amortized in the fourth quarter of 2008, offset by the amortization on the additional 10% interest in the Battle River PPA.

For the quarter ended March 31, 2009, interest expense increased to \$7.3 million compared to \$6.4 million for the same period in 2008 primarily due to an increase in short-term financing. Long-term debt

issued in 2008 was used to finance the CEC and Kettles acquisitions described above. Interest expense as a result of the acquisitions is outlined on the table above.

Income tax expense for the three months ended March 31, 2009, increased \$3.4 million mainly due to higher earnings in the Corporation's taxable operations.

Other Comprehensive Income

Other comprehensive income illustrates what the Corporation's earnings would otherwise be if adjusted to record gains and losses on securities and derivatives otherwise treated as hedges of future period revenues and expenses. The Corporation utilizes derivatives to hedge its electricity, natural gas, and foreign exchange exposures. For the three months ended March 31, 2009, other comprehensive losses totaled \$27.8 million compared to gain of \$38.9 million for the same period in 2008. The losses reflect the decrease in the commodity price of natural gas during the quarter. The reduction in natural gas prices should result in lower costs for natural gas and therefore increased margins which will be partially offset by the recognition of the loss on the expected settlement of the natural gas derivatives.

Business Segment Results

The operating businesses of ENMAX Corporation are managed principally in two segments, ENMAX Power and ENMAX Energy. The results of those segments, which include the impact of the regulatory decision and acquisitions, are discussed in the comments that follow.

Results of operations by segment

Three months ended March 31	2009	2008
<i>(millions of dollars)</i>		
ENMAX Power	25.3	9.8
ENMAX Energy	52.8	42.4
Corporate & intersegment eliminations	0.8	0.6
Earnings before interest and income tax	78.9	52.8

ENMAX Power

ENMAX Power's results are driven by tariffs approved by the AUC, for regulated transmission, distribution, and RRO businesses, as well as earnings from its non-regulated power services business. The regulated segment accounted for 92% of total revenue in the first quarter of 2009 (2008 – 90%).

ENMAX Power recorded earnings before interest and income taxes of \$25.3 million in the quarter ended March 31, 2009, compared to \$9.8 million in same period in 2008. This increase is due primarily to the AUC approval of the FBR application and an additional 2% in transmission and distribution volumes delivered.

Transmission and distribution margins result from regulator-approved tariff rates charged for wires services, net of electrical grid charges, and local access fees. The transmission and distribution margins were \$53.0 million in the three month period ended March 31, 2009, compared to \$37.2 million for the same three month period in 2008. This increase was due primarily to the AUC approval of the FBR application and the recognition of the impact of that decision retroactively to January 1, 2007. Management continues to finalize the impact of the decision on its results. Electricity volumes delivered

during the three months ended March 31, 2009, were 2,353 GWh and are consistent with those for the same three month period last year.

Electricity sales to RRO customers generated margins of \$3.0 million for the three months ended March 31, 2009, compared to \$1.5 million in the same period in 2008. Total RRO electricity volumes sold were 571 gigawatt hours (GWh) in the first quarter of 2009 compared to 644 GWh in the comparable period of 2008. The lower volumes reflect the shifting by Calgary customers from RRO to competitive retail offers.

For the three months ended March 31, 2009, margins for contractual services and other were comparable to those for the same period last year.

OM&A expenses of \$23.5 million in the first quarter of 2009 were consistent with the same period in 2008.

Amortization for the three months ended March 31, 2009, totaled \$10.2 million compared with \$9.9 million in the same period in 2008. The increased charge was the result of an increase of \$92.8 million in the asset base from March 31, 2008.

ENMAX Energy

ENMAX Energy is in the retail and generation business for electricity and natural gas products and related services in Alberta. ENMAX Energy controls its physical electricity supply through PPAs and through company-owned generation capacity. Natural gas is purchased on the wholesale market with terms and conditions to meet the sales commitments made by retail marketing operations and for the operational requirements of its gas-fired generating facilities. Rigorous risk management processes and systems are in place to carefully monitor and manage price and commodity risks inherent in the business.

ENMAX Energy recorded earnings before interest and income taxes of \$52.8 million for the three months ended March 31, 2009, compared to \$42.4 million for the same period in 2008. The increase in the period was due primarily to growth in sales volumes for both electricity and natural gas, and higher average selling prices on fixed-price contracts. Partially offsetting these gains were higher OM&A costs, and amortization charges relating to its PPAs and generation facilities.

Electricity margins for the three months ended March 31, 2009, were \$103.4 million compared to \$83.3 million for the same period in 2008. The increase in electricity margins is primarily due to higher realized sales prices on fixed-price contracts. In addition, strong marketing efforts increased renewals and resulted in increased sales volumes for fixed- and variable-price customers. ENMAX Energy sold 4,123 GWh of electricity to customers in the three months ended March 31, 2009, compared to 3,838 GWh for the same period in 2008. As previously discussed, electricity margins improved due to higher generation volumes attributable to the 2008 purchase of Kettles and the additional 10% interest in the Battle River PPA on January 1, 2009. The benefits of ownership of CEC improved electricity margins compared to the same three month period of 2008. Partially offsetting these gains was the impact of lower commodity prices compared to the same three month period last year.

Natural gas margins increased to \$2.6 million for the three months ended March 31, 2009, from a loss \$2.6 million in the same period last year. The increased natural gas margins reflect higher sales volumes as a result of new customer sites and weather related demand compared to the same three month period of 2008. ENMAX's natural gas customers purchased 14,086 terajoules (TJ) in the three months ended

March 31, 2009, compared to 12,597 TJ for the same period in 2008. The increased volumes primarily reflect growing sales to residential and small commercial customers under the EasyMax™ program – many EasyMax™ electricity customers also contract for EasyMax™ gas.

ENMAX Energy's OM&A expenses were \$43.0 million in the first quarter of 2009 compared to \$36.3 million in the same period of 2008. The increase for the three month period was attributable to operating costs associated with the acquisition of CEC and Kettles, staffing costs relating to the growth in the business and non-capital costs associated with the new billing and customer care system, launched in February 2009.

For the three months ended March 31, 2009, amortization for ENMAX Energy totaled \$22.2 million compared to \$16.6 million for the same periods in 2008. The increase was driven primarily by amortization charges relating to CEC and Kettles generation facilities acquired in 2008 and the additional 10% interest in the Battle River PPA.

ENMAX Corporate (including intersegment eliminations)

ENMAX Corporate provides shared services and financing to ENMAX Power and ENMAX Energy. During the three months ended March 31, 2009, net earnings before interest and taxes for ENMAX Corporate were \$0.8 million, compared to \$0.6 million in the same period in 2008.

2 SELECTED QUARTERLY FINANCIAL DATA

	2009	2008			2007			
	First	Fourth	Third	Second	First	Fourth	Third	Second
<i>(millions of dollars, except operating statistics)</i>								
Total revenue	691.3	759.8	612.9	646.5	650.7	615.2	550.4	418.2
Operating margin ⁽¹⁾	171.5	142.2	167.6	139.7	129.1	127.0	114.1	111.2
Earnings before interest, income tax, depreciation ⁽¹⁾	112.2	77.7	114.2	93.9	80.8	93.0	71.5	70.0
Net earnings	60.0	31.5	62.4	49.3	37.9	38.4	38.7	32.1
Funds generated from operations ⁽¹⁾	103.5	55.0	92.9	87.3	69.1	93.7	63.5	65.1
ENMAX Energy Electricity volumes sold (GWh)	4,123	3,948	3,943	3,636	3,838	3,706	3,484	2,925
ENMAX Power Electricity volumes sold (GWh)	571	669	538	569	644	791	602	603
Total Electricity volumes sold (GWh)	4,694	4,617	4,481	4,205	4,482	4,497	4,086	3,528
Natural gas volumes sold (TJ)	14,086	10,019	4,319	5,418	12,597	10,126	2,848	4,778

(1) Non-GAAP financial measure. See discussion that follows in MD&A.

Certain comparative figures have been restated to conform with the current year presentation.

