EnerCare Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Year Ended December 31, 2014

Dated March 2, 2015

Table of Contents

The consolidated financial statements of EnerCare are prepared in accordance with IFRS. EnerCare's basis of presentation and significant accounting policies are summarized in detail in notes 2 and 3 of the consolidated financial statements for the period ended December 31, 2014. Unless otherwise specified, amounts are reported in this MD&A in thousands, except customers, units and "per unit" amounts, Shares and "per Share" amounts, Subscription Receipts, and percentages (except as otherwise noted). Dollar amounts are expressed in Canadian currency.

EnerCare operates its businesses in two segments: Home Services – provision of water heaters, furnaces, air conditioners and other HVAC rental products, protection plans and related services and Sub-metering – provision of Sub-metering equipment and billing services.

Certain definitions of key financial and operating terms used in this MD&A are located at the end of this MD&A under "Glossary of Terms".

FORWARD-LOOKING INFORMATION

This MD&A, dated March 2, 2015, contains certain forward-looking statements that involve various risks and uncertainties and should be read in conjunction with EnerCare's 2014 audited consolidated financial statements. Additional information in respect to EnerCare, including the AIF, can be found on SEDAR at www.sedar.com.

When used herein, the words "anticipates", "believes", "budgets", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "schedule", "should", "will", "would" and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words. The forward-looking information in this MD&A includes statements that reflect management's expectation regarding EnerCare's growth, results of operations, performance, business prospects and opportunities. Such forward-looking information reflects management's current beliefs and is based on information available to them and/or assumptions management believes are reasonable. Many factors could cause actual results to differ materially from the results discussed in the forward-looking information. Although the forward-looking information is based on what management believes to be reasonable assumptions, EnerCare cannot assure investors that actual results will be consistent with this forward-looking information. All forward-looking information in this MD&A is made as of the date of this MD&A. Except as required by applicable securities laws, EnerCare does not intend and does not assume any obligations to update or revise the forward-looking information, whether as a result of new information, future events or otherwise.

Please see the section entitled "*Risk Factors*" in this MD&A for a thorough discussion in respect of the material risks relating to the business and structure of EnerCare.

OVERVIEW

EnerCare, primarily through acquisition, has become a multi-segment and product company since its origins in 2002 as the Fund, which primarily financed rental equipment originated and serviced by DE. On October 20, 2014, EnerCare purchased the Ontario home and small commercial services business from DE and effectively reunited the business separated in 2002 with the creation of the Fund (see additional commentary under *"Recent Developments – EnerCare Completes Acquisition of DE's Home and Small Commercial Services Business in Ontario*"). EnerCare Solutions, a wholly-owned subsidiary of EnerCare, through its subsidiaries, operates the Home Services business.

EnerCare also owns EnerCare Connections Inc. (a successor by amalgamation effective January 1, 2012 to Stratacon Inc. and EnerCare Connections Inc.). ECI provides sub-metering services for electricity, thermal and water to condominiums and apartments in Ontario, Alberta and elsewhere in Canada.

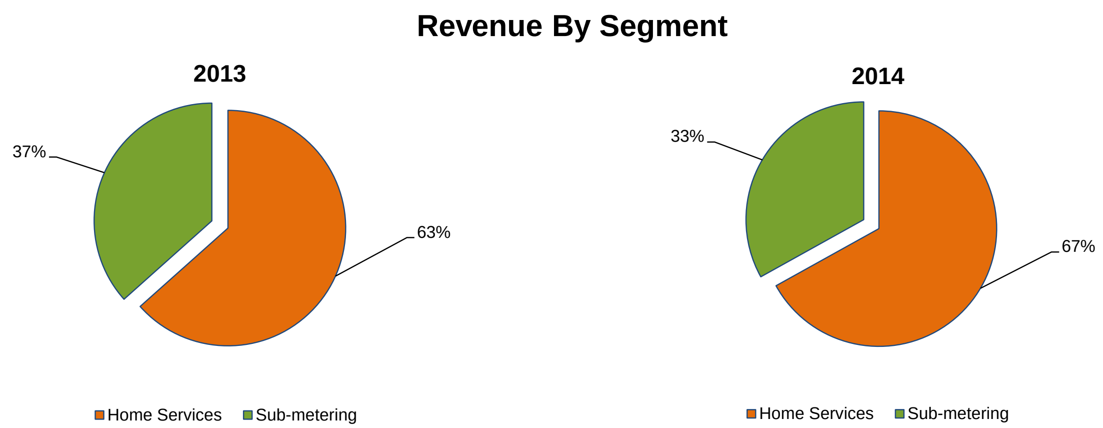
Through its Home Services and Sub-metering businesses, EnerCare provides intelligent and energy-efficient products, services, programs and solutions that enable homeowners, multi-unit owners and tenants to make a substantial contribution to Canada's growing culture of energy conservation.

EnerCare has grown revenues every year since its inception in 2002, generated stable cash flow and consistently maintained a high dividend yield. EnerCare has investment grade ratings of BBB+/negative and BBB(high) stable rating from S&P and DBRS, respectively.

EnerCare's Shares trade under the symbol ECI and its Convertible Debentures trade under the symbol ECI.DB on the Toronto Stock Exchange. EnerCare is a member of the S&P/TSX Composite Index.

PORTFOLIO SUMMARY

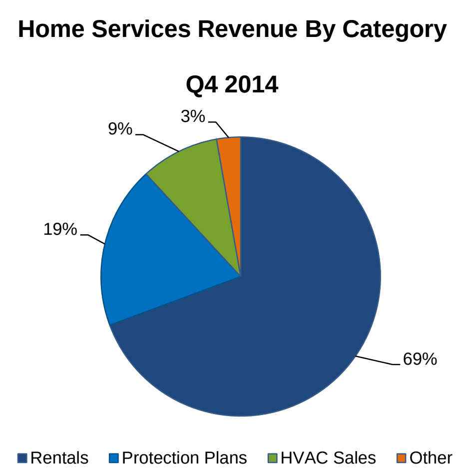
EnerCare's primary businesses are comprised of Home Services and Sub-metering. As seen by the graph below, the Home Services business accounted for 63% of the overall revenue of EnerCare during 2013 and 67% during 2014. In 2013, the Home Services segment only comprised of water heater and HVAC rental products, primarily subject to the origination and servicing arrangements with DE. Since the Acquisition, Home Services includes the other revenue sources discussed below.



Home Services Business

There are four main business activities within Home Services: Rentals, Protection Plans, HVAC Sales and Other (which includes duct cleaning, chargeable plumbing work and other chargeable services). The following diagram shows the breakdown of customer contracts for each such activity ending in the fourth quarter of 2014.

Of the four main business activities, the Rentals component produces the largest portion of revenue, followed by Protection Plans, HVAC Sales and Other, as illustrated in more detail by the following chart.



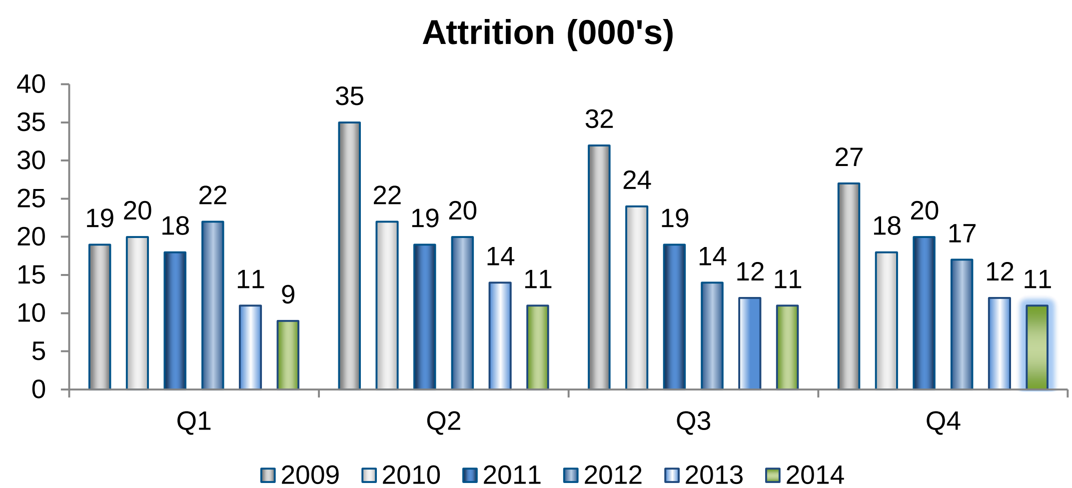
Rentals

Prior to the Acquisition, EnerCare had expanded its Home Services business through a number of acquisitions and origination arrangements with various parties, however, approximately 90% of the Rentals revenue was subject to the Co-ownership Agreement.

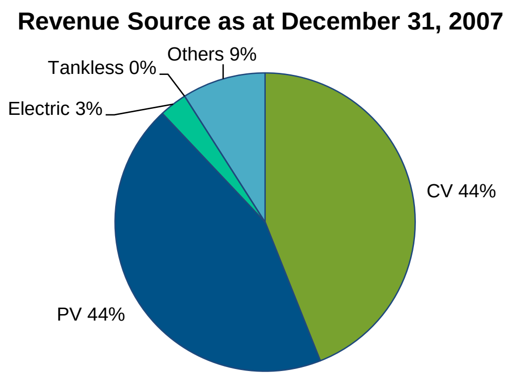
For the portfolios under the Co-ownership Agreement, EnerCare was entitled to 65% of the revenue and other payments and DE was entitled to 35% of the revenue. For DE's portion of the revenue, it was responsible for servicing and maintaining the assets. Through its origination agreement with DE, EnerCare essentially incurred the capital expenditures in respect of the portfolio. Following the Acquisition, EnerCare now receives 100% of the rental revenues and is responsible for the service and maintenance obligations associated with those assets.

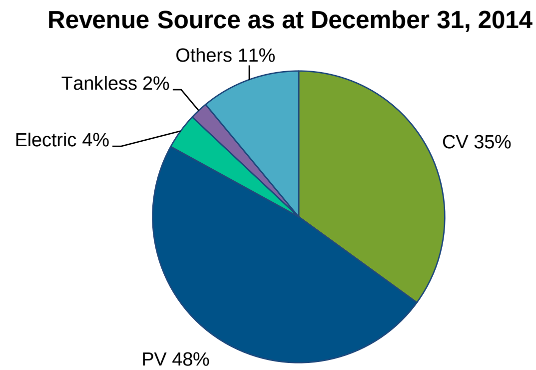
Over the last several years, EnerCare has experienced higher than normal Attrition on the water heater rental portfolios. This was largely a result of greater competition through aggressive D2D campaigns. EnerCare has implemented many programs, including continued consumer education campaigns. Such initiatives, coupled with broader consumer awareness as well as enhancements to our customer value proposition (for example, the "same day service campaign"), have helped to significantly reduce Attrition in recent years.

Attrition decreased in the fourth quarter of 2014 by 1,000 units or 8% and by 7,000 units or 14% in 2014, over the same periods in 2013. Attrition has improved year-over-year since 2009 (see table below) with Attrition in 2014 being the lowest in the past six years.

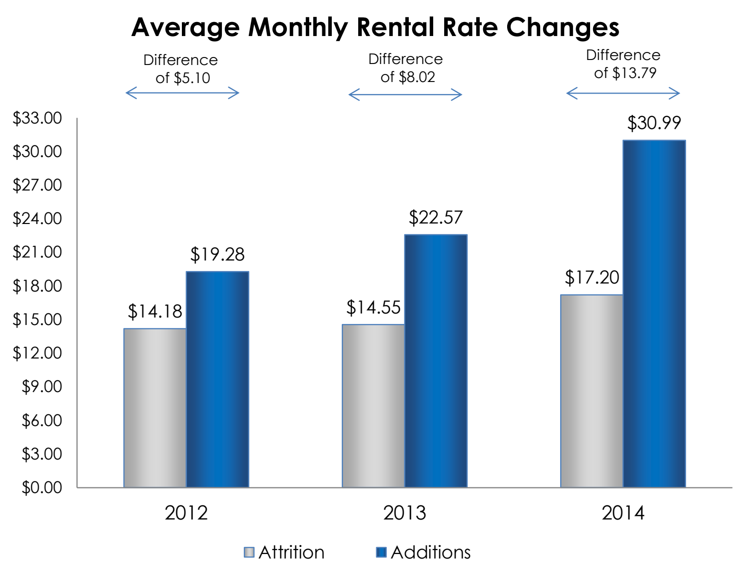


Partially offsetting Attrition is the movement in asset mix to units with higher returns. One of EnerCare's growth platforms has been to focus on single family and multi-residential HVAC rental units. Although results are small on the unit continuity, HVAC units provide three to five times more rental revenue than that of a water heater. A comparison of the product mix seven years ago to that of today reveals that the portfolio contains a higher percentage of power vent ("PV") and tankless units, both of which provide a higher revenue than conventional vent ("CV") units.





The impact of changes in product mix over time is outlined further in the graph below which shows revenue for 2014 from unit additions contributing approximately $13.79 per unit more than revenue from units lost on account of Attrition. New customers are worth approximately 1.8 times that of a lost customer.

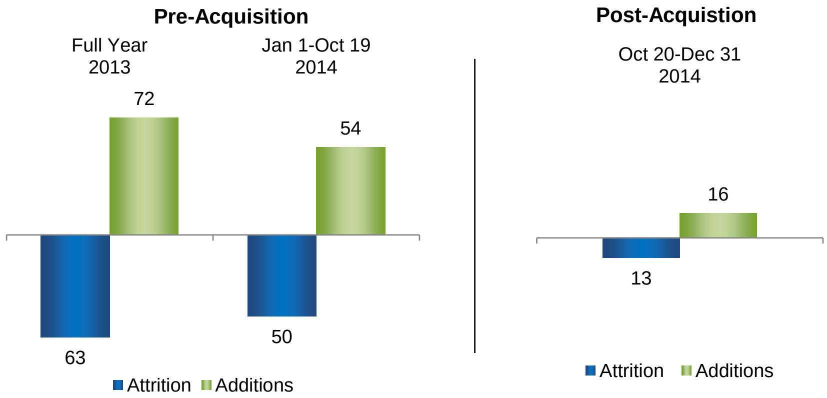


Subsequent to the Acquisition, EnerCare offers the additional products and services as follows:

Protection Plans

Home Services sells a variety of plans covering such items as furnaces, air conditioning, plumbing and appliances. There are essentially two types of protection plans: maintenance protection plans and full service protection plans. Maintenance protection plans essentially only provide for maintenance services, whereas full service protection plans provide a broader suite of protections, such as parts and labour. The plans are typically one year in length with monthly, quarterly or annual payment options. Due to the annual nature of the contract, the protection plans tend to have a higher churn rate. The following chart depicts the additions and attrition for the category from October 20, 2014 to December 31, 2014.

Protection Plan Additions & Attrition (000's)



The following table illustrates the annualized protection plan contract continuity for 2014 and 2013.

Protection Plan Unit Continuity (000's)	**Pre and Post Acquisition**	Pre-Acquisition
	2014	2013
Contracts - start of year	**546**	537
Portfolio additions	**70**	72
Attrition	**(63)**	(63)
Contracts - end of year	**553**	546
% change in units during the year	1.3%	1.7%
% of units from start of year:		
Portfolio additions	12.8%	13.4%
Attrition	(11.5%)	(11.7%)

HVAC Sales

A customer can acquire an HVAC asset through a sale, comprised of an outright purchase or financing through a third party. Typically, HVAC sales occur during the heating and cooling seasons of the year. During the quarter, EnerCare rented approximately 2,000 new units to customers and between October 20, 2014 and December 31, 2014, sold approximately 2,700 units to customers.