3 NON-GAAP FINANCIAL MEASURES

The Corporation provides non-GAAP financial measures in the Management's Discussion and Analysis. These measures do not have any standard meaning prescribed by Canadian generally accepted accounting principles (GAAP) and may not be comparable to similar measures presented by other companies. The purpose of these financial measures and their reconciliation to GAAP financial measures are shown below. These non-GAAP measures are consistent with the measures used in previous years and quarters.

Operating margin	Three months ended	
	March 31	
<i>(millions of dollars)</i>	2009	2008
Electricity and natural gas margins	109.0	82.1
Transmission and distribution margins	53.0	37.2
Contractual services margins and other	9.5	9.8
Operating margin (non-GAAP financial measure)	171.5	129.1
Add: Cost of goods sold, excluding OM&A	519.8	521.6
Revenue (GAAP financial measure)	691.3	650.7

Operating margins are a useful measure of business performance, as changes in the market price of electricity and natural gas purchased for resale affect both revenue and costs of sales.

EBITDA	Three months ended	
	March 31	
<i>(millions of dollars)</i>	2009	2008
EBITDA (non-GAAP financial measure)	112.2	80.8
Deduct: Amortization	33.3	28.0
Interest	8.0	6.4
Income taxes	10.9	8.5
Net earnings (GAAP financial measure)	60.0	37.9

EBITDA (Earnings before interest, income tax, depreciation, and amortization) is a useful measure of business performance as management believes it provides an indication of the operating results generated by the Corporation's primary business activities without consideration as to how those activities are financed, amortized, or how the results are taxed in various business jurisdictions.

Funds generated from operations	Three months ended	
	March 31	
<i>(millions of dollars)</i>	2009	2008
Funds generated from operations (non-GAAP financial measure)	103.5	69.1
Changes in non-cash working capital	(84.1)	(137.6)
Employee future benefits	(3.2)	(2.0)
Cash generated in operating activities (GAAP financial measure)	16.2	(70.5)

Funds generated from operations is used as an additional metric of cash flow without regard to changes in the Corporation's non-cash working capital.

4 FINANCIAL CONDITION

Significant changes in the Corporation's financial condition are as follows:

	March 31, 2009	December 31, 2008	\$ Change	% Change
<i>(millions of dollars, except % change)</i>				
ASSETS				
Cash and cash equivalents See Section 6: Liquidity and capital resources	22.5	35.6	(13.1)	(37%)
Accounts receivable Collection of fourth quarter receivables	501.8	544.4	(42.6)	(8%)
Other current assets Increase in the fair value of derivative and unrealized hedging assets	118.9	114.1	4.8	4%
Property, plant and equipment See section 4: Liquidity and Capital Resources	2,032.5	1,954.5	78.0	4%
Power purchase arrangements See section 4: Liquidity and Capital Resources	539.1	502.4	36.7	7%
Intangible assets Routine amortization of \$4 million	78.8	82.5	(3.7)	(4%)
Future income tax asset (1) Increase in non-capital loss carryforward net of impact of income tax rate change	156.8	146.7	10.1	7%
Other long-term assets Increase in fair value of long-term derivative assets	56.4	49.6	6.8	14%
LIABILITIES AND SHAREHOLDER'S EQUITY				
Short-term financing See Section 5: Liquidity and capital resources	270.7	125.2	145.5	116%
Accounts payable and accrued liabilities Payment of fourth quarter expenses	335.6	420.7	(85.1)	(20%)
Income taxes payable Payments made in respect of 2008 tax provision	27.0	47.3	(20.3)	(43%)
Long-term debt (1) Debt repayments of \$13 million	1,011.6	1,024.6	(13.0)	(1%)
Future income tax liability (1) Timing differences relating to discretionary deductions	156.6	137.5	19.1	14%
Other long-term liabilities Decrease in the fair value of long-term derivative and unrealized hedging liabilities	124.7	118.9	5.8	5%
Dividend Payable Remaining quarterly installments on \$55 million dividend declared earlier in the year.	41.3	-	41.3	100%

(1) Includes current and long-term amounts

5 LIQUIDITY AND CAPITAL RESOURCES

Capitalization

<i>(millions of dollars)</i>	March 31, 2009	December 31, 2008
Total debt ⁽¹⁾	1,282.3	1,149.8
Shareholder's equity		
Share capital	280.1	280.1
Retained earnings	1,341.5	1,328.3
Accumulated other comprehensive loss	(39.7)	(11.9)
Total shareholder's equity	1,581.9	1,596.5
Total capitalization (Total debt plus Shareholder's equity)	2,864.2	2,746.3

(1) Includes short-term financing of \$270.7 million (2008 - \$125.2 million) and current portion of long-term debt of \$41.3 million (2008 - \$44.2 million). Maturity dates range from May 2009 to June 2033.

The details of the long-term debt are as follows:

<i>(millions of dollars)</i>	March 31, 2009	December 31, 2008
As at		
Long-term debt ⁽¹⁾ , consisting of:		
Debentures, with remaining terms of:		
Less than 5 years	24.0	29.8
5 – 10 years	119.5	74.6
10 – 15 years	119.2	169.5
15 – 20 years	17.6	17.6
20 – 25 years	147.0	147.0
Private debentures	296.6	296.6
Non-recourse term financing (Furry Creek, Kettles and CEC)	269.8	271.7
Non-recourse term financing (Proportionate Share of EnPower Joint Venture)	12.0	11.9
Promissory note	5.9	5.9
	1,011.6	1,024.6

Coverage ratios

	March 31, 2009	December 31, 2008
Long-term debt to total capitalization ⁽¹⁾	39.0%	39.1%
Pre-tax interest coverage ratio ⁽²⁾	9.9 X	8.3 X

(1) As at period end, long-term debt to total capitalization is equal to long-term debt divided by long-term debt plus shareholder's equity.

(2) Pre-tax interest coverage on long-term debt is equal to earnings before interest and taxes (non-GAAP financial measure) divided by gross interest expense.

Capital Strategy

The Corporation's capital strategy is to maintain the coverage ratios above within target ranges that will attract investment grade ratings. The target for long-term debt to total capitalization is 45% or lower. The target range for pre-tax interest coverage ratio is 5.5 or higher. Target ratios may be missed for short periods where funding has been put in place for projects that have not yet commenced commercial operations. The Corporation actively monitors these ratios. ENMAX believes that these processes and targets assist in maintaining credit ratings BBB+ or higher. This strategy provides reasonable access to capital debt markets. The Corporation will use project financing, primarily debt, for its developments.

The principal financial covenants in ENMAX's credit facilities and debentures are interest coverage and debt to capitalization. As at March 31, 2009, ENMAX was in compliance of its financial covenants.

Cash provided by operating activities

Cash provided by operating activities for the three months ended March 31, 2009, was \$16.2 million, compared to cash used of \$70.5 million for the same period last year. The increase in cash flow from operations was driven by higher EBITDA combined with lower working capital levels as a result of a reduction of accounts receivable amounts compared to December 31, 2008.

At March 31, 2009, cash and cash equivalents amounted to \$22.5 million (December 31, 2008 was \$35.6 million).

Investing activities

Capital spending was \$144.2 million in the first quarter of 2009, an increase of \$46.6 million over the same period last year. These expenditures were financed through short-term borrowings. Capital expenditures for the three months ended March 31, 2009, included an additional 10% interest in the Battle River PPA for a cost of \$48.1 million, \$26.6 million investment in the transmission and distribution network in the Calgary and surrounding area, \$50.8 million in construction costs related to Calgary area generation projects, and \$10.3 million in information technology expansion. The remaining expenditures were primarily for BC-based generation projects.

Financing activities

ENMAX repaid \$13.0 million of long-term debt in regularly scheduled principal payments during the three months ended March 31, 2009 (2008 - \$10.9 million). These repayments were sourced through operating activities and short-term borrowings.

ENMAX has credit facilities available of \$730.0 million (\$730.0 million at December 31, 2008), which are used for general corporate purposes and as a backstop for the commercial paper program. At March 31, 2009, \$284.2 million in letters of credit (\$340.6 million at December 31, 2008) and \$155.0 million in Bankers' Acceptances (nil at December 31, 2008) were issued against the credit facilities. As at March 31, 2009, ENMAX had issued \$115.0 million in commercial paper (\$125.2 million at December 31, 2008). Issued Bankers' Acceptances, commercial paper and account overdrafts totaled the \$270.7 million in short-term financing as at March 31, 2009 (125.2 million in 2008).

On March 17, 2009, ENMAX declared a dividend for 2009 of \$55.0 million to The City of Calgary (The City), its sole shareholder. The dividend is \$5 million more than what was declared in 2008 and is payable in equal quarterly installments during 2009.

On April 8, 2009, ENMAX issued \$250.0 million in 5-year debentures, with interest payable semi-annually at 5.85%. These funds were issued for general corporate purposes, including repayment of short-term borrowings, financing the future capital expenditures program and general working capital requirements.

ENMAX continues to generate adequate cash flow from operations and has sufficient lines of credit and a commercial paper program available to meet its ongoing operating requirements.

6 TRANSACTIONS WITH RELATED PARTIES

ENMAX's related-party transactions comprise both revenues from and expenditures to The City. In 2009, transactions with The City amounted to \$24.9 million in revenue, compared with \$25.0 million in the same period in 2008. The significant components include contract sales of electricity, provision of non-regulated power distribution services, and billing and customer care services relating to The City's utilities departments. In 2009, total expenditures for goods and services received from The City were \$35.8 million, compared with \$38.2 million in the same period in 2008. Most of these expenditures were for local access fees for the use of The City's rights-of-way. Transactions with The City are carried out at market rates.

7 RECENT ACCOUNTING PRONOUNCEMENTS

Credit Risk and Fair Value of Financial Assets and Liabilities

In January 2009, the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. This standard is effective for the Corporation's fiscal year January 1, 2009, with retrospective application. As a result of the application of this new standard, the fair value of derivatives included in other long-term liabilities were reduced by \$11.0 million. As this was an opening balance adjustment, retained earnings were increased by \$11.0 million. There was no impact to the current reporting period.

Rate-Regulated Operations

Effective January 1, 2009, the temporary exemption from Canadian Institute of Chartered Accountants (CICA) Handbook Section 1100, "Generally Accepted Accounting Principles", which permits the recognition and measurement of assets and liabilities arising from rate-regulation, was withdrawn. This change has been applied prospectively beginning January 1, 2009. This new standard did not have a material effect on the Corporation's financial statements.

Intangible Assets

Effective January 1, 2009, the Corporation adopted the CICA Handbook Sections relating to the revisions to standards dealing with intangible assets. The revisions are intended to align the definition of an intangible asset under Canadian GAAP with that under IFRS and US GAAP. Section 1000 "Financial Statement Concepts" was revised to remove the references that permitted the recognition of assets that might not otherwise meet the definition of an asset and to add guidance from the International Accounting Standards Board (IASB's) "Framework for the Preparation and Presentation of Financial Statements" that will help distinguish assets from expenses. Section 3064 "Goodwill and Intangible Assets", which replaced Section 3062 "Goodwill and Other Intangible Assets", gives guidance on the recognition of intangible assets as well as the recognition and measurement of internally developed intangible assets. Section 3450 "Research and Development Costs" will be withdrawn from the Handbook. Emerging Issues Committee (EIC) abstract 27 "Revenues and Expenditures During the Pre Operating Period" will no longer apply with the adoption of Section 3064. Under this new guidance, certain assets classified as property, plant and equipment have been reclassified as intangible assets. The net book value amount reclassified at March 31, 2009, was \$47.9 million (December 31, 2008 - \$50.5 million). The adoption of this new section did not have an effect on the amount of assets capitalized. No assets had been capitalized using the guidance in EIC-27.

8 FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards (IFRS)

On February 13, 2008, the Accounting Standards Board of Canada (AcSB) formally confirmed full convergence of Canadian accounting standards with IFRS, as issued by the International Accounting Standards Board (IASB), would be required by 2011 with appropriate comparative information for the prior year. The Corporation will be required to report using IFRS, effective for interim and annual financial statements, relating to fiscal years beginning January 1, 2011, including comparative periods for 2010. Under IFRS there is significantly more disclosure than currently required under Canadian GAAP, in particular for quarterly reporting. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies. The Corporation expects the transition to IFRS to impact accounting, financial reporting, internal control, and IT systems and processes as well as certain contractual arrangements.

The Corporation commenced its IFRS conversion project in 2007 and has established a formal project governance structure. Dedicated project staff have been committed to complete this convergence and an external expert advisor has been engaged.

The project consists of four phases: diagnostic; research and evaluation; conversion; and sustainment. The diagnostic phase, which involved a high analysis of the differences between Canadian GAAP and IFRS and determined the potential key impact areas to the Corporation, has been completed. These key impact areas are rate regulated accounting, accounting for property, plant and equipment, accounting for power purchase agreements, and employee benefits. As well, the initial adoption of IFRS under the provisions of IFRS 1, First-Time Adoption of IFRS is a significant impact area.

The IFRS project is nearing completion of the research and evaluation phase. This phase involved completing a detailed analysis of the differences between Canadian GAAP and IFRS and the financial impacts of those differences. As part of this phase, a communication plan has been developed and high level training of key finance staff has been completed. Training for the Audit and Finance Committee and Steering Committee has also been completed. Working groups were set up during the research and evaluation phase for a number of impact areas. These groups have been involved in determining financial system impact assessments, impacts to internal controls, and impacts to other business functions. Some areas of the project have progressed into the conversion phase with detailed policies and procedures being developed and system requirements being identified.

The AUC has completed its collaborative IFRS process to determine the impact of IFRS on regulator accounting requirements and has issued a draft set of procedures for regulatory reporting under IFRS. The Corporation was an active participant in the collaborative process and believes the draft procedures to be fair and comprehensive. Also, the IASB has projects underway that are expected to produce additional pronouncements and standards prior to 2011. The Corporation's project staff monitor these IASB activities and adapt plans as necessary.

9 CRITICAL ACCOUNTING ESTIMATES

Since a determination of the value of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of the Corporation's consolidated financial statements requires the use of estimates and assumptions that have been made using careful judgment. Adjustments to previous estimates, which will impact net income and could be material, are recorded in the period they become known.

ENMAX's critical accounting estimates are related to unbilled revenue accruals, allowance for doubtful accounts, amortization expense, asset impairment, asset retirement obligations and provisions for income taxes, including income taxes receivable. These critical estimates are described in Section 11 of ENMAX's 2008 Management's Discussion and Analysis. There have been no changes in the techniques and models used in preparing and evaluating these estimates. For additional information, refer to note 1 in the consolidated financial statements.

10 RISK MANAGEMENT AND UNCERTAINTIES

ENMAX follows an integrated approach to risk management on a corporate-wide basis. For further information on risks, refer to Section 12 of the Management's Discussion and Analysis in the 2008 Annual Report and the accompanying consolidated financial statements.

11 OUTLOOK

ENMAX expects commodity prices to remain weak for the balance of 2009. The Corporation is responding to this expectation by reducing its 2009 operating costs and capital expenditures. The Corporation wants to maintain its history of earnings stability, even in weakened economic conditions.

CONTACT INFORMATION

ENMAX Corporation, through its subsidiaries and predecessors, has provided Albertans with safe and reliable electricity for more than 100 years. ENMAX provides electricity, natural gas, and value-added services to more than 600,000 residential, commercial, and industrial customer accounts in Alberta. ENMAX Energy Corporation, a subsidiary of ENMAX Corporation, is Alberta's leading competitive electricity retailer. Through subsidiaries, ENMAX Energy is one of Alberta's largest investors in renewable energy and was the first Canadian electricity retailer to offer customers the option to support wind generated energy. As well, ENMAX Corporation, through its subsidiary ENMAX Envision, provides fibre optic networks for high speed data and internet communications

ENMAX welcomes questions from stakeholders.

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Visit the ENMAX website at www.enmax.com

You can choose any retailer listed at www.ucahelps.gov.ab.ca or at 310-4822. Electricity delivery to your home or business is not affected by your choice of retailer.