Other

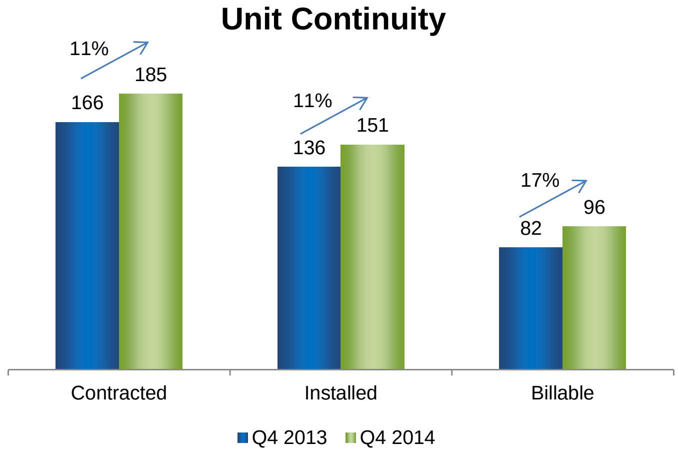
The Other category includes ancillary services such as duct cleaning, plumbing work and other non-contracted chargeable services provided by Home Services.

Sub-metering Business

EnerCare entered the multi-residential Sub-metering business through two acquisitions made in the last six years. There are two main market segments for Sub-metering in the multi-residential market: retro-fit sub-metering and new build construction. Within each market, apartments and condos have significantly different revenue streams.

Within the retro-fit revenue stream, after a contract is signed, the meters are typically installed within the first two quarters of signing. However, typically for a retro-fit installed unit to become Billable, EnerCare must wait for tenant turnover to occur. As a result, it can take many years for all units in a retro-fit building to become Billable. In the new build sub-metering market, after a contract is signed, the meters are usually not installed for several years as installation occurs when the building is in its final construction stages. However, in this revenue stream, once the meters are installed they become Billable relatively quickly and revenue is typically at 100% penetration from that point onwards.

Through acquisition and our subsequent growth in contracted units, many of the above-mentioned up-front capital investments have been made. As seen in the graph below, currently we have 185,000 contracted units. Of those contracted units, 151,000 have meters installed and 96,000 units are billing. We expect to experience continued revenue growth as these contracted units are turned into installed units and subsequently Billable units.



Over the past year, EnerCare has implemented a number of LEAN and continuous improvement initiatives improving work flow, efficiencies and expanding capacity within Sub-metering. The most recent revenue assurance program, initiated in the second quarter of 2014, has yielded improvements which we anticipate will contribute more than $2,000 of incremental net revenue in 2015.

2014 HIGHLIGHTS

(000's)	**2014**	2013	Change	Percent Change
Home Services	**$242,334**	$189,438	**$52,896**	28%
Sub-metering	**119,613**	109,338	**10,275**	9%
Investment income	**806**	373	**433**	116%
Total revenues	**$362,753**	$299,149	**$63,604**	21%
EBITDA[1]	**164,716**	152,493	**12,223**	8%
Adjusted EBITDA[1]	**174,983**	168,580	**6,403**	4%
Acquisition Adjusted EBITDA[1]	**182,705**	168,580	**14,125**	8%
Earnings before income taxes	**32,158**	12,620	**19,538**	155%
Current tax (expense)	**(27,287)**	(21,852)	**(5,435)**	25%
Deferred income tax recovery	**17,405**	18,050	**(625)**	(4%)
Net earnings	**$ 22,276**	$ 8,818	**$13,458**	153%
Payout Ratio – Maintenance[2]	**49%**	**49%**	**-%**	-%
Payout Ratio[2]	**80%**	**78%**	**2%**	3%

[1] EBITDA, Adjusted EBITDA and Acquisition Adjusted EBITDA are Non-IFRS financial measures. Refer to the Non-IFRS Financial and Performance Measures section in this MD&A.
[2] Payout Ratio – Maintenance and Payout Ratio are Non-IFRS financial measures. Refer to the Non-IFRS Financial and Performance Measures section in this MD&A.

The following highlights compare 2014 results with those of 2013.

- Total revenues of $362,753 increased by $63,604 or 21% in 2014. Revenues in the Home Services business were $242,334, greater than the prior year by $52,896, primarily as a result of $46,065 of revenues added through the Acquisition. The remaining $6,831 increase was primarily as a result of rental rate increases, improved billing completeness and asset mix changes, partially offset by fewer installed assets. Sub-metering revenues increased to $119,613 from $109,338, primarily as a result of an increase in flow through commodity charges and Billable units.
- EBITDA increased by $12,223 to $164,716 in 2014, driven principally by improved total revenues and loss on disposal of equipment, partially offset by higher cost of goods sold and SG&A primarily associated with the Acquisition. EBITDA was negatively impacted by $1,544 in 2014 as a result of the costs incurred for protection plans sold by DE prior to the Acquisition. Adjusted EBITDA of $174,983 increased by $6,403 after removing from EBITDA the impact of the loss on disposal of equipment and including other income. After removing Acquisition costs of $7,722, Acquisition Adjusted EBITDA was $182,705 in 2014, an increase of $14,125 over the same period in 2013.
- Net earnings of $22,276 in 2014 increased by $13,458 or 153% compared to 2013, reflecting increased EBITDA, lower interest expense and the non-recurring make-whole payment of $13,754 incurred in 2013, partially offset by higher interest on Subscription Receipts, bridge financing charges, professional fees associated with the Acquisition and higher total taxes payable.
- Attrition in the Rentals portfolio decreased by 14% or 7,000 units for 2014. Attrition has improved year-over-year since 2009 and for ten consecutive quarters, year-over-year.
- The Payout Ratio – Maintenance, which includes only capital expenditures in respect of exchanged assets, was 49% in 2014, consistent with 2013, primarily as a result of higher current taxes, net capital expenditures and dividend payments, after adjustments for other income, Acquisition costs and the early redemption of the 2009-2 Notes.
- The Payout Ratio was 80% in 2014 versus 78% in 2013 (see additional commentary under "*Distributable Cash and Payout Ratios*").

RECENT DEVELOPMENTS – 2014 AND 2015 TO DATE

Acquisition of Water Heaters from Energy Services Niagara Inc.

In February 2014, EnerCare, through a subsidiary of EnerCare Solutions, acquired the rental portfolio of ESN, comprised of approximately 2,468 electric and gas-fired water heaters for cash consideration of $3,035 plus inventory of $38. In connection with the acquisition, ESN and EnerCare entered into a transitional agreement, as well as an assignment, assumption and consent agreement with Enbridge in respect of the ESN OBA. At the time of acquisition, approximately 97% of ESN's customers were billed through the ESN OBA. The rental revenue from the ESN water heaters were not subject to the Co-ownership Agreement.

Dividend Increase

On March 6, 2014, EnerCare increased its monthly dividend to shareholders of record on March 31, 2014 to $0.0604, representing an increase of 4%.

Direct Energy Collective Bargaining Agreement

On April 23, 2014, DE reached a tentative three-year CBA, which was subsequently ratified by the union.

EnerCare and EnerCare Solutions Provide a Business Update

On July 10, 2014, EnerCare and EnerCare Solutions provided a business update in order to outline developments in their operations for the second quarter of 2014 and year-to-date. EnerCare highlighted that EnerCare and EnerCare Solutions continued to experience improved customer retention, with Attrition improving year-over-year since 2009 and for eight consecutive quarters year-over-year, Rentals portfolio revenue growth from additions outpaced revenue lost to Attrition and Sub-metering sales activity remained strong.

EnerCare and EnerCare Solutions Respond to Shareholder Letter Issued by Augustus Advisors

On July 17, 2014, EnerCare and EnerCare Solutions issued a news release to respond to the letter issued by Augustus Advisors, LLC (an affiliate of EnerCare's largest shareholder) to EnerCare's shareholders. In that news release, EnerCare indicated that, following receipt of a letter of indication sent by TPG Special Situations Partner, LLC (''TSSP'') to EnerCare in late May 2014 referenced in the letter to shareholders, the board of directors met and considered the letter of indication and that, after that consideration, including considering financial and other information provided by EnerCare's advisors, the board unanimously determined that the indicated price of between $13.50 and $15.00 per Share did not represent full value for the Shares and was not sufficient to form the basis of meaningful discussions with TSSP.

EnerCare Completes Acquisition of DE's Home and Small Commercial Services Business in Ontario

On October 20, 2014, EnerCare, through a subsidiary of EnerCare Solutions, completed the acquisition of DE's home and small commercial services business in Ontario.

The purchase price of the Acquisition was approximately $550,390, subject to final working capital adjustments. The Acquisition and related transaction costs were financed through a combination of debt and equity, including approximately $333,262 of Subscription Receipts (25,635,525 Subscription Receipts at a price of $13.00 per Subscription Receipt and $317,000 net of fees), $150,000 from the New Term Loan, and a private placement of 7,692,308 Shares to DE. The Shares issued to DE are subject to a 12-month lock-up and thereafter, one-half of such Shares will be subject to a further 6-month lock-up.

In accordance with the terms of the agreement pursuant to which the Subscription Receipts were issued, each outstanding Subscription Receipt was exchanged for one Share, resulting in the issuance of 25,635,525 Shares and a cash payment equal to $0.1208 per Subscription Receipt. The cash payment was equal to the aggregate amount of dividends per Share for which record dates occurred since the issuance of the Subscription Receipts, less any withholding taxes, if any.

EnerCare Solutions' New Debt Financing with two Canadian chartered banks is comprised of: (i) the New Term Loan, which has been drawn for the purpose of financing the Acquisition and re-financing EnerCare Solutions' Previous Term Loan; and (ii) the New Revolver, which replaced the Previous Revolver, which was undrawn at the time of replacement.

Concurrent with the closing of the Acquisition, EnerCare and DE entered into a transition services agreement pursuant to which DE provides certain transition services to EnerCare relating to, among other things, the provision of ongoing information technology, other support and information technology decoupling services for an initial period of 15-months, subject to extension by either party for up to two additional 3-month terms.

Stronger Protection for Ontario Consumers Act, 2013

On November 27, 2013, the *Stronger Protection for Ontario Consumers Act, 2013* ("Bill 55") passed third reading in the Ontario Legislature. Bill 55 is a direct response by the Ontario Government to aggressive and deceptive door-to-door water heater rental sales.

On March 7, 2014 and October 10, 2014, the Ontario Ministry of Consumer Services (the "Ministry") issued proposals for regulations to implement Bill 55 and invited public consultation on the proposals. EnerCare submitted its comments on the proposals to the Ministry in respect of both consultations.

On January 12, 2015, EnerCare announced that the amendments to the *Consumer Protection Act* (Ontario) pursuant to Bill 55 will come into force on April 1, 2015.

Among other things, Bill 55 provides the following changes in respect of direct agreements for the supply of water heaters:

- Doubles the existing 10-day cooling-off period to 20 days, providing consumers with more time to consider their decision;
- Subject to certain exceptions, including where the consumer initiates contact with the supplier, bans the delivery and installation of water heaters during the new 20-day cooling-off period; and
- Provides new consumer protection when the rules are not followed, such as requiring the supplier to reimburse the customer for all cancellation, return or removal fees when the 20-day cooling-off period is not observed.

Concurrently with the coming into force of Bill 55, new or amended regulations under the *Consumer Protection Act* (the "Regulations") are also to come into effect. Among other things, the Regulations require the following in respect of direct agreements for the supply of water heaters:

- Companies must confirm sales by making scripted and recorded telephone calls to the customer, subject to certain exceptions including where the consumer initiates contact with the supplier; and
- Enhanced disclosure, including the requirement to include mandatory cover pages and the comparable retail price, rental rate, total amounts payable under the contract and any termination charges.

EnerCare believes that Bill 55 is a strong enhancement in consumer protection that will provide necessary protection for its customers and greatly assist with EnerCare's continued efforts to combat Attrition in its water heater business.

Appointment of Director

On October 27, 2014, Scott Boose was appointed to EnerCare's board. Mr. Boose was nominated to the EnerCare board by DE pursuant to DE's rights under a nomination agreement entered into in connection with the Acquisition. That agreement provides that for so long as DE controls not less than 3,846,154 Shares of EnerCare, DE will be entitled to nominate one individual for consideration by EnerCare's governance committee and board. Mr. Boose is the President of Direct Energy Services. Prior to this role, Mr. Boose was President of the Clockwork Home Services business (a DE company), which operates its franchise network in 48 states and has company-owned operations in the United States in 11 states, as well as 2 Canadian provinces. Mr. Boose joined DE in 2004 through the acquisition of the Residential Services Group, in which he held several senior positions over a ten year period.

EnerCare Provides Voluntary Assurance to the Competition Bureau regarding Water Heater Returns

On November 6, 2014, EnerCare announced that it resolved concerns that Canada's Competition Bureau (the "Bureau") had in respect of certain water heater return policies and practices of DE in respect of OHCS. This was the culmination of a co-operative process between EnerCare and the Bureau that was initiated in conjunction with the Acquisition.

As noted in the Bureau's own announcement, EnerCare had not engaged in any anti-competitive behaviour. However, following the Acquisition, EnerCare voluntarily provided written assurance to the Bureau regarding EnerCare's water heater return policies and practices, including:

- no longer requiring customers to obtain authorization numbers before returning a rented water heater;
- honouring agreements whereby a new supplier can terminate a customer's account on his or her behalf and return the old water heater; and
- opening two new return depots to facilitate the return of its water heaters.

EnerCare does not expect that the changes will have a significant impact on its operating costs or Attrition.

EnerCare Included in S&P/TSX Composite Index

On December 15, 2014, EnerCare announced that S&P Dow Jones Canadian Index Services had added EnerCare to the S&P/TSX Composite Index effective after the close of trading on Friday, December 19, 2014.

EnerCare was also added to the S&P/TSX Composite Dividend Index and the S&P/TSX Composite High Dividend Index. The S&P/TSX Composite Index is the headline index in Canada and the premier indicator of performance for Canadian equity markets. It includes the largest companies on the TSX as measured by market capitalization and liquidity.

Senior Management Changes

Laima Cers, Vice-President, Marketing and Business Development, resigned effective May 30, 2014.

On January 12, 2015, Aaron Cheng was appointed Vice President of Information Technologies of EnerCare and EnerCare Solutions and each of their respective subsidiary entities.

On January 16, 2015, Larry Ryan was appointed interim Senior Vice President and General Manager of Home Services.

On March 23, 2015, Lorne Solway will be appointed Chief Marketing Officer of EnerCare and EnerCare Solutions and each of their respective subsidiary entities.

Acquisition of Water Heaters from Cobourg Network Inc.

On March 2, 2015, EnerCare, through a subsidiary of EnerCare Solutions, acquired the rental portfolio of Cobourg Network Inc. ("CNI"), comprised of approximately 1,380 electric water heaters for cash consideration of $890, subject to post-closing adjustments. In connection with the acquisition, CNI and EnerCare entered into a transitional agreement pursuant to which CNI provides transitional support and billing and collection services on behalf of EnerCare.