CONSOLIDATED BALANCE SHEETS

<i>(unaudited)</i> <i>(millions of dollars)</i>	March 31, 2009	December 31, 2008
ASSETS		
Cash and cash equivalents (note 4)	\$ 22.5	\$ 35.6
Accounts receivable (notes 4 and 5)	501.8	544.4
Inventories	0.5	0.9
Income taxes receivable	20.4	20.4
Future income tax asset	10.4	10.4
Other current assets (note 4)	118.9	114.1
	674.5	725.8
Property, plant and equipment (note 7)	2,032.5	1,954.5
Power purchase arrangements (note 8)	539.1	502.4
Intangible assets (note 9)	78.8	82.4
Goodwill	16.0	16.0
Employee future benefits (note 10)	15.4	14.6
Future income tax asset	146.4	136.3
Other long-term assets (notes 4 and 5)	56.4	49.6
TOTAL ASSETS	\$ 3,559.1	\$ 3,481.6
LIABILITIES		
Short-term financing (note 11)	\$ 270.7	\$ 125.2
Accounts payable and accrued liabilities (note 4)	335.6	420.7
Dividend payable	41.3	-
Income taxes payable	27.0	47.3
Customer guarantee deposits	9.7	10.9
Future income tax liability	1.0	1.0
Current portion of long-term debt (note 4)	41.3	44.2
	726.6	649.3
Long-term debt (note 4)	970.3	980.4
Future income tax liability	155.6	136.5
Other long-term liabilities (note 4)	124.7	118.9
SHAREHOLDER'S EQUITY		
Share capital	280.1	280.1
Retained earnings	1,341.5	1,328.3
Accumulated other comprehensive loss (note 12)	(39.7)	(11.9)
	1,301.8	1,316.4
	1,581.9	1,596.5
Commitments and contingencies (notes 8 and 13)		
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$ 3,559.1	\$ 3,481.6

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

<i>(unaudited)</i> <i>(millions of dollars)</i>	Three months ended March 31	
	2009	2008
REVENUE (note 6)		
Electricity	\$ 440.0	\$ 416.7
Natural gas	129.7	120.1
Transmission and distribution	99.7	87.6
Contractual services	20.0	23.6
Other	1.9	2.7
TOTAL REVENUE	691.3	650.7
COST OF GOODS SOLD (note 6)		
Electricity	333.6	332.0
Natural gas	127.1	122.7
Local access fees and grid charges	46.7	50.4
Contractual services	12.4	16.5
Operations, maintenance and administration	59.3	48.3
TOTAL COST OF GOODS SOLD	579.1	569.9
EARNINGS BEFORE AMORTIZATION, INTEREST AND INCOME TAXES	112.2	80.8
Amortization	33.3	28.0
Interest	8.0	6.4
Income taxes	10.9	8.5
NET EARNINGS	60.0	37.9
OTHER COMPREHENSIVE INCOME (LOSSES), NET OF TAX		
Unrealized gains(losses) on available-for-sale financial assets arising during the period	(0.9)	1.0
Unrealized gains (losses) on derivatives designated as cash flow hedges	(28.0)	27.1
Realized losses on derivatives designated as cash flow hedges in prior periods transferred to net earnings in the current period	1.1	10.8
OTHER COMPREHENSIVE INCOME (LOSS), NET OF FUTURE INCOME TAXES OF \$2.6 (2008 - \$2.0)	(27.8)	38.9
COMPREHENSIVE INCOME	\$ 32.2	\$ 76.8

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

<i>(unaudited)</i> <i>(millions of dollars)</i>	Share capital	Retained earnings	Accumulated other comprehensive income (loss)	Total
BALANCE, JANUARY 1, 2008	\$ 280.1	\$ 1,197.2	\$ (18.5)	\$ 1,458.8
Net earnings for the period	-	37.9	-	37.9
Dividends	-	(50.0)	-	(50.0)
Other comprehensive income, net of future income taxes of \$2.0	-	-	38.9	38.9
BALANCE, MARCH 31, 2008	280.1	1,185.1	20.4	1,485.6
Net earnings (loss) for the remainder of 2008	-	143.2	(32.3)	110.9
BALANCE, DECEMBER 31, 2008	280.1	1,328.3	(11.9)	1,596.5
Transition adjustment resulting from adopting new accounting standard (note 2)	-	8.2	-	8.2
Net earnings for the period	-	60.0	-	60.0
Dividends	-	(55.0)	-	(55.0)
Other comprehensive loss, net of future income taxes of \$2.6	-	-	(27.8)	(27.8)
BALANCE, MARCH 31, 2009	\$ 280.1	\$ 1,341.5	\$ (39.7)	\$ 1,581.9

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(unaudited)</i> <i>(millions of dollars)</i>	Three months ended March 31	
	2009	2008
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net earnings	\$ 60.0	\$ 37.9
Items not involving cash:		
Amortization	33.3	28.0
Future income taxes	3.6	0.4
Change in unrealized market value of financial contracts	0.5	(1.2)
Other	6.1	4.0
	103.5	69.1
Change in non-cash working capital	(84.1)	(137.6)
Employee future benefits	(3.2)	(2.0)
	16.2	(70.5)
INVESTING ACTIVITIES		
Additions to power purchase arrangements (note 8)	(48.1)	(53.6)
Purchase of property, plant and equipment	(123.9)	(48.7)
Other long-term assets	0.7	(7.7)
Refund of customer guarantee deposits	(1.2)	(2.9)
Contributions in aid of construction	27.8	4.7
	(144.7)	(108.2)
FINANCING ACTIVITIES		
Repayment of short-term financing	(609.1)	-
Proceeds of short-term financing	754.6	157.8
Repayment of long-term debt	(13.0)	(10.9)
Dividend paid	(13.8)	(12.5)
Other long-term liabilities	(3.3)	(2.8)
	115.4	131.6
Decrease in cash and cash equivalents	(13.1)	(47.1)
Cash and cash equivalents, beginning of period	35.6	52.4
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 22.5	\$ 5.3
Interest paid	\$ 9.0	\$ 6.1
Income taxes paid	\$ 33.7	\$ 14.7

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(Unaudited)

1. Significant Accounting Policies

The interim consolidated financial statements of ENMAX Corporation (ENMAX or the Corporation) have been prepared in accordance with Canadian generally accepted accounting principles. The accounting policies and presentation applied are consistent, except as explained below and in note 2, with those outlined in the Corporation's annual financial statements for the year ended December 31, 2008. These interim consolidated financial statements do not include all disclosures required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements included in ENMAX's 2008 Annual Report. Amounts are stated in millions of Canadian dollars, except as otherwise noted.

ENMAX is subject to fluctuations in the demand for and price of electricity and natural gas, therefore interim results are not necessarily indicative of annual results.

2. Change in Accounting Policy

Rate-Regulated Operations

Effective January 1, 2009, the temporary exemption from Canadian Institute of Chartered Accountants (CICA) Handbook Section 1100, "Generally Accepted Accounting Principles", which permits the recognition and measurement of assets and liabilities arising from rate-regulation, was withdrawn. This change has been applied prospectively beginning January 1, 2009. This new standard did not have a material effect on the Corporation's financial statements.

Intangible Assets

Effective January 1, 2009, the Corporation adopted the CICA Handbook Sections relating to the revisions to standards dealing with intangible assets. The revisions are intended to align the definition of an intangible asset under Canadian GAAP with that under IFRS and US GAAP. Section 1000 "Financial Statement Concepts" was revised to remove the references that permitted the recognition of assets that might not otherwise meet the definition of an asset and to add guidance from the International Accounting Standards Board (IASB's) "Framework for the Preparation and Presentation of Financial Statements" that will help distinguish assets from expenses. Section 3064 "Goodwill and Intangible Assets", which replaced Section 3062 "Goodwill and Other Intangible Assets", gives guidance on the recognition of intangible assets as well as the recognition and measurement of internally developed intangible assets. Section 3450 "Research and Development Costs" will be withdrawn from the Handbook. Emerging Issues Committee (EIC) abstract 27 "Revenues and Expenditures During the Pre Operating Period" will no longer apply with the adoption of Section 3064. Under this new guidance, certain assets classified as property, plant and equipment have been reclassified as intangible assets. The net book value amount reclassified at March 31, 2009, was \$47.9 million (December 31, 2008 - \$50.5 million). The adoption of this new section did not have an effect on the amount of assets capitalized. No assets had been capitalized using the guidance in EIC-27.

Credit Risk and Fair Value of Financial Assets and Liabilities

In January 2009, the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. This standard is effective for the Corporation's fiscal year January 1, 2009, with retrospective application. As a result of the application of this new standard, the fair value of derivatives included in other long-term liabilities was reduced by \$11.0 million. As this was an opening balance adjustment, retained earnings were increased by \$11.0 million, excluding the tax impact of \$2.8 million. There was no impact to the current reporting period.

3. Future Accounting Changes

International Financial Reporting Standards

On February 13, 2008, The CICA's Accounting Standards Board of Canada (AcSB) formally confirmed full convergence of Canadian accounting standards with IFRS, as issued by the International Accounting Standards Board (IASB), would be required by 2011 with appropriate comparative information for the prior year. The Corporation will be required to report using IFRS effective for interim and annual financial statements relating to fiscal years beginning no later than on or after January 1, 2011. Under IFRS there is significantly more disclosure than currently required, in particular for quarterly reporting. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy which must be addressed. The Corporation is currently assessing the financial statement impact of the transition to IFRS.

4. Financial Instruments, Hedges and Risk Management

Risk Analysis and Control

ENMAX manages its exposure to energy risk on a portfolio basis, which includes asset positions arising from its interests in generation facilities, liability positions arising from its commitments to its customers and transacting positions arising from its hedging activities. ENMAX uses its best estimates to determine the fair value of its positions, generally based on a mark-to-market methodology. These estimates consider various factors including closing exchange and over-the-counter (OTC) price quotations and other factors. However, forward market prices could vary from those used in recording mark-to-market values, and such variations could be material. While most of ENMAX's positions represent commodities or instruments for which prices are available from external sources, on rare occasions prices may not be available for certain positions. Under such circumstances, ENMAX may use other pricing sources and modeling techniques to estimate prices, quantities, and fair value for these positions.

ENMAX uses a Value-at-Risk (VaR) methodology to estimate the potential impact to the value of its energy portfolio from its exposure to commodity price risk, volumetric risk, and associated foreign exchange risks. VaR is a probability-based approach used to estimate the potential change in the value of a transaction, position, or portfolio over a given holding period for a specified confidence level. The VaR methodology used by ENMAX calculates the potential change in value of the Corporation's energy portfolio over the next three to five business days at the 97.5% confidence level resulting from fluctuations in price and volumetric risk factors.

While there is currently no uniform industry methodology for calculating VaR, certain principles and practices have gained industry acceptance. ENMAX's VaR methodology uses a Monte Carlo simulation technique and estimates variances and correlations using historical commodity price changes over the most recent 70 business days. While ENMAX's VaR methodology is designed to encompass the Corporation's entire energy portfolio, VaR levels are also calculated for individual positions and for the prompt 12 months and the following 13-60 month time horizons. ENMAX's VaR methodology does not address risks in the Corporation's regulated business because of this business unit's lack of exposure to commodity price and volumetric risks. ENMAX's pre-tax portfolio VaR levels for commodity price risk for the prompt 12 months time horizon is as follows:

Value at Risk Levels	Three months ended	
<i>(millions of dollars)</i>	March 31, 2009	March 31, 2008
Average	6.0	2.6
High	9.0	3.4
Low	4.5	2.0

Total commodity VaR including volumetric risk in the first three months of 2009 averaged \$8.3 million, with a high of \$11.4 million, and a low of \$6.7 million. (2008 - average \$6.5 million, high \$7.3 million, and low \$5.8 million.)

Foreign Exchange and Interest Rate Risk

ENMAX is not exposed to interest rate risk as a result of financing through the issuance of fixed-rate long-term debt and the use of interest rate hedging instruments. The fair value of ENMAX's long-term debt changes as interest rates change, assuming all other variables remain constant. For example, a 1% change in interest rates as at March 31, 2009 would have an effect on fair value of fixed interest rate debt of \$50.4 million.

Credit Risk

The Corporation's maximum exposure to credit risk is the carrying value of the financial assets, as set out in the table below. However, this maximum exposure does not reflect results expected by management.

As at,	March 31, 2009	December 31, 2008
<i>(millions of dollars)</i>		
Cash and cash equivalents	22.5	35.6
Accounts receivable	501.8	544.4
Other current assets	118.9	114.1
Other long-term assets	56.4	49.6

Accounts receivable – Credit Risk

As at March 31, 2009, the aging analysis of trade receivables which are past due but not impaired is as follows:

As at, <i>(millions of dollars)</i>	March 31, 2009	December 31, 2008
1-30 days past due	31.7	16.9
31-60 days past due	3.2	4.0
61 days past due and over	9.1	9.4
Total past due	44.0	30.3

As at March 31, 2009, the allowance for doubtful accounts was \$6.6 million. The changes in the allowance were as follows:

As at, <i>(millions of dollars)</i>	Quarter ending March 31, 2009	Year ending December 31, 2008
Provision at the beginning of the period	7.1	8.3
Increase to allowance	2.4	7.4
Write-offs	(2.9)	(8.6)
Provision at end of the period	6.6	7.1

Liquidity Risk

The following tables detail the remaining contractual maturities for ENMAX's non-derivative financial liabilities, including both the principal and interest cash flows at March 31, 2009:

As at, <i>(millions of dollars)</i>	March 31, 2009	December 31, 2008
2009	70.8	104.6
2010	91.4	99.8
2011	91.1	98.4
2012	87.2	93.3
2013	84.6	89.9
Thereafter	1,013.5	1,105.0

In addition, guarantees are provided to third parties on behalf of certain subsidiaries for obligations under contracts that facilitate physical and financial transactions using various derivatives. The guarantees provided as at March 31, 2009, were for a maximum of \$610.3 million. The fair value of the trading and hedging positions under contracts with a net liability at March 31, 2009, under the guarantees, was \$86.6 million. The liabilities for these amounts are included in the balance sheet under 'Accounts Payable and Accrued Liabilities.'

We have also provided guarantees on behalf of certain subsidiaries for obligations to perform and make payments under various other contracts. The amount guaranteed under these contracts at March 31, 2009, was a maximum of \$397.7 million.

Fair Value

Fair value of financial instruments are determined by reference to quoted bid or asking price, as appropriate, in active markets at reporting dates. In the absence of an active market, the Corporation determines fair value by using valuation techniques that refer to observable market data or estimated market prices. These include comparisons with similar instruments that have observable market prices, option pricing models and other industry standard mark-to-market valuation techniques. Fair values determined using valuation models require the use of assumptions about the amount and timing of estimated future cash flows and discount rates. In making these assumptions, ENMAX looks primarily to readily observable external market input factors such as interest rate yield curves, currency rates and price and rate volatilities, as applicable.

Non-derivative financial assets and liabilities

Cash and cash equivalents are recorded at fair market value. Fair values for accounts receivable, short-term financing, accounts payable and accrued liabilities are not materially different from their carrying amounts due to their short-term nature.

Investments in equity instruments in the amount of \$2.7 million (December 31, 2008 - \$3.2 million) are included in other long-term assets on the balance sheet. Investments in publicly traded equity instruments are treated as held-for-trading and are carried at fair value and changes to fair value are recorded through other comprehensive income. The fair value of these instruments is obtained through reference to a listed bid price in an active market. Equity investments in private companies do not have an available active market for their shares and are therefore carried at cost.

The fair value of the Corporation's long-term debt was estimated based on quoted market prices for the same or similar debt instruments and, when such information was not available, by discounting future payments of interest and principal at estimated interest rates that were made available to ENMAX for comparable credit rated entities to the Corporation.