RESULTS OF OPERATIONS

Overview

Consolidated Financial Highlights (000's)	**2014**	2013	2012
Total revenues	**$ 362,753**	$299,149	$275,578
Earnings before income taxes	**32,158**	12,620	5,375
Current tax expense	**(27,287)**	(21,852)	(14,548)
Deferred income tax recovery	**17,405**	18,050	5,998
Net earnings/(loss)	**$ 22,276**	$ 8,818	$ (3,175)
EBITDA	**164,716**	152,493	145,306
Adjusted EBITDA	**174,983**	168,580	162,447
Acquisition adjusted EBITDA	**182,705**	168,580	162,447
Per Share information			
Shareholder dividends declared	**$ 0.72**	$ 0.69	$ 0.67
Net earnings/(loss)	**$ 0.34**	$ 0.15	$ (0.06)
Total assets	**1,407,732**	778,880	804,566
Total debt	**688,111**	540,320	529,475
Cash provided by operating activities	**145,629**	115,691	95,870
Distributable Cash	**$ 59,929**	$ 51,050	$ 61,564
Payout Ratio - Maintenance	**49%**	49%	45%
Payout Ratio	**80%**	78%	63%

2014 vs. 2013

Total revenues increased by approximately 21% or $63,604 to $362,753 in 2014. The improved revenues were the result of an increase in Home Services revenue of $52,896 or 28% to $242,334, driven primarily by $46,065 of revenues generated following the Acquisition and $6,831 from a rental rate increase effective January 2014. Increases in commodity charges and Billable units in the Sub-metering business increased revenues by $10,275 to $119,613 in 2014. Investment income of $806 was higher by $433, primarily from $531 of interest earned from the Subscription Receipts proceeds received in the third quarter in connection with the Acquisition. Net earnings were $22,276 in 2014, $13,458 higher than 2013 as a result of improved EBITDA, lower interest expense and the non-recurring make-whole payment of $13,754 incurred in 2013, partially offset by reduced other income, higher interest on Subscription Receipts, bridge financing charges, professional fees associated with the Acquisition and total taxes payable.

EBITDA increased by 8% or $12,223 as a result of improved revenues and lower losses on disposal of equipment, partially offset by a combined increase in cost of goods sold and SG&A expenses of $52,729, of which $46,067 was driven by expenses incurred in the Home Services business following the Acquisition. Adjusted EBITDA increased by $6,403 or 4% after removing from EBITDA the impact of a reduced loss on disposal of equipment and including other income. After removing net expenditures of $7,722 associated with the Acquisition, Adjusted EBITDA was $182,705 in 2014, an increase of $14,125 over the same period in 2013.

Total assets increased by approximately $628,852 in 2014, primarily due to the Acquisition, partly offset by the amortization of intangible assets and equipment. Total debt increased to $688,111 as a result of the New Debt Financing related to the Acquisition, partly offset by reductions in Convertible Debentures with conversions into Shares, repayment of the Previous Term Loan and principal repayments on the Stratacon Debt. Cash flow from operating activities increased by $29,938 in 2014, primarily as a result of improved EBITDA and lower accounts receivable (see the discussion in "Liquidity and Capital Resources – Cash from Financing" in this MD&A). The Payout Ratio increased to 80% from 78%, primarily as a result of an increase in capital expenditures, the non-recurring early redemption of the 2009-2 Notes net of a tax amount of $11,751 incurred in 2013 and current taxes, partially offset by improved Operating Cash Flow (see the discussion in “Non-IFRS Financial and Performance Measures” in this MD&A), inclusive of $11,063 of net Acquisition costs.

2013 vs. 2012

For 2013 and 2012, certain comparative amounts had been reclassified to conform to the current period’s presentation: 1) Revenue related to charges to landlords on account of common area and suite consumption that was not billed to tenants has been reclassified from commodity charges. The related accounts receivable has been reclassified from accounts payable and accrued liabilities. These reclassifications resulted in an increase to both Sub-metering revenues and commodity charges for $18,996 in 2012. These reclassifications did not result in any adjustments to previously reported net income, working capital or cash flows. 2) Where deferred tax assets and liabilities existed in the legal entities of EnerCare and its subsidiaries, these amounts were reclassified to either a net deferred tax asset or liability, as applicable. As such, for 2012 deferred tax assets and deferred tax liabilities declined by $2,676 on a consolidated basis. These reclassifications did not result in any adjustments to previously reported net income, working capital or cash flows.

Total revenues increased by approximately 9% or $23,571 to $299,149 in 2013. The improved revenues were the result of an increase in Billable units and commodity charges in the Sub-metering business, which increased Sub-metering revenues by $20,505 to $109,338 in 2013, and improvements in Home Services revenue by $3,150 or 2% to $189,438, driven primarily by a rental rate increase effective January 2013. Investment income was lower by $84 to $373, primarily as a result of lower average invested funds following the repayment of $60,000 in debt in the second quarter of 2012. Net earnings were $8,818 in 2013, $11,993 higher than 2012 as a result of improved EBITDA and other income, and reductions in amortization, partially offset by higher interest expense caused by a non-recurring make-whole payment of $13,754 and current taxes.

EBITDA increased by 5% or $7,187 as a result of improved Home Services revenues, increased Sub-metering revenues, net of commodity expenses, and lower losses on disposal of equipment, partially offset by an increase in SG&A expenses of $349 or approximately 1%. Adjusted EBITDA increased by $6,133 or 4% after removing from EBITDA the impact of a reduced loss on disposal of equipment and including other income.

Total assets decreased by approximately $25,686 in 2013, primarily due to the amortization of intangible assets and equipment. Total debt increased to $540,320 as a result of the debt refinancing in the first quarter of 2013, offset by reductions in Convertible Debentures with conversions into Shares. Cash flow from operating activities increased by $19,821 in 2013, primarily as a result of improved revenues net of commodity expenses and reductions in accounts receivable in the Sub-metering business. The Payout Ratio increased to 78% from 63% primarily from an increase in capital expenditures and current taxes, partially offset by improved Operating Cash Flow inclusive of the early redemption of the 2009-2 Notes net of tax amount of $11,751.

Earnings Statement

(000's)	Home Services	Sub-Metering	Corporate	2014 Total	Home Services	Sub-Metering	Corporate	2013 Total
Revenues:								
Contracted revenue	**$231,454**	**$119,132**	**$ -**	**$350,586**	$189,388	$108,597	$ -	$297,985
Sales and other services	**10,880**	**481**	**-**	**11,361**	50	741	-	791
Investment Income	**242**	**17**	**547**	**806**	352	-	21	373
Total revenue	**$242,576**	**$119,630**	**$ 547**	**$362,753**	$189,790	$109,338	$ 21	$299,149
Expenses:								
Cost of goods sold:								
Commodity	**-**	**97,673**	**-**	**97,673**	-	90,671	-	90,671
Maintenance & servicing costs	**10,600**	**-**	**-**	**10,600**	-	-	-	-
Sales and other services	**7,743**	**378**	**-**	**8,121**	22	556	-	578
Total cost of goods sold	**18,343**	**98,051**	**-**	**116,394**	22	91,227	-	91,249
SG&A expenses	**39,604**	**13,877**	**17,497**	**70,978**	15,189	13,387	14,818	43,394
Amortization expense	**97,790**	**4,800**	**2,291**	**104,881**	94,100	3,993	1,627	99,720
Loss on disposal	**9,859**	**-**	**-**	**9,859**	11,640	-	-	11,640
Interest expense:								
Interest expense payable in cash				**27,937**				25,850
Make-whole payment on early redemption of debt				**-**				13,754
Non-cash interest expense				**954**				5,369
Total interest expense				**28,891**				44,973
Total expenses				**331,003**				290,976
Other income	**408**	**-**	**-**	**408**	4,447	-	-	4,447
Earnings before income taxes				**32,158**				12,620
Current tax (expense)				**(27,287)**				(21,852)
Deferred tax recovery				**17,405**				18,050
Net earnings				**$ 22,276**				$ 8,818
EBITDA	**$174,528**	**$ 7,685**	**$(17,497)**	**$164,716**	$162,587	$4,724	$(14,818)	$152,493
Adjusted EBITDA	**$184,795**	**$ 7,685**	**$(17,497)**	**$174,983**	$178,674	$4,724	$(14,818)	$168,580
Acquisition Adjusted EBITDA	**$192,517**	**$ 7,685**	**$(17,497)**	**$182,705**	$178,674	$4,724	$(14,818)	$168,580

Revenues

Total revenues of $362,753 for 2014 increased by $63,604 or 21% compared to 2013.

Home Services revenues, excluding investment income, increased by $52,896 to $242,334 compared to 2013, primarily as a result of $46,065 of additional revenue added through the Acquisition. The remaining $6,831 increase was primarily due to a rental rate increase implemented in January 2014, improved billing completeness and changes in asset mix, partially offset by fewer installed assets. Contracted revenue in Home Services represents revenue generated by the Rentals portfolio and protection plan contracts, while sales and other services revenue mainly pertains to one-time sales and installations of residential furnaces, boilers and air conditioners as well as duct cleaning and other services.

Sub-metering revenues, excluding investment income, in 2014 were $119,613, an increase of $10,275 or 9% over the comparable period in 2013, primarily as a result of increased commodity charges and Billable units. Sub-metering revenue includes total pass through energy charges of $97,673 in 2014, an increase of $7,002 over the same period in 2013. Sales and other services revenue for Sub-metering are earned from the sale and installation of water conservation products in apartments and condominiums.

Investment income was $806 in 2014, an increase of $433 compared to 2013. The change in investment income was primarily attributable to $531 of interest earned from the Subscription Receipts proceeds received in connection with the Acquisition.

Cost of Goods Sold

Total cost of goods sold were $116,394 in 2014, an increase of $25,145 or 28% compared to 2013.

Home Services cost of goods sold increased by $18,321 compared to 2013, primarily due to $18,266 of expenses resulting from the increased scope of the business following the Acquisition. Maintenance and servicing costs in Home Services primarily consist of protection plan expenses and servicing costs related to the rental portfolio, while sales and other services expenses mainly pertain to one-time sales and installations of residential furnaces, boilers, air conditioners and small commercial products as well as duct and other cleaning services.

Sub-metering cost of goods sold of $98,051 increased by $6,824 or 7%, as a result of an increase of $7,002 of pass through energy charges over the same period in 2013. Sales and other services expenses for Sub-metering relate to the sale and installation of water conservation products in apartments and condominiums.

Selling, General & Administrative Expenses

Total SG&A expenses were $70,978 in 2014, an increase of $27,584 or 64% compared to 2013.

Home Services and corporate expenses of $57,101 increased by $27,094 compared to 2013, primarily due to $27,801 of additional expenses resulting from the increased scope of the business following the Acquisition. The $27,094 increase over 2013 was primarily as a result of approximately $9,900 in wages and benefits, $7,100 in professional fees, $7,200 of billing and servicing costs, $2,000 in office expenses, $1,400 in selling expenses and $160 in bad debts, partially offset by reductions of $660 in claims expenses. During 2014, Home Services and corporate SG&A expenses included $7,722 of costs associated with the Acquisition, of which approximately $6,770 were professional fees, $620 selling expenses, $210 office expenses and $120 wages and benefits.

Sub-metering SG&A expenses were $13,877 or $490 greater in 2014 compared to 2013, primarily as a result of increased wages and benefits of approximately $2,250 and billing and servicing costs of $670, partially offset by reductions in bad debts of $2,100, selling expenses of $190 and professional fees of $140.

Amortization Expense

Amortization expense increased by $5,161 or 5% in 2014, primarily due to, additional Acquisition related amortization from capital and intangible assets of $1,032 and $4,015, respectively. The remaining increase of $114 over 2013 was primarily from an increasing capital asset base from asset mix changes in the Rentals portfolio and increased Sub-metering capital investments, which are amortized over a shorter life than those of the Home Services business.

Loss on Disposal of Equipment

EnerCare reported a loss on disposal of equipment of $9,859 in 2014, a reduction of $1,781 or 15%, over the same period in 2013. The loss on disposal amount is influenced by the number of assets retired, proceeds on disposal of equipment, changes in the retirement asset mix and the age of the assets retired.

Interest Expense

(000s)	**2014**	2013
Interest expense payable in cash	**$24,065**	$25,784
Interest paid on subscription receipts	**3,097**	-
Equity bridge financing fees	**775**	-
Make-whole payment on early redemption of debt	**-**	13,754
Non-cash items:		
Notional interest on employee benefit plans, net	**254**	-
Amortization of OCI and financing costs	**700**	5,435
Interest expense	**$28,891**	$44,973

Interest expense payable in cash decreased by $1,719 to $24,065 in 2014 compared to 2013. The decrease is primarily related to the conversion of Convertible Debentures to Shares and reduction in interest rates with the early redemption in 2013 of the 2009-2 Notes associated with the issuance of the 2013 Notes. As part of the Acquisition, Subscription Receipts were issued and subsequently converted to Shares upon the closing of the Acquisition on October 20, 2014. While the Subscription Receipts were outstanding, they were classified as a financial liability, resulting in interest expense of $3,097, which was equivalent to the dividend payments on such Subscription Receipts had they been Shares. Equity bridge financing fees of $775 were incurred as part of the Acquisition. The make-whole payment of $13,754 was incurred upon the early redemption of the 2009-2 Notes and the drawdown of the Previous Term Loan. Notional interest of $254 in 2014 relates to the employee benefits plans acquired as part of the Acquisition. Amortization of OCI and financing costs for 2013 include the previously unamortized costs associated with the 2009-2 Notes and $4,023 of accumulated OCI which was fully reclassified to earnings in the first quarter of 2013.

Other Income

During 2014, EnerCare realized a settlement of $408 from DE on account of the reclassification of certain water heaters under the Co-ownership Agreement to EnerCare's owned portfolio, originally associated with the Toronto Hydro Energy Services Inc. portfolio acquisition. During 2013, EnerCare realized settlements from DE of $4,447, including income of approximately $2,769 on account of water heater installation costs, billing and collection deficiencies and third-party claims, and $1,678 on account of billing and collection in respect of water heater buyouts.

Income Taxes

EnerCare reported a current tax expense of $27,287 in 2014, an increase of $5,435 over 2013, primarily as a result of higher taxable income. The deferred income tax recovery of $17,405 for 2014 was $645 lower than the deferred tax recoveries of $18,050 recorded in 2013, primarily as a result of temporary difference reversals in the Home Services and Sub-metering businesses, including the impact of the 2013 make-whole payment.

Net Earnings

Net earnings in 2014 were $22,276 or $13,458 higher than in 2013, as previously described.

EBITDA, Adjusted EBITDA and Acquisition Adjusted EBITDA

The following table summarizes comparative quarterly results for the last eight quarters, and reconciles net earnings, an IFRS measure, to EBITDA, Adjusted EBITDA and Acquisition Adjusted EBITDA.

(000s)	**Q4/14**	Q3/14	Q2/14	Q1/14	Q4/13	Q3/13	Q2/13	Q1/13
Net earnings/(loss)	**$ 5,672**	$ 2,133	$ 7,457	$ 7,014	$ 4,793	$ 6,931	$ 7,482	$(10,388)
Deferred tax (recovery)	**(3,222)**	(6,852)	(3,810)	(3,521)	(3,552)	(3,134)	(3,640)	(7,724)
Current tax expense	**5,949**	8,924	6,335	6,079	6,148	5,525	4,591	5,588
Amortization expense	**30,319**	25,186	24,870	24,506	25,792	25,228	24,344	24,356
Interest expense	**7,129**	9,827	5,963	5,972	6,002	6,022	5,976	26,973
Other (income)	**-**	-	-	(408)	(769)	(2,000)	(1,678)	-
Investment (income)	**(211)**	(478)	(80)	(37)	(35)	(21)	(49)	(268)
EBITDA	**45,636**	38,740	40,735	39,605	38,379	38,551	37,026	38,537
Add: Loss on disposal of equipment	**2,180**	2,304	2,371	3,004	2,666	2,633	3,449	2,892
Add: Other income	**-**	-	-	408	769	2,000	1,678	-
Adjusted EBITDA(1)	**47,816**	41,044	43,106	43,017	41,814	43,184	42,153	41,429
Add: Acquisition SG&A	**4,138**	2,882	702	-	-	-	-	-
Acquisition Adjusted EBITDA	**$51,954**	$43,926	$43,808	$43,017	$41,814	$43,184	$42,153	$41,429

(1) Historical Adjusted EBITDA has been conformed to the current presentation which includes other income and expense.

The variances over the last eight quarters are primarily due to the following:

1. Net earnings are impacted by rental rate increases, generally implemented in January of each year, accruals related to billing and servicing matters and the Acquisition results included in the fourth quarter of 2014.
2. Increasing current taxes from higher taxable income.
3. Debt refinancing activities in the first quarter of 2013 resulted in additional interest expense, which included a make-whole payment of $13,754. Commencing in the third quarter of 2013, interest expense reflects the benefits of lower blended interest rates and non-cash fee amortization. During the third quarter of 2014, additional interest expense was incurred related to the bridge financing and treatment of Subscription Receipts for accounting purposes.
4. Amortization and loss on disposal of equipment are primarily driven by unit continuity activity such as Attrition, exchanges and outstanding units. Commencing in the fourth quarter of 2014, amortization reflects increases from the amortization of capital assets and intangibles following the Acquisition.
5. Other income relates to settlements with DE on account of installation and billing matters.

DISTRIBUTABLE CASH AND PAYOUT RATIOS

EnerCare amended its payout ratio calculation in 2013. As a transition to the new calculation, EnerCare has chosen to show both the historical calculation, Payout Ratio and our new calculation, Payout Ratio - Maintenance. Historically, EnerCare included both the Rentals capital associated with maintaining (other than Sub-metering and acquisitions) the current customer base (exchanges) as well as the capital associated with acquiring new customers. With the significant improvement in Attrition over the last five years, combined with the success of transitioning Rentals customers into higher revenue generating rental products, EnerCare has started to grow revenue beyond annual rate increases. As a result, EnerCare changed the calculation to remove the capital required to acquire new Rentals customers. EnerCare believes that the new calculation better reflects the on-going cash requirements to maintain the revenue from the current Rentals customer base.

Payout Ratio (000s)	**2014**	2013
Cash provided by operating activities	**$145,629**	$115,691
Net change in non-cash working capital	**(24,615)**	(7,919)
Operating Cash Flow[3]	**121,014**	107,772
Capital expenditures: (excluding growth capital and acquisitions)		
Rentals additions	**(42,359)**	(34,355)
Rentals exchanges	**(34,807)**	(34,391)
Subtotal	**(77,166)**	(68,746)
Total proceeds on disposal of equipment	**5,426**	4,720
Net capital expenditures	**(71,740)**	(64,026)
Other income	**(408)**	(4,447)
Early redemption of 2009-2 Notes net of tax	**-**	11,751
Acquisition expenditures	**11,063**	-
Total reductions	**(61,085)**	(56,722)
Distributable Cash[3]	**59,929**	51,050
Dividends declared	**(48,167)**	(39,939)
Net cash retained	**$ 11,762**	$ 11,111
Payout Ratio	**80%**	78%

The Payout Ratio, after capital expenditures (excluding growth capital for Sub-metering and acquisitions), increased to 80% for 2014 compared to 78% for 2013, primarily from increased net capital expenditures, current taxes and dividend payments, after adjustments for other income, Acquisition costs and the early redemption of the 2009-2 Notes.

Acquisition costs of $11,063 in 2014 primarily consist of professional fees, interest on the Subscription Receipts and bridge financing costs. These amounts have been adjusted in the payout ratio to better reflect recurring distributable cash.

The early redemption of the 2009-2 Notes net of tax of $11,751 in 2013 represents the first quarter sum of a make-whole payment of approximately $13,754 and overlapping interest expense of $1,087, less investment income of $268 and the subsequent tax timing difference of ($2,822). The tax consequences of the make-whole payment were recognized over the period to April 30, 2014. The make-whole payment was reflected as interest expense in the first quarter of 2013 and consequently directly impacted cash provided by operating activities for the balance of 2013.

EnerCare intends to finance its recurring capital expenditures with cash flow from operations, cash on hand and available credit.

[3] Operating Cash Flow and Distributable Cash are a Non-IFRS financial measure. Refer to the Non-IFRS Financial and Performance Measures section in this MD&A.

Payout Ratio - Maintenance Presentation

Payout Ratio - Maintenance - (000's)	**2014**	2013
Cash provided by operating activities	**$145,629**	$115,691
Net change in non-cash working capital	**(24,615)**	(7,919)
Operating Cash Flow	**121,014**	107,772
Capital expenditures: (excluding growth capital, additions and acquisitions)		
Rentals exchanges	**(34,807)**	(34,391)
Proceeds on disposal of equipment – warranty recoveries	**2,138**	1,517
Net capital expenditures	**(32,669)**	(32,874)
Other income	**(408)**	(4,447)
Early redemption of 2009-2 Notes net of tax	**-**	11,751
Acquisition costs	**11,063**	-
Total reductions	**(22,014)**	(25,570)
Distributable Cash – Maintenance	**99,000**	82,202
Dividends declared	**(48,167)**	(39,939)
Net cash retained	**$ 50,833**	$ 42,263
Payout Ratio – Maintenance	**49%**	49%

The Payout Ratio - Maintenance, which is calculated based upon capital expenditures associated with the exchange of assets for existing customers and excludes capital expenditures associated with obtaining new customers, was 49% in both 2014 and 2013.

LIQUIDITY AND CAPITAL RESOURCES

(000's)	**2014**	2013
Cash flow from operating activities	**$145,629**	$115,691
Net change in non-cash working capital	**(24,615)**	(7,919)
Operating Cash Flow	**121,014**	107,772
Capital expenditures: (excluding growth capital and acquisitions)	**(77,558)**	(68,709)
Proceeds on disposal of equipment	**5,426**	4,720
Net capital expenditures	**(72,132)**	(63,989)
Acquisition - Niagara portfolio	**(3,035)**	-
Acquisition - OHCS	**(440,113)**	-
Growth capital	**(8,015)**	(10,570)
Cash used in investing activities	**(523,295)**	(74,559)
Dividends paid	**(46,006)**	(39,799)
Other financing activities	**465,787**	11,981
Cash used in financing activities	**419,781**	(27,818)
Cash and equivalents – end of period	**$ 68,055**	$ 25,940

Operating Cash Flow of $121,014 increased by $13,242 in 2014 compared to 2013, primarily as a result of improved revenues, changes in non-cash working capital and reduced interest expense, inclusive of the make-whole payment of $13,754 associated with the redemption of the 2009-2 Notes, partially offset by increased cost of goods sold, SG&A and current taxes. On December 30, 2014, Enbridge settled approximately $30,000 of December's EnerCare billings in advance of its normal settlement dates, impacting non-cash working capital as a result of lower accounts receivable. Under the OBA cash is typically paid 21 days after billing.

Net capital expenditures of $72,132 in 2014 increased by $8,143 compared to 2013, due to changes in asset mix, including increased HVAC rentals. In 2014, the acquisition of $3,035 represents the purchase of the ESN rental portfolio in the first quarter while the Acquisition of $440,113 represents the cash portion of the purchase price of OHCS in the fourth quarter. Growth capital investments were $8,015 for 2014, a decrease of $2,555 when compared to 2013. Growth capital expenditures were lower in 2014, primarily as a result of fewer installations and higher costs in 2013 associated with the internalization of the Sub-metering customer care and billing systems and enhancements to computer systems.

Dividends paid reflect dividend payments on outstanding Shares.

Other financing activities for 2014 primarily reflect additional debt and equity issued to finance the Acquisition along with scheduled repayment of the Stratacon Debt during the period. In 2013, other financing activities reflected the repayment of $2,000 in respect of the Previous Revolver during the second quarter and EnerCare Solutions' repayment of the 2009-2 Notes on March 6, 2013 with proceeds from the 2013 Notes and the drawdown on the Previous Term Loan.

Available credit of $100,000 under the New Revolver was not drawn as at December 31, 2014. EnerCare Solutions is subject to a number of covenants and has the ability to incur additional senior debt as described in "*Liquidity and Capital Resources – Cash from Financing*" in this MD&A.

Management believes that EnerCare has sufficient cash flow, cash on hand and available credit to meet its 2015 obligations, including capital expenditures, financing activities and working capital requirements for its businesses.

Capital Expenditures

Capital expenditures typically have a significant impact on liquidity and are best understood with reference to the unit continuity analysis below.

Installed Asset Unit Continuity (000's)			**2014**			2013
Segment	**Home Services**	**Sub-metering**	**Total**	Home Services	Sub-metering	Total
Units - start of period	**1,145**	**136**	**1,281**	1,171	115	1,286
Portfolio additions	**24**	**15**	**39**	23	21	44
Acquisitions	**2**	**-**	**2**	-	-	-
Attrition	**(42)**	**-**	**(42)**	(49)	-	(49)
Units - end of period	**1,129**	**151**	**1,280**	1,145	136	1,281
Asset exchanges – units retired and replaced	**51**	**-**	**51**	54	-	54
% change in units during the period			(0.1%)			(0.4%)
% of units from start of period:						
Portfolio additions (net of acquisitions)			3.0%			3.4%
Attrition			(3.3%)			(3.8%)
Units retired and replaced			4.0%			4.2%
Billable units	**1,129**	**96**	1,225	1,145	82	1,227
Contracted units		**185**			166	

Net capital expenditures in the Home Services business include Rentals unit additions and asset exchanges, net of proceeds on disposal. In 2014, net capital expenditures in Home Services were $72,132, increasing by 13% or $8,143, when compared to 2013, primarily as a result of increased HVAC rentals.

Installations in the Sub-metering business were approximately 15,000 units for 2014, a decrease of 6,000 units compared to 2013. Sub-metering capital expenditures in 2014 were $7,501, approximately $1,976 lower than in 2013 on account of the timing and costs of projects under completion.

Attrition decreased in 2014 by 7,000 units or 14% compared to 2013. EnerCare has implemented many programs, including continued consumer education campaigns. Such initiatives, coupled with broader consumer awareness as well as enhancements to our customer value proposition (for example, the "same day service campaign"), have helped to significantly reduce Attrition in recent years.

For the Home Services units, changes in Billable units reflect the asset activity as reported in the continuity schedule. For the Sub-metering business, Billable units of 96,000 increased by 14,000 units in 2014 compared to 2013, primarily due to additional installations and increased penetration in the rental apartment market.

Sub-metering sales activity was approximately 19,000 for 2014, an improvement of 9,000 over 2013.

Cash from Financing

Financing activities for EnerCare may reflect dividend payments, periodic financing of EnerCare Solutions' indebtedness, EnerCare's offering of Shares and Convertible Debentures, and to a much lesser extent financing of the Sub-metering business. During 2014, EnerCare recorded a cash share issuance of $318,243, net of fees and $150,000 of additional debt as part of the Acquisition, partially offset by dividend payments and the scheduled repayment of the Stratacon Debt.

Capitalization (000s)	**2014**	2013
Cash and cash equivalents	**$ 68,055**	$ 25,940
Net investment in working capital	**(216)**	(10,702)
Cash, net of working capital	**67,839**	15,238
Total debt	**688,111**	540,320
Shareholders' equity	**477,885**	71,296
Total capitalization – book value	**$1,165,996**	$611,616

Typically, EnerCare maintains cash balances and available credit to provide sufficient cash reserves to satisfy short-term requirements, including interest payments, dividends and certain capital expenditures and acquisitions.

At December 31, 2014, total debt was comprised of the 2012 Notes, the 2013 Notes, the New Term Loan, Convertible Debentures and the Stratacon Debt.

EnerCare Solutions is subject to a number of covenant requirements as described in the AIF and below. The following discussion outlines the principal covenants.

Debt Financing

As described in the AIF, the Previous Revolver and Previous Term Loan each contained terms, representations, warranties, covenants and events of default that were customary for credit facilities of this kind, including financial covenants discussed below, restrictions on asset sales and reorganizations, a negative pledge and limits on distributions to EnerCare (and, therefore, in effect, holders of Shares). Events of default under the Previous Revolver and Previous Term Loan included a cross-default provision and the occurrence of a change of control of EnerCare or EnerCare Solutions. EnerCare Solutions' obligations under the Previous Revolver and Previous Term Loan were guaranteed by all of EnerCare Solutions' direct and indirect subsidiaries.

The New Debt Financing is an amendment and restatement of EnerCare Solutions' Previous Revolver, with substantially similar terms to that facility but with the following material additions and revisions made to reflect the inclusion of the New Term Loan and contemplation of the Acquisition: (i) the addition of the New Term Loan commitments, (ii) the addition of EHCS LP and the general partner of EHCS LP as guarantors, (iii) the revision to the definition of "Adjusted EBITDA" to include add-backs for Acquisition-related transaction expenses, one-time rebranding costs and information technology system harmonization costs not to exceed $23,500, (iv) increase in the "basket" sizes permitted under certain covenants and events of default (to take into account the increase of assets under management due to the Acquisition), and (iv) favourable changes to the financial covenants as described below.

The Previous Revolver and Previous Term Loan contained the following financial covenants (i) all additional incurrences of senior debt, with certain exceptions, must, on the date of incurrence, result in a *pro forma* ratio equal to or greater than 3.8 to 1.0 of Incurrence EBITDA (as defined in the Senior Unsecured Indenture) to Net Interest Expense (as defined in the Senior Unsecured Indenture); (ii) the ratio of total debt (other than subordinated debt) to "Adjusted EBITDA" must be less than 4.25:1; (iii) the ratio of Adjusted EBITDA to "Cash Interest Expense" must be greater than 3.00:1; and (iv) the ratio of Adjusted EBITDA less capital expenditures to Cash Interest Expense must be greater than 1.75:1.

As described in the AIF, the Previous Revolver and Previous Term Loan defined (i) "Adjusted EBITDA" as the consolidated net income of EnerCare Solutions and any losses on dispositions of assets less, to the extent included in calculating such net income, all interest income and income tax recoveries, gains on hedging contracts and all extraordinary, non-recurring and unusual income items, plus, to the extent deducted in calculating such net income, amounts for total interest expense, fees payable under the origination agreement with DE (as assigned to EnerCare in connection with the Acquisition), amortization and depreciation expenses, income taxes and any other non-cash items, losses on hedging contracts, proceeds of disposal of water heaters in the ordinary course of business, determined on a consolidated basis. The Previous Revolver and Previous Term Loan essentially defined "Cash Interest Expense" as the aggregate amount of interest and other financing charges payable in cash and expensed by EnerCare Solutions with respect to debt (other than subordinated debt between EnerCare Solutions and EnerCare or any subsidiary of EnerCare Solutions or between subsidiaries of EnerCare Solutions), but excluding any make-whole, prepayment, penalty or premium or other yield maintenance amount with respect to debt.