The carrying amounts and fair values of the long-term debt are as follows:

As at <i>(millions of dollars)</i>	March 31, 2009		December 31, 2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt ⁽¹⁾ , consisting of:				
Debentures, with remaining terms of:				
Less than 5 years	24.0	26.0	29.8	32.1
5 – 10 years	119.5	129.8	74.6	82.8
10 – 15 years	119.2	124.3	169.5	177.5
15 – 20 years	17.6	18.6	17.6	18.3
20 – 25 years	147.0	152.1	147.0	151.0
Private debentures	296.6	284.0	296.6	280.3
Non-recourse term financing (Furry Creek, Kettles and CEC)	269.8	280.1	271.7	324.4
Non-recourse term financing (Proportionate Share of EnPower Joint Venture)	12.0	11.5	11.9	11.8
Promissory note	5.9	4.9	5.9	4.8
	1,011.6	1,031.3	1,024.6	1,083.0

Includes current portion of \$41.3 million (December 31, 2008– \$44.2 million). Maturity dates range from May 2009 to June 2033.

Derivative assets and liabilities

Financial derivative instruments are recorded on the balance sheet at fair value. The fair value of the Corporation's interest rate swap has been calculated using estimated forward rates. The fair value of electricity, natural gas, and heat rate hedges have been calculated using estimated forward prices for the relevant period. As at March 31, 2009, the mark-to-market adjustment based on the fair value of these hedge contracts resulted in unrealized gains or losses on derivative instruments which are included in the balance sheet as per the table below.

As at <i>(millions of dollars)</i>	March 31, 2009		December 31, 2008	
	Cash Flow Hedges	Non-Hedge Derivatives	Cash Flow Hedges	Non-Hedge Derivatives
Assets				
Current	57.7	0.1	50.5	3.8
Non-current	27.7	-	31.8	-
Liabilities				
Current	76.3	-	55.1	-
Non-current	39.3	35.2	32.6	52.5

Cash flow hedges are used to manage the variability of cash flows resulting from the purchase and sale of electricity and natural gas as well as foreign exchange exposure. For cash flow hedges, which are described in greater detail in the market risk section above, changes in the fair value of the effective portion of the hedging derivative are accumulated in other comprehensive income and recognized in net earnings during the periods when the variability in cash flows of the hedged item is realized. In the first quarter of 2009, losses of \$1.8 million (\$0.3 million gain in same period in 2008) were recognized in income as a reflection of the ineffectiveness of the relevant hedges. Gains and losses on cash flow hedges are reclassified immediately to net earnings when the hedged item is sold or terminated early, or when a hedged anticipated transaction is no longer likely to occur. During the first quarter of 2009, there were no amounts recorded in net earnings (\$nil in same period in 2008).

The Corporation estimates that of the \$39.7 million of losses reported in accumulated other comprehensive income as at March 31, 2009, \$18.6 million is expected to be realized within the next 12 months at market prices in effect at the time of settlement.

Non-hedge derivatives are classified as held-for-trading and recognized at fair market value with changes in fair market value being recorded through net earnings. In the first quarter of 2009, gains of \$0.8 million (2008- \$1.5 million loss) were recorded in net earnings.

Fair value of off-balance sheet contracts-for-differences

The fair value of the Corporation's contracts-for-differences is determined by estimating the amounts that would have to be received or paid to counterparties to terminate the contracts at March 31, 2009 and December 31, 2008. The following contracts-for-differences were outstanding at the end of the period:

	March 31, 2009	December 31, 2008
	Notional quantity	Notional quantity
Electricity sales	4.5 MWh	7.5 MWh
Natural gas sales	12.4 million GJ	4.0 million GJ
Electricity purchases	3.0 MWh	7.6 MWh
Natural gas purchases	38.5 million GJ	30.0 million GJ

Notional quantities are not recorded in the consolidated financial statements because these amounts are not exchanged by the Corporation and its counterparties and are not a measure of the Corporation's exposure. Notional amounts are used only as the basis for calculating payments for certain derivatives.

At March 31, 2009, on the basis of electricity and natural gas prices at that date, the estimated unrecorded fair value of these hedge contracts, excluding PPA sales, would be a negative mark-to-market adjustment amounting to \$34.7 million (March 31, 2008 – positive adjustment of \$19.4 million). This amount does not reflect the fact that these contracts will settle at prices in effect at the time of expiration.

5. Financial Statement Effects of Rate Regulation

Under regulatory accounting, the timing of recognition of certain assets, liabilities, revenues and expenses may differ from what is otherwise expected under Canadian GAAP for non-regulated operations. ENMAX has recorded the following regulatory assets and liabilities:

<i>(millions of dollars)</i>	As at March 31, 2009	December 31, 2008
Regulatory assets		
Accounts receivable: purchased power price variance	41.6	43.5
Accounts receivable: formula-based ratemaking	14.6	-
Distribution assets: inter-company profit on underground residential development	31.0	30.7
Total regulatory assets	87.2	74.2
Regulatory liabilities		
Other long-term liabilities: pension funding	8.2	7.5
Total regulatory liabilities	8.2	7.5

The following describes each of the circumstances in which rate regulation affects the accounting for a transaction or event. Regulatory assets represent future revenues associated with certain costs, incurred in the current period or in prior periods, which are expected to be recovered from customers in future periods through the rate-setting process. Regulatory liabilities represent future reductions or limitations of increases in revenues associated with amounts that are expected to be returned to customers as a result of the rate-setting process.

Purchased power costs are included in allowed rates on a forecast basis. For rate-setting purposes, differences between forecast and actual purchased power costs in the rate year are held until the following year, when their final disposition is decided. The Corporation recognizes purchased power cost variances as a regulatory asset or liability, based on the expectation that amounts held from one year to the next for rate-setting purposes will be approved for collection from, or refund to, future customers. The regulatory asset represents the excess of actual over forecast purchased power costs. In the absence of rate regulation, generally accepted accounting principles would require that actual purchased power costs be recognized as an expense when incurred. In this case, operating results for the three months ended March 31, 2009, would have been \$1.9 million higher (2008 – \$0.8 million higher). The regulatory asset is included in accounts receivable.

In May 2007, the Corporation applied to the AUC to have rates set under a formula based ratemaking (FBR) approach. On March 25, 2009, the regulator approved the application retroactive to January 1, 2007. The Corporation recorded \$14.6 million of transmission and distribution receivables reflecting the preliminary estimate of the decision. Management continues to finalize the impact of the decision on its results.

Distribution assets for the regulated operations of the Corporation include intercompany profit relating to construction work performed by an ENMAX subsidiary. Such profit is deemed for regulatory purposes to be realized to the extent that the transfer price is recognized for rate-making purposes by the regulator

and included in the capital cost. In the absence of rate regulation, GAAP would require that intercompany profits be eliminated upon consolidation. The impact on current period earnings for the three months ended March 31, 2009, would be a reduction of \$0.3 million (2008 – \$1.0 million), representing the profit on these services. The balances for property, plant and equipment and retained earnings at March 31, 2009, would further be reduced by \$31.0 million (December 31, 2008 – \$30.7 million).

Pension costs are recorded using the accrual method as required by Canadian GAAP. The AUC approved the recovery of amounts relating to the unfunded liability for the defined benefit pension plan over 10 years. As a result, the Corporation has recorded a regulatory liability in the amount of \$8.2 million (December 31, 2008 - \$7.5 million) to reflect this regulatory treatment. In the absence of rate regulation, net earnings for the three months ended March 31, 2009, would have been \$0.7 million higher (2008 - \$0.3 million higher). At March 31, 2009, other long-term liabilities would have been reduced and retained earnings would have been increased by \$8.2 million (December 31, 2008 – \$7.5 million).

For certain of the regulatory items identified above, the expected recovery or settlement period, or likelihood of recovery or settlement, is affected by risks and uncertainties relating to the ultimate authority of the regulator in determining the item's treatment for rate-setting purposes. For example, ENMAX's treatment of purchased power costs is dependent on the continued use of an automatic adjustment mechanism for regulatory purposes, and would require reconsideration if the regulator decided to discontinue the use of this mechanism or to require the Corporation to absorb cost variances in a particular year. Similarly, there is a risk that the regulator may disallow a portion of certain costs incurred in the current period for recovery through future rates, or disagree with the proposed recovery period.