The New Debt Financing contains financial covenants that are more favourable than the Previous Revolver and Previous Term Loan. The ratio of total debt (other than subordinated debt) to Adjusted EBITDA described in (ii) above must now only be less than 4.75:1, and the financial covenant pertaining to the ratio of Adjusted EBITDA less capital expenditures to Cash Interest Expense described in (iv) above has been removed entirely. The New Debt Financing also contains substantially similar definitions to those of the Previous Revolver and Previous Term Loan except that "Adjusted EBITDA" adds back certain specified items incurred with respect to the Acquisition, including transaction expenses, one-time rebranding costs and information technology system harmonization costs, not to exceed $23,500.

EnerCare Solutions was in compliance with the covenants within the New Revolver and New Term Loan as of December 31, 2014. No amounts were drawn under the New Revolver at December 31, 2014.

2012 Notes and 2013 Notes – Incurrence Test

The covenants in respect of the 2012 Notes and 2013 Notes are contained in the Senior Unsecured Indenture. Under the terms of the Senior Unsecured Indenture, EnerCare Solutions may not incur additional senior debt other than certain refinancing debt and certain working capital debt if the Incurrence Test (as described in the AIF) is less than 3.8 to 1. On December 31, 2014, EnerCare Solutions exceeded this minimum and had the capacity under the covenant to raise more than $300,000 additional senior debt should it elect to do so.

SUMMARY OF QUARTERLY RESULTS

(000's)	**Q4/14**	Q3/14	Q2/14	Q1/14	Q4/13	Q3/13	Q2/13	Q1/13
Total revenues	**$126,012**	$80,469	$74,047	$82,225	$75,675	$77,560	$71,604	$74,310
Net earnings/(loss)	**5,672**	2,133	7,457	7,014	4,793	6,931	7,482	(10,388)
Dividends declared	**16,648**	10,607	10,600	10,312	10,161	10,020	9,945	9,813
Average Shares outstanding	**84,628**	58,532	58,486	58,449	58,356	58,222	58,137	58,040
Per Share								
Basic net earnings/(loss)	**$0.07**	$0.04	$0.13	$0.12	$0.08	$0.12	$0.13	($0.18)
Diluted net earnings/(loss)	**$0.07**	$0.03	$0.13	$0.12	$0.08	$0.12	$0.13	($0.18)
Dividends declared	**$0.181**	$0.181	$0.181	$0.176	$0.174	$0.172	$0.171	$0.169

In addition to quarterly comments found under "*Results of Operations – EBITDA and Adjusted EBITDA*", differences in net earnings between quarters reflect the timing of expenses, current tax expense, the temporary difference reversals of future income tax recoveries and the impact of the Acquisition in the fourth quarter of 2014. Dividends declared primarily reflect the change in outstanding Shares over time as well as the dividend increases implemented in the first quarters of 2012, 2013 and 2014, and the fourth quarter of 2013.

The average number of Shares outstanding and the related per Share data reflect the impact of the conversion of Convertible Debentures.

SUMMARY OF CONTRACTUAL DEBT AND LEASE OBLIGATIONS

The following schedule summarizes the contractual debt and lease obligations of EnerCare at December 31, 2014:

Period	Debt		Finance Leases		Operating
(000's)	Principal	Interest	Principal	Interest	Leases
Due in 2015	$ 1,258	$22,890	$1,981	$361	$ 1,616
Due in 2016	992	21,530	1,808	268	1,705
Due in 2017	253,872	21,269	1,551	177	606
Due in 2018	210,126	10,360	1,160	96	-
Due in 2019	25	10,356	701	39	-
Thereafter	225,055	5,178	253	6	-
Total	$691,328	$91,583	$7,454	$947	$3,927

As at December 31, 2014, long-term senior contractual obligations of EnerCare included debt service on the 2012 Notes and 2013 Notes bearing interest at 4.30% and 4.60%, respectively. Interest on the 2012 Notes is payable semi-annually on May 30 and November 30 and is payable semi-annually on February 3 and August 3 in respect of the 2013 Notes. In addition, the Previous Term Loan of $60,000, due January 28, 2016, was replaced in October 2014 as part of the financing of the Acquisition, which was partly financed through the issuance of the New Term Loan, maturing on October 20, 2018. The 2009-2 Notes, which would have matured on April 30, 2014, were redeemed on March 6, 2013, following the issuance of the 2013 Notes and the drawdown of the Previous Term Loan. In connection with the debt refinancing, a make-whole payment of $13,754 was paid in respect of the early redemption of the 2009-2 Notes in 2013.

The Stratacon Debt of $3,071, as at December 31, 2014, was originally issued in 14 series with maturity dates ranging from 4 to 14 years, ending in 2022. The interest rate on the Stratacon Debt ranges from 7.50% to 8.75%. Principal and interest is paid monthly.

The Convertible Debentures bear interest at 6.25%, with interest payable semi-annually on June 30 and December 31 until maturity in June 2017.

At December 31, 2014, no amounts were drawn on the New Revolver. The New Revolver bears a standby charge of 0.20%, which has not been included in the above schedule.

The obligations under finance leases are secured by the leased vehicles and bear floating interest rates ranging from 0.5% to 7% per annum, which are contingent on market rates. The finance leases mature at dates ranging between January 2015 and December 2020.

Lease obligations include premises and office equipment. Substantially all of the future expense obligations are the result of leased premises.

ENERCARE SHARES ISSUED AND OUTSTANDING

EnerCare's authorized share capital consists of an unlimited number of Shares and 10,000,000 preferred shares. At December 31, 2014, there were 91,879,927 Shares (58,424,942 at December 31, 2013) issued and outstanding, and no preferred shares were outstanding. Preferred shares may, at any time and from time to time, be issued in one or more series, with such rights, privileges, restrictions and conditions as may be determined by the directors. The preferred shares of each series shall, with respect to the payment of dividends and the distribution of assets, be entitled to preference over the Shares and any other share ranking junior to the preferred shares from time to time.

From January 1, 2015 to February 27, 2015, approximately $326 principal amount of additional Convertible Debentures were converted into 50,307 Shares. The Convertible Debentures principal balance outstanding of 2,931 at February 27, 2015 may be converted into approximately 452,314 additional Shares.

FOURTH QUARTER RESULTS OF OPERATIONS

Earnings Summary (000's)	**Home Services**	**Sub-Metering**	**Corporate**	**2014 Total**	Home Services	Sub-Metering	Corporate	2013 Total
Revenues:								
Contracted revenue	**$84,513**	**$30,385**	**$ -**	**$114,898**	$47,807	$27,835	$ -	$75,642
Sales and other services	**10,807**	**96**	**-**	**10,903**	8	(10)	-	(2)
Investment income	**67**	**4**	**140**	**211**	35	-	-	35
Total revenues	**$95,387**	**$30,485**	**$ 140**	**$126,012**	$47,850	$27,825	$ -	$75,675
Expenses:								
Cost of goods sold:								
Commodity	**-**	**24,524**	**-**	**24,524**	-	22,983	-	22,983
Maintenance and servicing costs	**10,600**	**-**	**-**	**10,600**	-	-	-	-
Sales and other services	**7,693**	**78**	**-**	**7,771**	(10)	(24)	-	(34)
Total cost of goods sold	**18,293**	**24,602**	**-**	**42,895**	(10)	22,959	-	22,949
SG&A expenses	**26,690**	**3,253**	**5,147**	**35,090**	3,387	4,490	3,769	11,646
Amortization expense	**28,007**	**1,280**	**1,032**	**30,319**	24,029	1,241	522	25,792
Loss on disposal	**2,180**	**-**	**-**	**2,180**	2,666	-	-	2,666
Interest expense:								
Interest expense payable in cash				**6,667**				5,833
Make-whole payment on early redemption of debt				**-**				-
Non-cash interest expense				**462**				169
Total interest expense				**7,129**				6,002
Total expenses				**117,613**				69,055
Other income	**-**	**-**	**-**	**-**	769	-	-	769
Earnings before income taxes				**8,399**				7,389
Current tax (expense)				**(5,949)**				(6,148)
Deferred tax recovery				**3,222**				3,552
Net earnings				**$ 5,672**				$ 4,793
EBITDA	**$48,157**	**$ 2,626**	**$(5,147)**	**$ 45,636**	$41,772	$ 376	$ (3,769)	$38,379
Adjusted EBITDA	**$50,337**	**$ 2,626**	**$(5,147)**	**$ 47,816**	$45,207	$ 376	$ (3,769)	$41,814
Acquisition Adjusted EBITDA	**$54,475**	**$ 2,626**	**$(5,147)**	**$ 51,954**	$45,207	$ 376	$ (3,769)	$41,814

Fourth Quarter Overview

Unless stated otherwise, the narrative in this section is in reference to the operating results for the fourth quarter of 2014 as compared to the same period in 2013.

Revenues

Total revenues of $126,012 in 2014 increased by $50,337 or 67% compared to 2013.

Home Services revenue, excluding investment income, for the period increased by $47,505 to $95,320, primarily as a result of $46,065 of additional revenues added through the Acquisition. The remaining $1,440 increase was primarily due to a rental rate increase implemented in January 2014, improved billing completeness and changes in asset mix, partially offset by the impact of net Attrition. Contracted revenues represent revenues generated by the Rentals units and protection plan contracts, while sales and other services revenues mainly pertain to royalties from franchisee protection plan sales, one-time sales and installations of residential furnaces, boilers, air conditioners and small commercial products as well as duct cleaning services.

Sub-metering revenues, excluding investment income, for the period were $30,481, an increase of $2,656 or 10% over the comparable period in 2013, primarily as a result of increased commodity charges and Billable units. Sub-metering revenue includes total pass through energy charges of $24,524 in 2014, an increase of $1,541 over the same period in 2013. Sales and other services revenue for Sub-metering are earned from the sale and installation of water conservation products in apartments and condominiums.

Investment income was $211 in 2014, an increase of $176 compared to 2013. The change in investment income was primarily attributable to $134 of interest earned from the Subscription Receipts proceeds received in connection with the Acquisition.

Cost of Goods Sold

Total cost of goods sold were $42,895 in 2014, an increase of $19,946 or 87% compared to 2013.

Home Services cost of goods sold increased by $18,303 compared to 2013, primarily due to $18,266 of expenses resulting from the increased scope of the business following the Acquisition. Maintenance and servicing costs in Home Services primarily consist of protection plan expenses and servicing costs related to the Rentals portfolio while sales and other services expenses mainly pertain to one-time sales and installations of residential and commercial furnaces, water heaters, boilers, air conditioners as well as duct cleaning services.

Sub-metering cost of goods sold of $24,602 increased by $1,643 or 7%, as a result of an increase of $1,541 of pass through energy charges over the same period in 2013. Sales and other services expenses for Sub-metering relate to the sale and installation of water conservation products in apartments and condominiums.

Selling, General & Administrative Expenses

Total SG&A expenses were $35,090 in 2014, an increase of $23,444 compared to 2013.

Home Services and corporate expenses of $31,837 increased by $24,681 compared to 2013, primarily due to $27,801 of additional expenses from the increased scope of the business following the Acquisition. The $24,681 increase over 2013 was primarily due to approximately $8,700 in wages and benefits, $4,000 in professional fees, $7,000 of billing and servicing costs, $1,700 in office expenses, $2,500 in selling expenses, $540 in bad debts and $220 in claims expenses. During the fourth quarter of 2014, Home Services and corporate SG&A expenses included $4,138 of costs associated with the Acquisition, of which approximately $3,470 were professional fees, $480 selling expenses, $110 office expenses and $70 of contract labour.

Sub-metering SG&A expenses were $3,253 or $1,237 lower in 2014 compared to 2013, primarily as a result of a reduction in the provision for bad debts (see *"Critical Accounting Estimates – Bad Debt Provisions")*. Partially offsetting the reduction in bad debts of approximately $1,900 was an increase in wages and benefits of approximately $600.

Amortization Expense

Amortization expense of $30,319 was $4,527 higher than in 2013, primarily due to additional amortization from capital and intangible asset additions resulting from the Acquisition of $1,032 and $4,015, respectively.

Loss on Disposal of Equipment

Loss on disposal of equipment for the period was $2,180, a decrease of $486 or 18% over 2013. The decreased loss was primarily the result of lower Attrition and fewer exchanged assets during the period.

Interest Expense

In 2014, interest expense of $7,129 was $1,127 higher than in 2013, primarily from the issuance of additional debt and $254 of notional interest on employee benefit plans, both resulting from the Acquisition.

Net Earnings

Earnings before income taxes in 2014 were $8,399, $1,010 better than 2013, as previously described. Net earnings were $5,672, an increase of $879 in 2014, reflecting a reduction of $199 in current taxes and lower deferred tax recoveries of $330 impacted by the timing of deferred tax reversals.

NON-IFRS FINANCIAL AND PERFORMANCE MEASURES

The consolidated financial statements of EnerCare are prepared in accordance with IFRS. EnerCare's basis of presentation and significant accounting policies are summarized in detail in notes 2 and 3 of the consolidated financial statements for the period ended December 31, 2014.

EnerCare reports on certain non-IFRS measures that are used by management to evaluate performance of EnerCare and meet certain covenant requirements relating to debt financing. Since non-IFRS measures do not have standardized meanings prescribed by IFRS, securities regulations require that non-IFRS measures be clearly defined, qualified, and reconciled with their nearest IFRS measure. These measures do not have standardized meanings or interpretations, and may not be comparable to similar terms and measures provided by other issuers.

EBITDA, Adjusted EBITDA, Acquisition Adjusted EBITDA, Distributable Cash, Payout Ratio and Payout Ratio-Maintenance should not be construed as alternatives to net income or earnings per Share determined in accordance with IFRS as indicators of EnerCare's performance.

Non-IFRS financial indicators used by EnerCare and reported in this MD&A include:

Measures of Asset Portfolio Performance

Capital Expenditures and Acquisitions

EnerCare makes two principal types of investments to grow its installed base of water heaters, sub-meters and other assets: capital expenditures and acquisitions.

Measures of Financial Performance

EBITDA

This measure is comprised of net earnings plus income taxes, interest expense and amortization expense, less investment and other income. It is one metric that can be used to determine EnerCare's ability to service its debt, finance capital expenditures, and provide for the payment of dividends to shareholders. EBITDA is reconciled with net earnings, an IFRS measure, in the section *"Results of Operations – EBITDA, Adjusted EBITDA and Acquisition Adjusted EBITDA"* in this MD&A.

Adjusted EBITDA

This measure is comprised of net earnings plus income taxes, interest expense, amortization expense, impairment losses, loss on disposal of equipment, less investment income. It is one metric that can be used to determine EnerCare's ability to service its debt, finance capital expenditures, and provide for the payment of dividends to shareholders. Adjusted EBITDA is reconciled with net earnings, an IFRS measure, (see *"Results of Operations – EBITDA, Adjusted EBITDA and Acquisition Adjusted EBITDA"* in this MD&A).

Acquisition Adjusted EBITDA

This measure reflects the same components as Adjusted EBITDA, however, eliminates the additional one-time costs associated with the Acquisition, including interest expense for accounting purposes on the Subscription Receipts, equity bridge financing fees, professional fees associated with due diligence, pre and post-merger integration, expenditures associated with rebranding, severance and other costs in SG&A. This is one metric that can be used to determine EnerCare's ability to service its ongoing debt, finance capital expenditures, and provide for the payment of dividends to shareholders. Acquisition Adjusted EBITDA is reconciled with net earnings, an IFRS measure, in the section *"Results of Operations - EBITDA, Adjusted EBITDA and Acquisition Adjusted EBITDA"* in this MD&A.

Billable

Sub-metering Billable units represent assets or services in the case of multiple products, for which an invoice has been issued to a customer in the past. From time to time there may be periods where no invoicing occurs in respect of such asset or service due to, for example, vacancy or delinquency. Billable Sub-metering assets are no longer Billable upon termination of the contractual agreement with the landlord or condominium corporation, as applicable, or where vacancy exceeds six months. The Rentals portfolio is deemed to be fully Billable upon origination and removed from Billable upon asset termination.

Distributable Cash and Distributable Cash - Maintenance

Distributable Cash is one measure of the amount of cash generated during a period that is available to service debt, finance capital expenditures and provide for the payment of dividends to shareholders.

Historically, Distributable Cash comprised net earnings of EnerCare, plus non-cash items, such as deferred income taxes, amortization and non-recurring expenses related to the Acquisition and transition of OHCS, plus the proceeds on disposal of equipment, less capital expenditures (excluding growth capital) and other non-recurring income. Capital expenditures outside of EnerCare's traditional Rentals asset purchases, such as Sub-metering equipment, acquisitions and infrastructure assets are considered by management to be growth expenditures and are therefore not deducted in the determination of Distributable Cash.

Distributable Cash per Share is a measure of the amount of Distributable Cash calculated on a per Share basis.

Distributable Cash - Maintenance is the same as the historical Distributable Cash, except that Rentals capital expenditures associated with new customer additions and buyout proceeds on disposal of equipment associated with lost customers are excluded. Growth expenditures for purposes of Distributable Cash - Maintenance definition include capital expenditures such as Rentals new customer equipment additions, Sub-metering equipment, acquisitions and infrastructure assets.

Distributable Cash is reconciled with cash provided by operating activities, an IFRS measure, in the section *"Distributable Cash and Payout Ratios"* in this MD&A.

Distributions, Payout Ratio and Payout Ratio - Maintenance

Dividends are declared and paid monthly to shareholders at the discretion of the board of directors of EnerCare. Among other things, the directors consider the level of Distributable Cash, the level of previous dividends, and the amount of cash they wish to retain in the company for contingencies and future growth.

The historical Payout Ratio is the percentage of Distributable Cash to dividends (excluding the exercise of the over-allotment option) declared to shareholders during a period and represents the ability of EnerCare to pay dividends, finance capital expenditures and add to its cash reserves.

Payout Ratio - Maintenance is similar to the Payout Ratio, except that the ratio is calculated as the percentage of Distributable Cash – Maintenance to dividends declared to shareholders during the period and represents the ability of EnerCare to pay dividends, add to its cash reserves and illustrates the proportion of cash required to maintain its existing customer base.

Operating Cash Flow

Operating Cash Flow is the cash flow from operating activities excluding changes in non-cash working capital. It represents the net cash generated in earnings, excluding non-cash items. It is one indicator of the financial strength of EnerCare. Operating Cash Flow is reconciled with cash flow from operating activities, an IFRS measure, in the section *"Liquidity and Capital Resources"* in this MD&A.

Measures Regarding Debt Covenants

As at December 31, 2014, EnerCare was in compliance with all covenants under the 2012 Notes, 2013 Notes, New Revolver and New Term Loan. A summary of the financial covenants in respect of such debt, together with those of the New Debt Financing, can be found in "*Liquidity and Capital Resources – Debt Financing*".

New Revolver and New Term Loan

Under the New Revolver and New Term Loan agreements, EnerCare Solutions is subject to three principal financial covenants as described in the section *"Risks Related to the Structure of EnerCare"* in this MD&A. The covenants address interest and debt coverage. EnerCare Solutions complied with these covenants on December 31, 2014. No amounts were drawn under the New Revolver at December 31, 2014.

2012 Notes and 2013 Notes – Incurrence Test

The covenants under the 2012 Notes and 2013 Notes are contained in the Senior Unsecured Indenture. Under the terms of the Senior Unsecured Indenture, EnerCare Solutions may not incur additional senior debt other than certain refinancing debt and certain working capital debt if the Incurrence Test (as described in the AIF) is less than 3.8 to 1.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Management applies judgment in its assessment of EnerCare's arrangements with customers when determining the classification of leases and the extent to which the risks and rewards incidental to ownership lie with the company or the customer. In addition to leases, other estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. The following items are of significance for the period.

Revenue Accruals

At December 31, 2014, the Home Services business recorded a revenue accrual of approximately $45,800 (2013 - $900) reflecting accrued service periods. Unbilled protection plans comprise approximately $28,400 (2013 - $0) of this balance which is predominantly made up of protection plans sold in franchisee service areas which are recognized as royalty revenue at inception but are invoiced over a period of twelve months. The remaining unbilled revenues reflect accrued service periods for rental water heaters and other products.

At December 31, 2014, the Sub-metering business recorded a revenue accrual of approximately $10,850 (2013 - $14,350), reflecting accrued service periods, increases in Billable units, reductions in the backlog of non-billing customers and pass through commodity charges.

Bad Debt Provisions

The Home Services business is exposed to credit risk in the normal course of business for customers who are billed directly by Enbridge within its service territory and secondarily when billed by EnerCare or are billed by Enbridge outside of its service territory. For billing within the Enbridge service territory, EnerCare was guaranteed payment by Enbridge for 99.56% in 2014 and 99.46% in 2013 of the amount billed (subject to certain exceptions) 21 calendar days after the invoices are issued.

As a result of a Sub-metering billing backlog following the implementation of a new billing system, EnerCare modified some of its collection programs in the latter half of 2012 and implemented full collection procedures during the second quarter of 2013. During the fourth quarter of 2013, EnerCare reassessed the bad debts provision in light of the completion of the billing backlog and collection results and increased the bad debts expense by $2,046, resulting in a bad debt expense of $3,246 for 2013. Bad debt expenses of $160 in the fourth quarter of 2014 resulted in a bad debt expense of $1,135 for 2014.

Management evaluates a number of factors and assumptions in the determination of the bad debt provisions which was approximately $8,711 at December 31, 2014, compared to approximately $7,025 in 2013. Changes in any of variables or assumptions may result in a materially different amount.

Leases

Management applies judgment in its assessment of EnerCare's arrangements with customers when determining the classification of leases and the extent to which the risks and rewards incidental to ownership lie with the company or the customer.

Impairment of Non-Financial Assets and Goodwill

Impairment tests are conducted at least annually, or as warranted by prevailing circumstances at the time of reporting. The recoverable amount is based upon a number of assumptions, including but not limited to: discount rates, billing suites, cash flows and expenses. Changes in any of these assumptions may result in a materially different recoverable amount.

Employee Benefit Plans

EnerCare maintains active employee defined benefit pension plans which are closed to new members. The balances related to these plans are subject to a number of assumptions. The actuarial valuations rely on estimates and assumptions including those for wage escalation, mortality, health care and dental costs inflation, retirement ages, life expectancies and discount rates. Changes in these estimates could have a material impact on the employee benefit plans liability and employee benefit plan costs.

Recoverability of Deferred Tax Assets

Deferred tax assets are recognized to the extent that realization is considered probable. Judgments regarding projected future income and tax planning strategies are considered in making this assessment.

Business Combination

With respect to the preliminary estimated fair value of acquired assets and assumed liabilities and other adjustments related to the Acquisition, these consolidated financial statements have been prepared using the acquisition method of accounting, in accordance with IFRS 3R, Business Combinations, under which, the total fair value of the consideration transferred has been assigned to the assets acquired and liabilities assumed based on their estimated fair values at the date of the Acquisition, with any excess purchase price allocated to goodwill. Changes may be expected as additional information becomes available following the closing date of October 20, 2014. Accordingly, the final fair value determinations may differ from those set forth in these consolidated financial statements and such differences may be material.

DISCLOSURE AND INTERNAL CONTROLS AND PROCEDURES

EnerCare's certifying officers have designed, and assessed the design of, a system of DC&P to provide reasonable assurance that (i) material information relating to EnerCare, including its consolidated subsidiaries, is made known to them by others; and (ii) information required to be disclosed by EnerCare in its annual filings, interim filings and other reports filed or submitted by EnerCare under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. As well, EnerCare's certifying officers have designed, and assessed the design of, ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. EnerCare has used the Internal Control – Integrated Framework (2013) from The Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in order to assess the effectiveness of EnerCare's internal control over financial reporting. There are no material weaknesses relating to the design of either DC&P or ICFR at December 31, 2014. There have been no changes to our ICFR during the quarter and year to date ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, EnerCare's ICFR.

EnerCare has limited the scope of its design of disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures of EHCS LP, which acquired OHCS on October 20, 2014.

EHCS LP's contribution to EnerCare's consolidated financial statements for the year ended December 31, 2014 was approximately 13% of revenues and 7% of net earnings. In addition, EHCS LP's current assets and current liabilities were approximately 48% and 43% of the consolidated current assets and current liabilities, respectively, and its long term assets and long term liabilities were approximately 45% and 7% of consolidated long term assets and long term liabilities, respectively.

EnerCare is currently in the process of documenting and evaluating the controls, policies and procedures in respect of EHCS LP. The financial statements include approximately two months of OHCS results since Acquisition at October 20, 2014.

Management does recognize that any controls and procedures no matter how well designed and operated, can only provide reasonable assurance and not absolute assurance of achieving the desired control objectives. In the unforeseen event that lapses in the disclosure or internal controls and procedures occur and/or mistakes happen, EnerCare intends to take whatever steps are necessary to minimize the consequences thereof.

CHANGES IN ACCOUNTING POLICIES

The consolidated financial statements of EnerCare are prepared in accordance with IFRS as issued by IASB applicable to the preparation of the consolidated financial statements. EnerCare has consistently applied the same accounting policies and methods of computation throughout all periods presented, as if these policies had always been in effect.

Adoption of New Accounting Standards

EnerCare has adopted new or revised standards, effective January 1, 2014. Management has determined that new interpretations have no impact on the amounts recognized in EnerCare's consolidated financial statements.

IFRIC 21, "Levies" provides guidance on accounting for levies in accordance with IAS 37, "Provisions, contingent liabilities and contingent assets". The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. Management has determined that this new interpretation did not have any material impact on the amounts recognized in EnerCare's consolidated financial statements.

The IASB issued Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36). The overall effect of the amendments is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. EnerCare has modified its disclosures to meet the amendments in IAS 36.

Accounting Standards Issued But Not Yet Applied

The following are accounting policy changes to be implemented by EnerCare in future years:

Employee Future Benefits

IAS 19, "Employee Benefits", was amended in November 2013. The amendments include changes to the accounting treatment of employee or third-party contributions to defined benefit plans under certain circumstances, and will be effective for EnerCare on January 1, 2015.

Revenue Recognition

IFRS 15, “Revenue from Contracts with Customers” (“IFRS 15”), provides a comprehensive five-step revenue recognition model for all contracts with customers. The IFRS 15 revenue recognition model requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with earlier application permitted. EnerCare is currently evaluating the impact of adopting this standard on the consolidated financial statements.

Financial Instruments

The final version of IFRS 9, “Financial Instruments” (“IFRS 9”), was issued by the IASB in July 2014 and will replace IAS 39, “Financial Instruments: Recognition and Measurement”. IFRS 9 introduces a model for classification and measurement, a single, forward-looking “expected loss” impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity’s own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. EnerCare is currently evaluating the impact of adopting this standard on the consolidated financial statements.

Presentation of Financial Statements

IAS 1, “Presentation of Financial Statements” (“IAS 1”) was amended by the IASB to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and disclosure of accounting policies. The amendment gives guidance that information within the consolidated statements of financial position and consolidated statements of income should not be aggregated or disaggregated in a manner that obscures useful information, and that disaggregation may be required in the consolidated statements of income in the form of additional subtotals as they are relevant to understanding the entity’s financial position or performance. The amendments to IAS 1 are effective for periods beginning on or after January 1, 2016. EnerCare is currently evaluating the impact of adopting this standard on the consolidated financial statements.

RISK FACTORS

Risks Related to the Acquisition and Integration

Continued Reliance on DE Following the Acquisition

Under the Asset Purchase Agreement, EnerCare did not acquire certain assets owned by DE that were used in both OHCS and in DE’s other business segments. As a result, EnerCare and DE entered into the Transition Services Agreement on the closing of the Acquisition that provides for, among other things, the continuing provision by DE of information technology and other “back office” services and support to EnerCare in respect of OHCS for up to a 21-month transition period. As a result, EnerCare continues to be reliant on DE’s personnel, good faith, expertise, historical performance, technical resources and information systems, proprietary information and judgment in providing the services under the Transition Services Agreement. Accordingly, EnerCare continues to be exposed to adverse developments in the business and affairs of DE, to its management and financial strength. Furthermore, as the definitive decoupling plan contemplated by the Transition Services Agreement is not yet fully negotiated, no assurance can be given as to the terms of such plan or the financial or operational impact that such plan will have on OHCS or EnerCare’s ability to operate OHCS in the same or substantially the same manner as operated by DE as of closing of the Acquisition. Management can give no assurance as to the estimated transition costs as the definitive decoupling plan is not yet settled, and these costs could be substantial.

Risks Related to the Integration of OHCS into EnerCare's Business

In order to achieve the anticipated benefits of the Acquisition, EnerCare will rely upon its ability to successfully retain staff, consolidate functions and integrate operations, procedures and personnel in a timely and efficient manner and to realize the anticipated growth opportunities from combining OHCS and related operations with those of EnerCare. The integration of OHCS and related operations requires the dedication of management effort, time and resources, which may divert management's focus and resources away from other strategic opportunities and from operational matters during the integration process. The integration process may result in the disruption of ongoing business and customer relationships that may materially adversely affect EnerCare's ability to achieve the anticipated benefits of the Acquisition.

In addition, completing the information technology systems integration upon the expiry of the Transition Services Agreement, as will be set out in the definitive decoupling plan, will require continued focus and investment by both DE and EnerCare. Failure to successfully migrate the necessary information technology from DE's legacy systems to a stand-alone system (or the recreation of DE's systems by EnerCare), or a significant disruption in the information technology systems during the decoupling of the OHCS system and/or upon the expiry of the Transition Services Agreement, could result in a lack of data and processes to enable management to effectively manage day-to-day operations of OHCS or achieve its operational objectives, causing significant disruptions to OHCS and potential material financial losses.

Risks Related to Replacement of Shared Information Technology Assets

OHCS depended in large part on DE's corporate information technology services and, pursuant to the Transition Services Agreement, certain information technology and other related assets will continue to be utilized by OHCS and other DE lines of business. Although under the Asset Purchase Agreement and Transition Services Agreement many of those shared assets are to be replaced by EnerCare at an appropriate time at the cost of DE, other shared assets are to be replaced at EnerCare's cost. There is a risk, therefore, that not all of the assets utilized by DE in operating OHCS can or will be replaced by EnerCare in a timely manner, and that those assets replaced by EnerCare, whether at its cost or at the cost of DE, may not be as effective as the assets utilized by DE, which could have a material adverse effect on EnerCare's financial condition and results of operations and on EnerCare Solutions' ability to satisfy its debt service obligations.