Other items affected by rate regulation

Current regulations exclude transmission, distribution and rate-regulated electricity sales earnings from income taxes. Rate-regulated electricity sales are subject to a payment in lieu of tax, or PILOT. Accordingly, the Corporation has not recognized current or future income taxes on these earnings. In the event regulations change, it would be expected that when these amounts became payable, they would be recovered through future rate revenues. In the absence of rate regulation, GAAP require the recognition of current and future income tax liabilities and future tax assets.

Gains and losses on the disposal and retirement of regulated depreciable assets are deferred and amortized over the estimated remaining service life of similar assets, through a charge to accumulated amortization equal to the net book value of the disposed or retired asset. In the absence of rate regulation, under GAAP, the difference between the proceeds and net book value would be charged or credited to earnings in the period the asset is disposed of or retired.

The regulator permits an allowance for funds used during construction (AFUDC), based on the Corporation's weighted-average cost of capital, to be included in the rate base. AFUDC is also included in the cost of property, plant, and equipment for financial reporting purposes, and is depreciated over future periods as part of the total cost of the related asset, based on the expectation that depreciation expense, including the AFUDC component, will be approved for inclusion in future customer rates. Since AFUDC includes not only an interest component, but also a cost-of-equity component, it exceeds the amount allowed to be capitalized in similar circumstances in the absence of rate regulation. As of March 31, 2009, AFUDC and capitalized interest totaling \$3.1 million (December 31, 2008 – \$8.6 million) were included in property, plant, and equipment.

6. Segmented Information

Three months ended March– (unaudited) (millions of dollars)	ENMAX Energy		ENMAX Power		Corporate & Intersegment Eliminations		Consolidated Totals	
	2009	2008 (1)	2009	2008 (1)	2009	2008 (1)	2009	2008
REVENUE								
Electricity	484.6	458.7	57.3	60.4	(101.9)	(102.4)	440.0	416.7
Natural gas	129.7	120.1	-	-	-	-	129.7	120.1
Transmission and distribution	-	-	99.7	87.6	-	-	99.7	87.6
Contractual services	10.8	12.1	16.2	19.5	(7.0)	(7.8)	20.0	23.8
Other	2.5	3.3	0.2	1.0	(0.8)	(1.8)	1.9	2.5
TOTAL REVENUE	627.6	594.2	173.4	168.5	(109.7)	(112.0)	691.3	650.7
COST OF GOODS SOLD								
Electricity	381.2	375.4	54.3	58.9	(101.9)	(102.3)	333.6	332.0
Natural gas	127.1	122.7	-	-	-	-	127.1	122.7
Local access fees and grid charges	-	-	46.7	50.4	-	-	46.7	50.4
Contractual services	1.3	0.8	13.4	16.0	(2.3)	(0.3)	12.4	16.5
Operations, maintenance and administration (note 13)	43.0	36.3	23.5	23.5	(7.2)	(11.5)	59.3	48.3
TOTAL COST GOODS SOLD	552.6	535.2	137.9	148.8	(111.4)	(114.1)	579.1	569.9
EARNINGS BEFORE AMORTIZATION, INTEREST AND INCOME TAXES	75.0	59.0	35.5	19.7	1.7	2.1	112.2	80.8
Amortization	22.2	16.6	10.2	9.9	0.9	1.5	33.3	28.0
EARNINGS BEFORE INTEREST AND INCOME TAXES	52.8	42.4	25.3	9.8	0.8	0.6	78.9	52.8
Interest							8.0	6.4
Income Taxes							10.9	8.5
NET EARNINGS							60.0	37.9
CAPITAL ADDITIONS	115.1	76.1	55.7	25.2	1.2	1.0	172.0	102.3

(1) Certain comparative figures have been restated to conform with the current year presentation.

Segmented Total Assets (millions of dollars)	As at	
	March 31, 2009	December 31, 2008
ENMAX Energy	2,355.5	2,300.1
ENMAX Power	1,021.6	1,003.2
Corporate and eliminations	182.0	178.3
	3,559.1	3,481.6

7. Property, Plant and Equipment

	Cost	Accumulated amortization	Net book value
<i>(millions of dollars)</i>			
As at March 31, 2009			
Transmission, distribution and substation equipment	1,276.4	(475.1)	801.3
Capital spares and other	22.9	–	22.9
Tools, systems and equipment	124.1	(61.3)	62.8
Construction in progress	354.5	–	354.5
Buildings and site development	117.0	(35.1)	81.9
Generation facilities and equipment	920.5	(61.0)	859.5
Land	24.9	–	24.9
Vehicles	23.4	(10.5)	12.9
	2,863.7	(643.0)	2,220.7
Contributions in aid of construction (CIAC)	(252.7)	64.5	(188.2)
	2,611.0	(578.5)	2,032.5
As at December 31, 2008 (Restated – note 2)			
Transmission, distribution and substation equipment	1,256.2	(466.4)	789.8
Capital spares and other	22.3	–	22.3
Tools, systems and equipment	129.1	(60.3)	68.8
Construction in progress	273.9	–	273.9
Buildings and site development	116.4	(34.3)	82.1
Generation equipment	920.4	(53.9)	866.5
Land	24.9	–	24.9
Vehicles	23.3	(10.3)	13.0
	2,766.5	(625.2)	2,141.3
Contributions in aid of construction (CIAC)	(249.5)	62.7	(186.8)
	2,517.0	(562.5)	1,954.5

8. Power Purchase Arrangements

On January 1, 2009, the Corporation purchased an additional 10% interest in the Battle River Power Purchase Arrangement (PPA) for \$48.1 million. The agreement also provides that the Corporation will purchase the remaining 15% on January 1, 2010 for additional consideration of \$63.7 million.

9. Intangible Assets

	Cost	Accumulated amortization	Net book value
<i>(millions of dollars)</i>			
As at March 31, 2009			
Customer lists and contracts	20.0	(7.7)	12.3
Computer software	162.9	(115.0)	47.9
Land easements, rights and lease options	4.0	(1.3)	2.7
Land and mineral rights	1.9	–	1.9
Renewable energy certificates and water licenses	15.0	(1.0)	14.0
	203.8	(125.0)	78.8
As at December 31, 2008 (Restated – note 2)			
Customer lists and contracts	20.0	(7.2)	12.8
Computer software	162.4	(112.0)	50.4
Land easements, rights and lease options	4.0	(1.7)	2.3
Land and mineral rights	1.9	–	1.9
Renewable energy certificates and water licenses	15.0	–	15.0
	203.3	(120.9)	82.4

10. Employee Future Benefits

The Corporation established a registered pension plan on January 1, 2001 to provide future pension benefits for its employees. The registered pension plan covers substantially all employees and includes both defined benefit and defined contribution provisions. The Corporation also sponsors a supplemental pension plan providing an additional pension to members whose benefits are limited by maximum pension rules under the Income Tax Act. In addition, the Corporation provides employees with other post-retirement benefits including extended health and dental benefits beyond those provided by government-sponsored plans, life insurance, and a lump sum allowance payable at retirement.

The total benefit cost recorded in the consolidated statements of earnings for the three months ended March 31, 2009, are \$4.3 million (2008 – \$4.0 million).

11. Short-term Financing

The Corporation has unsecured credit facilities amounting to \$730.0 million (December 31, 2008 - \$730.0 million) to fund general operating requirements and to provide liquidity support for commercial paper and commodity marketing programs. Combined, all of the facilities encompass \$480.0 million in bilateral facilities and \$250.0 million of syndicated credit facilities. As at March 31, 2009, \$254.2 million (December 31, 2008 - \$333.3 million) of operating facilities and \$30.0 million (December 31, 2008 - \$30.0 million) of syndicated facilities were used in support of outstanding letters of credit (see note 15).

Short-term financing is comprised of commercial paper and bankers' acceptances which are guaranteed by the Corporation's credit facilities. At March 31, 2009, the Corporation had \$270.7 million at a weighted average rate of 0.63% (December 31, 2008 - \$125.2 million at weighted average rates of 2.09%). The short-term financing is payable upon maturity on dates ranging from April 2009 to May 2009.