Possible Failure to Realize Expected Returns on the Acquisition

There can be no assurance that management of EnerCare will be able to fully realize some or all of the expected benefits of the Acquisition. The ability to realize these anticipated benefits will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on the ability to realize growth opportunities and potential synergies from integrating OHCS with EnerCare's existing business. There is a risk that some or all of the expected benefits will fail to materialize, or may not occur within the time periods anticipated by management. The realization of some or all of such benefits may be affected by a number of factors, many of which are beyond the control of EnerCare.

Risks Related to Rebranding

OHCS is in the process of being rebranded by EnerCare. No assurance can be given that EnerCare's brand will be as valuable as the "DE" brand or that rebranding will not result in a loss of customers due to a lack of brand recognition or otherwise.

Assumption of Liabilities

EnerCare assumed certain liabilities arising out of or related to OHCS, and agreed to indemnify DE for, among other matters, such liabilities. In addition, there may be liabilities that EnerCare failed to discover or was unable to quantify during its due diligence and which could have a material adverse effect on EnerCare's business, financial condition or future prospects. DE's representations and warranties, and related indemnification, may not apply or be sufficient so as to fully indemnify EnerCare for such liabilities.

Internalization of OHCS

The success of the Acquisition will depend in large part on the ability of management to integrate DE personnel and systems into EnerCare (or to recreate DE's systems under the Transition Services Agreement). Going forward, EnerCare will depend on the diligence, experience and skill of the former DE personnel that joined EnerCare in conjunction with the closing of the Acquisition and the future success of EnerCare will depend on the continued service of these individuals. EnerCare may be unable to retain former employees of DE to the same extent that DE has been able to do so in the past. Such individuals may depart because of issues relating to the uncertainty or difficulty associated with the integration, including potential differences in corporate cultures and management philosophies. Furthermore, pursuant to the Asset Purchase Agreement, senior management employees of DE that had responsibility for overseeing OHCS or corporate support functions did not become employees of EnerCare and therefore EnerCare does not have the benefit of their experience in the management of OHCS. The departure of a significant number of OHCS employees is not expected but if this occurs for any reason, the failure to appoint qualified or effective successors in the event of such departures or the failure to replace senior management employees of DE that were not employed by EnerCare on closing of the Acquisition could have a material adverse effect on EnerCare's ability to achieve its objectives, the market price or value of EnerCare's securities and on EnerCare Solutions' ability to satisfy its debt service obligations.

Indemnities in the Asset Purchase Agreement

The representations and warranties provided by DE pursuant to the Asset Purchase Agreement are customary for a transaction of this nature. There can be no assurance, however, of adequate recovery by EnerCare from DE for any breach of the representations, warranties and covenants of DE under the Asset Purchase Agreement or Transition Services Agreement, or that the length and amounts of the indemnities provided will be sufficient to satisfy such obligations, or that DE will have the financial ability to satisfy such obligations. Similarly, there can be no assurance of recovery from Centrica plc.

Risks Related to the Home Services Business and Industry

Billing Arrangements

As a result of current billing agreements, EnerCare is reliant on the personnel, expertise, technical resources, proprietary information and judgment of Enbridge, among others, in providing customer services in respect of Home Services. EnerCare and its subsidiaries are therefore exposed to adverse developments in the business and affairs of Enbridge, and to its management and financial strength. Although Enbridge is required, under each OBA to make the specified payments to EnerCare, thereby effectively guaranteeing EnerCare's collection of 99.56% of the amount invoiced by EnerCare on the Enbridge bill effective January 1, 2014, subject to adjustments in accordance with the terms of the OBAs, there can be no assurance that Enbridge will have the financial capability to honour such obligation.

In the event that EnerCare and EHCS LP do not enter into further arrangements with Enbridge upon expiration of the OBAs, EnerCare may provide the billing and collection services and issue stand-alone bills in the Enbridge billing territory, either itself or through contracts with other third parties.

Any provision of customer services in respect of the Rentals portfolio by EnerCare and stand-alone billing could have a material adverse effect on EnerCare's financial condition and results of operations and on

EnerCare Solutions' ability to satisfy its debt service obligations as there can be no assurance that the customer services delivered by EnerCare, or other third parties, will be of the same standard as those delivered under the OBAs and stand-alone billing may result in increased bad debt.

Bad debt experience may also increase if any arrangement relating to stand-alone billing and collection services does not include a collection guarantee. It is also possible that transitional issues may arise following a termination of the OBAs and associated arrangements, and those issues may have a material adverse effect on EnerCare's financial condition and results of operations and on EnerCare Solutions' ability to satisfy its debt service obligations.

Furthermore, any failure to maintain such billing and trust arrangements may have an adverse impact on the credit rating of EnerCare and EnerCare Solutions' outstanding indebtedness, EnerCare's and EnerCare Solutions' respective issuer credit ratings and EnerCare Solutions' ability to refinance any of its indebtedness.

Reliance on Call Centres

EnerCare utilizes third party service providers in the Home Services business in the provision of most customer care services, including dealing with customer telephone queries, protection plan sales and renewals and other direct telephonic communications with customers. As a result, EnerCare is reliant on the personnel, good faith, expertise, technical resources and information systems, proprietary information and judgment of those service providers in providing such customer care services. Accordingly, EnerCare will be exposed to adverse developments in the business and affairs of such service providers, their management and their financial strength.

Regulatory Matters

As the vast majority of EnerCare's customers are consumers, EnerCare is subject to consumer protection laws and regulations (including the *Consumer Protection Act, 2002* (Ontario)). Although EnerCare believes that it is in compliance with such consumer protection laws and regulations in all material respects, given the likelihood that regulatory determinations are likely to favour consumers in the event of any ambiguity in such laws or regulations (of which there are many), no assurance can be given that EnerCare will be able to comply with such laws or regulations. Furthermore, changes to any of the laws, rules, regulations or policies respecting the installation, contracting, servicing or billing practices in relation to water heaters, including Bill 55, could have a significant impact on EnerCare's business, including its compliance costs. There can be no assurance that EnerCare will be able to comply with any future laws, rules, regulations and policies or, if it does so comply, what the impact may be on its costs to so comply. Failure by EnerCare to comply with applicable laws, rules, regulations and policies may subject it to civil or regulatory proceedings, including fines, injunctions, recalls or seizures, which may have a material adverse effect on EnerCare's financial condition and results of operations and on EnerCare Solutions' ability to satisfy its debt service obligations.

In November 2014, following the Acquisition, EnerCare voluntarily provided written assurance to the Commissioner under the Competition Act so as to fully resolve concerns that the Commissioner had in respect of certain water heater return policies and practices of DE. Although EnerCare does not expect that the changes provided for in such written assurance, which was the culmination of a co-operative process between EnerCare and the Commissioner, will have a significant impact on its operating costs or Attrition, no assurance can be given in that regard and no assurance can be given that EnerCare will not in the future be subject to other constraints on its business operations under the Competition Act or otherwise in respect of Home Services.

Attrition and Competition

EnerCare operates in a competitive environment and hence its growth and sustainability may be negatively impacted by loss of market share to new competition or due to changes in consumer behaviour.

In 2009, EnerCare encountered increased competitive pressure and a resulting increase in its Attrition rate. The annualized Attrition rate for 2014 was 3.67% compared to 4.17% in 2013, 5.98% in 2012, 6.00% in 2011, 6.35% in 2010 and 8.02% in 2009. The Attrition rate in 2008 was 3.2%. The higher Attrition rates that began in 2009 are attributable principally to increased competition from both traditional entities and new entrants. Some of these new market entrants used aggressive door to door promotion.

As a result of these and other competitive pressures, EnerCare may experience increased Attrition rates in the future as well as higher expenses in defense of the installed water heater customer base. Increased Attrition rates could have a material adverse effect on EnerCare's financial condition and results of operations and on EnerCare Solutions' ability to satisfy its debt service obligations.

Buy-Outs and Returns of Water Heaters

Since the fourth quarter of 2004, customers have been permitted to terminate their Rentals contracts without charge. Prior to that time, the exit charge permitted to be charged to customers in the first five years following installation was not sufficient to cover the capital cost of the installed water heaters and, if the water heater was installed for over five years, there was no exit charge payable. In 2010, EnerCare implemented new terms and conditions for certain new customers pursuant to which EnerCare may require these customers to buy-out their water heaters at a pre-determined price determined with reference to the price of the water heater at the time of installation of the water heater if the contract is terminated prior to the end of the useful life of the applicable equipment. If customers choose to buy their installed water heaters or terminate their Rentals contracts, the number of installed water heaters and the composition of the portfolio of installed water heaters could change. Any loss of customers could have a material adverse effect on EnerCare's financial condition and results of operations and on EnerCare Solutions' ability to satisfy its debt service obligations.

Social or Technological Changes

Within Canada, the Province of Ontario marketplace is unique in that the vast majority of homeowners rent their water heaters. There can be no assurance that homeowners will continue to rent their water heaters for an indefinite period. It is also possible that more economical or efficient water heating technology than that which is currently used by customers will be developed or that the economic conditions in which the current technology is applied will change resulting in a reduction in the number of installed water heaters. Any material change in homeowners' rental practices or in technology may have a material adverse effect on EnerCare's financial condition and results of operations and on EnerCare Solutions' ability to satisfy its debt service obligations.

Useful Life of Water Heaters

Past experience indicates that the average useful life of a water heater is approximately 16 years. However, there can be no assurance that water heaters will continue to have a useful life of that length. EnerCare will be responsible for, among other things, the capital cost and installation fees related to the purchase and installation of replacement water heaters. There can be no assurance that EnerCare will have sufficient cash flow or financing capabilities to fund the purchase and installation of replacement water heaters. The lack of such funds could limit the ability of EnerCare to maintain the portfolio of water heaters which could have a material adverse effect on EnerCare's financial condition and results of operations and on EnerCare Solutions' ability to satisfy its debt service obligations.

Concentration of Suppliers, Product Faults and Costs

Although there are a number of manufacturers of water heaters outside Canada, EnerCare will rely principally on three suppliers for its supply of water heaters, GSW Inc., Rheem Canada Ltd. and Bradford White Corporation. Should any of these suppliers fail to deliver in a timely manner, the result could be delays or disruptions in the supply and installation of water heaters. In addition, as many of the installed water heaters are of the same or similar type manufactured by these three manufacturers, manufacturer's defects or product recalls relating to a particular production model or type of water heater could affect a material portion of the Rentals portfolio. Furthermore, different water heater manufacturers may, from time to time, source components from the same manufacturers for use in their water heaters. As a result, a parts defect relating to a commonly sourced component could affect water heaters produced by more than one manufacturer. EnerCare does not insure against this risk of product defects or product recalls. All water heaters manufactured by GSW Inc. that were purchased by DE or EnerCare are currently made in Canada. If GSW Inc. moved production out of Canada, the capital cost of their water heaters may increase. Rheem Canada Ltd. moved production to Mexico in June of 2006. Bradford White Corporation's production facilities are located in the United States.

Prior to the Acquisition, DE had the principal relationship with these three suppliers for the supply of water heaters. There can be no assurance that EnerCare's relationship with any or all of these suppliers will not be adversely affected as a result of the Acquisition or that the costs of water heaters will not rise as a result.

Although there are a number of suppliers of HVAC equipment, no assurance can be given that EnerCare will have the same purchasing power as that previously enjoyed by DE in the purchase of HVAC equipment from one or more of these suppliers as EnerCare's purchases will principally be limited to purchases to serve the Ontario marketplace only.

EnerCare's business exposes it to potential product liability and product defect risks that are inherent in the ownership and servicing of water heaters and HVAC equipment rentals. While EnerCare currently maintains what it believes to be suitable product liability insurance, there can be no assurance that EnerCare will be able to maintain such insurance on acceptable terms or that any such insurance will provide adequate protection against potential liabilities. In the event of a successful claim against EnerCare, a lack of sufficient insurance coverage could have a material adverse effect on EnerCare's financial condition and results of operations and on EnerCare Solutions' ability to satisfy its debt service obligations. Moreover, even if EnerCare maintains adequate insurance, any successful claim could have a material adverse effect on EnerCare's financial condition and results of operations and on EnerCare Solutions' ability to satisfy its debt service obligations. EnerCare does not insure against the risk of product defects or product recalls.

While there are several major suppliers of water heaters, HVAC equipment and other rented equipment, the cost of the equipment is affected by commodity prices, such as steel and copper, and currency fluctuations, mainly the U.S. dollar relative to the Canadian dollar. EnerCare does not hedge these types of exposures, so in any given year, there can be no assurance that increases in capital costs and expenses will be able to be recovered fully in rental rates charged to customers.

Franchisee Independence and Relationships

Approximately 40% of the Home Services portfolio is serviced by licensed franchisees. Licensed franchisees are independent businesses and, as a result, their operations may be adversely affected by factors beyond EnerCare's control which, in turn, could adversely affect EnerCare's reputation, operations and financial performance. Revenues and earnings could also be adversely affected, and EnerCare's reputation could be harmed, if a significant number of licensed franchisees were to experience operational failures, health and safety exposures or were unable to perform the necessary services under the Rentals contracts. The franchise system is also subject to franchise legislation in the Province of Ontario. Any new legislation or failure to comply with existing legislation could adversely affect operations and could add administrative costs and burdens, any of which could adversely affect EnerCare's relationship with its licensed franchisees. EnerCare provides various services to the licensed franchisees to assist with management of their operations and dedicated personnel manage EnerCare's obligations to its licensed franchisees. Despite these efforts, relationships with licensed franchisees could pose significant risks if they are disrupted, which could adversely affect the reputation, operations and financial performance of EnerCare.

Labour Relations

EnerCare's workforce is comprised of both unionized and non-union employees. With respect to those employees that are covered by collective bargaining agreements, including the CBA, there can be no assurance as to the outcome of any negotiations to renew such agreement on satisfactory terms. Failure to renegotiate collective bargaining agreements, including the CBA, could result in strikes, work stoppages or interruptions, and if any of these events were to occur, they could have a material adverse effect on EnerCare's reputation, operations and financial performance and EnerCare Solutions' ability to satisfy its debt service obligations. If non-unionized employees become subject to collective agreements, the terms of any new collective agreements would have implications for the affected operations, and those implications could be material.

Pension Plan and Other Post-Employment Benefits Obligations

OHCS participates in a hybrid pension plan sponsored by DE which provides defined benefits to a closed group of active employees, and offers other post-employment benefits. The notes to EnerCare's financial statements as at and for the year ended December 31, 2014 include a discussion of the most significant sources of risk for EnerCare as a result of the defined benefit portion of the pension plan, including a sensitivity analysis. EnerCare will be subject to similar risks as it will assume the pension-related obligations of OHCS pursuant to a new pension plan established pursuant to the Asset Purchase Agreement following regulatory approval and DE's full funding of that new pension plan on a solvency basis at the time of transfer to DE.

Geographic Concentration and New Home Construction

Essentially all of Home Services assets are located in the Province of Ontario as the Canadian water heater rental market is primarily limited to the Province of Ontario. As a result, the income generated by Home Services and the performance of the Rentals business will be highly sensitive to changes in economic conditions in the Province of Ontario, which may differ from those affecting other regions of Canada. Adverse changes in the economic conditions in the Province of Ontario may have a material adverse effect on EnerCare's business, cash flows, financial condition and results of operations and ability to pay dividends to holders of its Shares.