12. Accumulated Other Comprehensive Income

<i>(millions of dollars)</i>	March 31, 2009	December 31, 2008
Unrealized losses on available-for-sale financial assets	(2.8)	(3.7)
Unrealized losses on derivatives designated as cash flow hedges	(36.9)	(8.2)
Accumulated other comprehensive losses, including a future income tax loss of \$5.0 million (2008 – loss of \$2.4 million)	(39.7)	(11.9)

13. Commitments and Contingencies

Property, Plant and Equipment

The Corporation has signed contracts for major capital expenditures totaling \$226.1 million. The current cancellation costs under project development agreements total \$39.4 million.

Obligations under Other Agreements

The Corporation rents premises, vehicles and equipment under multiple lease contracts with varying expiration dates.

The Corporation is obligated to make monthly payments in return for the output from PPAs and other power purchase agreements, based on normal operating conditions adjusted for inflation, other than in the event of a forced outage.

The Corporation commits to the purchase of renewable energy certificates and carbon offset credits. The Corporation is obligated to make payments in return for the certificates and credits subsequent to the delivery.

The Corporation commits to long-term service arrangements on certain generating facilities.

The aggregate payments for these obligations total \$2,854.4 million.

Regulatory

The Corporation, along with other electrical transmission and distribution utilities in the province of Alberta, is subject to regulatory reviews and decisions. The impact of the reviews and decisions is reflected in the consolidated financial statements when the amount can be reasonably estimated.

Power Purchase Arrangements

The facilities covered under PPAs were subject to outages and operational issues during this quarter. The PPA Owners and ENMAX differ in opinion as to who should bear the costs arising from these events. Although there can be no assurance that these disputes will be resolved in the Corporation's favour, the Corporation does not believe that the outcome of these disputes will have a material adverse affect on the financial position of the Corporation.

Legal Claims

In the normal course of business, the Corporation is named as a defendant in lawsuits related to various matters. The Corporation believes the outcome of these lawsuits will not have a material impact on the Corporation.

Income Tax

Alberta Finance, Tax and Revenue Administration (Alberta Finance) is responsible for assessing the income tax returns filed under the payment in lieu of taxes (PILOT) regulation of the Alberta Electric Utilities Act (EUA) which became effective January 1, 2001.

In August 2004, Alberta Finance notified the Corporation that it was reviewing the value of certain assets established for the purpose of this regulation. At January 1, 2001, the balance of the future income tax asset associated with the assets in question was \$195.0 million, based on an estimated fair market value of the asset of \$855.0 million.

From June 2005 through July 2007, ENMAX Energy received Notice of Reassessments from Alberta Finance in respect of the taxation years 2001 through 2003. ENMAX Energy does not agree with the assessments and has commenced the necessary steps to defend its position through the formal appeals process. However, ENMAX Energy voluntarily remitted certain amounts to minimize interest and penalties until the issues are resolved, which are recorded as income taxes receivable as at March 31, 2009, and December 31, 2008. ENMAX Energy has received refunds in 2008 and 2009 relating to taxation years 2001 and 2002 taxation years, including a further reassessment of its 2002 taxation year on February 13, 2009, resulting in an additional refund of \$2.4 million including interest. ENMAX Energy expects this process to be successful and will pursue all options available should the appeals process result in an unfavourable outcome. The amount of a possible adjustment, which could have a material impact on net earnings, cannot be reasonably estimated at this time and no provision has been made in the consolidated financial statements for any additional income tax expense that may be payable relating to these assessments.

Environmental

New provincial regulations aimed at reducing the levels of greenhouse gas emissions took effect July 2007. The changes in law provisions in our PPA contracts have the potential to expose ENMAX to a significant portion of these compliance costs.

For the period ended March 31, 2009, the consolidated financial statements include a charge to earnings in the amount of \$4.4 million (2008 - \$4.6 million), included in costs of electricity services provided, relating to estimated compliance costs under the provincial regulations, associated with the Corporation's ownership interests in coal-fired generation facilities through its PPAs. Payments are due to the PPA owners by March 31 of the year following the compliance. The Corporation has taken steps to substantially mitigate these impacts, including price increases to new customers, as well as acquiring qualified credits from both its wind generation assets and purchases on the wholesale market.

Federal regulations aimed at reducing the level of greenhouse gas emissions are expected to come into force in 2010. As these regulations are not yet in effect, and the applicable compliance details have not yet been finalized, the total amounts of these costs, which could have a material impact on future net earnings, cannot be reasonably estimated at this time. The Corporation continues to assess and monitor the implications that these changes in legislation may have on its business.

Letters of credit

In the normal course of operations, letters of credit are issued to facilitate the extension of sufficient credit for counterparties having credit exposure to the Corporation or its subsidiaries. The Corporation has issued letters of credit amounting to \$284.2 million at March 31, 2009 (December 31, 2008 – \$363.3 million).

Director/Officer indemnifications

Under its bylaws, the Corporation indemnifies individuals who have acted at the Corporation's request to be a director and/or officer of the Corporation and/or one or more of its direct and indirect subsidiaries, to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered or incurred by the individuals as a result of their service. The claims covered by such indemnifications are subject to statutory or other legal restrictions and limitation periods. The nature of the indemnification agreements prevents the Corporation from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiaries of such indemnification agreements. The Corporation has purchased various insurance policies to reduce the risks associated with the indemnification.

Other indemnifications

In the ordinary course of business, the Corporation and its subsidiaries enter into contracts which contain indemnification provisions, such as purchase and sale contracts, service agreements, intellectual property licensing agreements, purchases and sales of assets and equipment, joint venture agreements, operating agreements and leasing and land use arrangements. In such contracts, the Corporation may indemnify counterparties to the contracts if certain events occur, such as undisclosed liabilities, changes in financial condition and loss caused by the actions of third parties or as a result of litigation or other claims by third parties. These indemnification provisions will vary based upon the contract. In most cases, there are no pre-determined amounts or limits included in these indemnification provisions and the occurrence of contingent events that will trigger payment under them is difficult to predict. Therefore, the maximum potential future amount the Corporation could be required to pay cannot be estimated.

14. Acquisitions

On December 19, 2008, the Corporation acquired the Calgary Energy Centre (CEC) for \$368.3 million, represented by \$240.3 million in non-recourse financing and \$128.0 million of cash. The Corporation had a pre-existing 20 year tolling agreement with Calgary Energy Centre No.2, Inc. prior to the acquisition. With the acquisition of CEC, this tolling agreement is deemed to be settled for accounting purposes and a gain of \$6.6 million was recorded on the settlement of this agreement, representing the excess of the current market value of the electricity supply from CEC over the cost of that supply under the tolling agreement. This gain was recorded in other revenue on the consolidated Statement of Earnings in 2008.

The Corporation accounted for this acquisition using the purchase method and the results of operations have been included in the consolidated financial statements since the dates that control was obtained. The allocations of the purchase prices are as follows:

	2009		
	CEC	Adjustments	CEC
<i>(millions of dollars)</i>	<i>(preliminary)</i>		<i>(final)</i>
Net assets acquired:			
Current assets net of cash acquired ¹	3.4	(0.2)	3.2
Capital assets	530.1	0.1	530.2
Current liabilities	(8.3)	-	(8.3)
Non-recourse Financing	(240.3)	-	(240.3)
Promissory Notes	(118.9)	-	(118.9)
Other long-term liabilities	(1.7)	-	(1.7)
Derivative Liability	(49.5)	-	(49.5)
Future income tax liabilities	(110.3)	-	(110.3)
	4.5	(0.1)	4.4
Purchase Price:			
Cash consideration, net of cash acquired ¹	115.6	(0.1)	115.5
Assumption of related party promissory		-	(118.9)
Settlement of existing tolling arrangement	6.6	-	6.6
Transaction costs	1.2	-	1.2
	4.5	(0.1)	4.4

¹ Current cash and Cash consideration are shown net of cash acquired of \$12.4 million. The cash acquired in CEC includes \$9.9 million of restricted cash.

The CEC purchase price allocation had not been finalized as of the date of issuance of the Corporation's December 31, 2008 consolidated financial statements as the closing of the acquisition occurred a few weeks prior to the end of the reporting period.

15. Subsequent Event

Private debentures

On April 8, 2009, the Corporation issued \$250.0 million in unsecured private debentures, bearing interest at 5.85%, payable semi-annually. The debentures mature on April 8, 2014.