Furthermore, most of the growth in the number of installed rental water heaters and HVAC equipment is principally as a result of new home construction of detached, semi-detached and row houses, which is a particularly competitive section of the water heater and HVAC equipment rental industry in the Province of Ontario. Consequently, EnerCare is particularly reliant on the economy of the Province of Ontario to maintain and to grow the Rentals portfolio. The recent downturn and uncertainty in the Province of Ontario's economy and corresponding slowdown in new home construction of detached, semi-detached and row houses has had in 2008 and 2009, and to a lesser extent from 2010 to 2014, an adverse effect on demand for water heaters and HVAC equipment.

Uninsured or Underinsured Risks

EnerCare's current insurance coverage in respect of potential liabilities of EnerCare and the accidental loss of value of the assets of EnerCare from risks is in the form of comprehensive property and casualty insurance in respect of claims for bodily injury or property damage arising out of assets or operations (subject to deductible amounts). However, not all risks are covered by insurance, and no assurance can be given that insurance will be consistently available or will be consistently available on an economically feasible basis or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the assets or operations of EnerCare.

Lack of Written Rental Contracts

In many cases, DE did not enter into written agreements with customers or did not enter into updated written agreements to reflect the current rental terms and conditions. As a result, those customers may assert a right to terminate their relationship with EnerCare at any time or EnerCare may be unable to enforce payment of certain charges payable by such customers. Any loss of customers or inability to enforce payment of certain charges paid by customers for installed water heaters or HVAC equipment could have a material adverse effect on EnerCare's financial condition and results of operations and on EnerCare Solutions' ability to satisfy its debt service obligations.

Protection Plan Renewal Risk

Protection plans typically have a 12-month term. Upon the expiry of any protection plan, there can be no assurance that the protection plan will be renewed or, if it is renewed, that the terms thereof will be as favourable to EnerCare as the expiring contract terms. The failure to achieve renewals and/or price increases may have a material adverse effect on the financial position and results of operations of EnerCare and on EnerCare Solutions' ability to satisfy its debt service obligations.

Litigation Risk

In the normal course of EnerCare's operations, whether directly or indirectly, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to, among other things, personal injuries, property damage, contract disputes and their business activities. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to EnerCare and as a result, could have a material adverse effect on its financial conditions and results of operations and EnerCare Solutions' ability to satisfy its debt service obligations. Even if EnerCare prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel away from EnerCare's business operations which could have a material adverse effect on its financial condition and results of operations and on EnerCare Solutions' ability to satisfy its debt service obligations. In particular, EnerCare and a subsidiary of EnerCare have been named in legal proceedings commenced by certain competitors, the outcomes of which, at this stage of the proceedings, are impossible to predict with any certainty. Furthermore, no assurance can be given that EnerCare will not become involved in litigation, whether as defendant or plaintiff, in other matters from time to time.

Foreign Exchange Impacts

Since December 31, 2013, the Canadian dollar has continued to weaken compared to the US dollar. The Home Services business incurs significant capital and operating expenditures, such as water heater, HVAC equipment and other parts costs, that are denominated in U.S. dollars. The continued devaluation of the Canadian dollar may significantly increase EnerCare's and EnerCare Solutions' capital and operating expenditures in Canadian dollar terms. EnerCare continuously monitors, evaluates and mitigates foreign exchange impacts to EnerCare's margins through price adjustments that are passed on to customers.

Risks Related to the Sub-metering Business and Industry

Regulatory Changes

The Sub-metering business in Ontario is subject to the Sub-metering Legislation and the Sub-metering Code, as well as existing electrical code regulations. Furthermore, as is the case with EnerCare generally, changes to any of the laws, rules, regulations, policies or codes respecting the installation, servicing or billing practices in relation to the Sub-metering business could have a significant impact on EnerCare Connections' business' including its compliance costs. There can be no assurance that EnerCare will be able to comply with any future laws, rules, regulations, policies and codes or, if it does so comply, what the impact may be on its costs to so comply. Failure by EnerCare to comply with applicable laws, rules, regulations, policies and codes in respect of its Sub-metering business may subject it to civil or regulatory proceedings, including fines, injunctions, recalls or seizures, which may have a material adverse effect on EnerCare's financial position and results of operations.

Concentration of Suppliers

EnerCare relies principally on three suppliers for its supply of meters, Triacta Power Technologies Inc., Quadlogic Controls Corp. and Elster Metering. Should any of these suppliers fail to deliver or fail to deliver in a timely manner, the result could be delays or disruptions in the installation of meters.

Uninsured or Underinsured Risks

The current insurance coverage for the Sub-metering business is in the form of comprehensive property and casualty insurance in respect of claims for bodily injury or property damage arising out of assets or operations (subject to deductible amounts). However, not all risks are covered by insurance, and no assurance can be given that insurance will be consistently available or will be consistently available on an economically feasible basis or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the Sub-metering business.

Risks Related to the Structure of EnerCare

Leverage Risk and Restrictive Covenants

EnerCare Solutions has significant debt service obligations under its 2012 Notes, 2013 Notes and New Debt Financing. The degree to which EnerCare Solutions is leveraged could have material adverse consequences for EnerCare, including: (i) limiting EnerCare's ability to obtain additional financing for working capital, capital expenditures (which are important to its growth and strategies), product development, debt service requirements, acquisitions and general corporate or other purposes; (ii) having to dedicate a portion of EnerCare's cash flows from operations to the payment of interest on EnerCare Solutions' existing indebtedness and not having such cash flows available for other purposes, including operations, capital expenditures and future business opportunities; (iii) restricting EnerCare's flexibility and discretion to operate its business; (iv) limiting EnerCare's ability to declare dividends on its Shares; (v) exposing EnerCare to increased interest expense on borrowings at variable rates (including the New Debt Financing); (vi) limiting EnerCare's ability to adjust to changing market conditions; (vii) placing EnerCare at a competitive disadvantage compared to its competitors that have incurred less debt; (viii) making EnerCare more vulnerable in a downturn in general economic conditions; and (ix) EnerCare Solutions' failure to refinance its 2012 Notes, 2013 Notes and New Debt Financing will have a material adverse effect on EnerCare Solutions' ability to satisfy its debt service obligations. The amount of interest payable on the New Debt Financing is variable, and the interest rate may fluctuate significantly. Historical levels, fluctuations and trends in interest rates are not necessarily indicative of future levels. Any significant upward movement in interest rates could materially increase the cost of borrowing under the New Debt Financing.

The Senior Unsecured Indenture and the New Debt Financing contain restrictive covenants of a customary nature, including covenants that limit the discretion of the board with respect to certain business matters. These covenants place restrictions on, among other things, the ability of EnerCare, through EnerCare Solutions and the guarantors, to incur additional indebtedness, to pay distributions or dividends or make certain other payments, and to sell or otherwise dispose of significant assets or consolidate with another entity. In addition, there are also a number of financial covenants that require EnerCare Solutions to meet certain financial ratios and financial condition tests. Failure to comply with these obligations could result in an event of default which, if not cured or waived, could permit acceleration of the 2012 Notes, 2013 Notes and New Debt Financing. If the 2012 Notes, 2013 Notes or New Debt Financing were to be accelerated, there could be no assurance that the assets of EnerCare Solutions would be sufficient to repay in full such indebtedness. There can also be no assurance that the 2012 Notes, 2013 Notes, New Debt Financing or any other indebtedness will be able to be refinanced by EnerCare Solutions on commercially reasonable terms, or at all.

Credit Ratings and Credit Risk

There can be no assurance that any credit ratings assigned to EnerCare, 2012 Notes, 2013 Notes and/or EnerCare Solutions will remain in effect for any given period of time or that the ratings will not be withdrawn or revised by either or both of DBRS and S&P at any time. Real or anticipated changes in credit ratings on any of EnerCare or EnerCare Solutions may affect the market value of the Shares, 2012 Notes and 2013 Notes. In addition, real or anticipated changes in credit ratings can affect the cost at which EnerCare can access the capital markets and the pricing of the New Debt Financing.

Reliance on Key Executives

EnerCare's operations and prospects are dependent upon the participation of key executives. The loss of their services and EnerCare's inability to attract and retain qualified and experienced personnel may materially affect EnerCare's ability to operate and grow EnerCare.

Market Value Fluctuations

Prevailing interest rates will affect the market value of the Senior Notes, as they carry a fixed interest rate. Assuming all other factors remain unchanged, the market value of the Senior Notes, which carry a fixed interest rate, will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

Risks Relating to the Convertible Debentures

The likelihood that holders of the Convertible Debentures will receive payments owing to them under the terms of the Convertible Debentures will depend on EnerCare's financial condition and creditworthiness. In addition, the Convertible Debentures are unsecured obligations of EnerCare and are subordinate in right of payment to all of EnerCare's existing and future senior indebtedness. Therefore, if EnerCare becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, EnerCare's assets will be available to pay its obligations with respect to the Convertible Debentures only after it has paid all of its senior indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Convertible Debentures then outstanding. The Convertible Debentures are also effectively subordinate to claims of creditors of EnerCare's subsidiaries except to the extent that EnerCare is a creditor of such subsidiaries ranking at least *pari passu* with such other creditors. The Convertible Debenture Indenture does not prohibit or limit the ability of EnerCare or its subsidiaries to incur additional debt or liabilities (including senior indebtedness) or to make distributions. The Convertible Debenture Indenture does not contain any provision specifically intended to protect holders of Convertible Debentures in the event of a future leveraged transaction involving EnerCare.

In the case of certain transactions, each Convertible Debenture will become convertible into the securities, cash or property receivable by a holder of Shares under the transaction. This change could substantially lessen or eliminate the value of the conversion privilege associated with the Convertible Debentures in the future. For example, if EnerCare were acquired in a cash merger, each Convertible Debenture would become convertible solely into cash and would no longer be convertible into securities whose value would vary depending on EnerCare's future prospects and other factors.

The Convertible Debentures may be redeemed, at the option of EnerCare, at any time and from time to time on and after June 30, 2013, subject to certain conditions for redemptions prior to June 30, 2015, at a price equal to the principal amount thereof plus accrued and unpaid interest. Holders of Convertible Debentures should assume that this redemption option will be exercised if EnerCare is able to refinance at a lower interest rate or it is otherwise in the interest of EnerCare to redeem the Convertible Debentures.

If a “change of control” (as defined in the Convertible Debenture Indenture) occurs, EnerCare will be required to make an offer to purchase, within 30 days following consummation of the change of control, all of the Convertible Debentures at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest. It is possible that following a change of control EnerCare will not have sufficient funds at that time to make any required purchase of outstanding Convertible Debentures or that restrictions contained in other indebtedness will restrict those purchases.

Reliance on Directors

In assessing the risk of an investment in EnerCare, potential investors should be aware that they will be relying on the good faith, experience and judgment of the board. Although investments made by EnerCare are carefully selected, there can be no assurance that such investments will earn a positive return in the short or long term or that losses may not be suffered by EnerCare from such investments.

Dilution of Shareholders

EnerCare is authorized to issue an unlimited number of Shares and 10,000,000 preferred shares issuable in series for consideration and on terms and conditions to be established by the board without the approval of any shareholders. EnerCare may make future acquisitions or may enter into financings or other transactions involving the issuance of securities of EnerCare which may be dilutive. Shareholders will have no pre-emptive rights in connection with such further issues.

Uncertainty of Dividend Payments

As a corporation, EnerCare’s dividend level is at the discretion of the board and will be evaluated periodically and may be revised depending on, among other factors, EnerCare’s earnings, the financial requirements of EnerCare’s operations, the satisfaction of solvency tests imposed by corporate law for the declaration and payment of dividends and other conditions that may exist from time to time. The dividend level is intended to allow for internally generated cash flow to support organic growth, maintain a strong balance sheet and provide sustainable monthly dividends to holders of Shares. There can be no guarantee that EnerCare will maintain its current dividend level. Any reduction or suspension of dividends may materially adversely affect the market price or value of the Shares.

OUTLOOK

The forward-looking statements contained in this section are not historical facts but, rather, reflect EnerCare’s current expectations regarding future results or events and are based on information currently available to management.

EnerCare continues to experience improved results in Home Services through improved rental customer retention and increased average monthly rental rates as a result of our rental HVAC strategy. We continue to believe that the factors contributing to the decline in Attrition over the last five years, including improved customer awareness, and Bill 55, will create a favourable environment for further improvement in customer retention. EnerCare is pleased that Bill 55 will come in effect on April 1, 2015. Although it continues to assess the operational impact of the new bill, it believes that any operational changes will be implemented before the deadline.

Our key priorities and initiatives for 2014 in the Rentals business were to grow revenue in excess of our annual rate increases, increase the number of unit additions, continue to improve Attrition and increase Adjusted EBITDA, and successfully integrate the OHCS business. We are pleased to report that we have exceeded our targets with respect to these objectives.

The purchase of OHCS has been transformative for EnerCare. The Acquisition has allowed EnerCare to have direct access to its customers, control over all aspects of its operations and larger financial scale.

Our priority for the first twelve months remains the reunification of the two businesses, which has been successful to-date.

Our re-branding initiatives commenced in early 2015 with co-branding on customer invoices, sales literature and advertising. Re-branding initiatives will continue throughout 2015.

The Transition Services Agreement regarding the decoupling from DE's information technology platform is progressing well. The first phase of de-coupling is scheduled to be completed during the first half of 2015.

Going forward, EnerCare expects that the revenue and cost of goods sold will be impacted as a result of the costs incurred for protection plans sold by DE prior to the Acquisition. EnerCare estimates that the results of operations were negatively impacted by $1,500 in 2014 and will be further impacted in 2015 by an additional $1,500. Similar impacts are not expected to impact 2016.

The exchange rate of the U.S. dollar to the Canadian dollar will have an impact to our 2015 capital spend and our cost of goods sold as a result of increased equipment and part costs which are sourced from the United States. However, most of the increased costs can be passed through to the customer.

Home Services has seasonal impacts on its revenue recognition and sales activities. Revenue, costs of services and Adjusted EBITDA are expected to primarily increase during the cooling and heating season, which typically fall in the third and fourth quarter of the year.

In January 2015, EnerCare increased its weighted average rental rate by 3%.

In respect to Sub-metering, our priorities in 2014 were to grow the business by increasing new contract sales, improve productivity and operational efficiencies and enhance our customer value proposition through outstanding customer service. We are pleased to report that we have met or exceeded all of these targets. In particular, we continue to make improvements in productivity and operational efficiencies through our LEAN program. In the fourth quarter of 2014, the revenue assurance program which was initiated in the third quarter yielded improvements. We anticipate that this will contribute more than $2M of incremental margin in 2015.

EnerCare estimates that it will pay approximately $10,000 to $14,000 in current taxes for the fiscal year ending December 31, 2015. This estimate is based on taxable income comparable to current levels, shielded by unrestricted tax losses and a corporate tax rate of approximately 26.5%. Current taxes for 2015 are lower than anticipated due to an $11,000-$15,000 one-year timing issue of when EnerCare will pay taxes on the income earned in EHCS LP. EnerCare's current tax for 2014 was $27,287. Taxable income is principally impacted by changes in revenue, operating expenses, potential acquisitions or divestitures, appropriate tax planning and capital expenditures through the capital cost allowance deduction.

EnerCare announced an increase in its monthly dividend to $0.07 per Share, an increase of 15.9%, effective in respect of the dividend payable to shareholders of record on the applicable date in March 2015, which dividend will be paid in April 2015. The increase reflects EnerCare's strong overall performance and our confidence in the future of the Home Services and Sub-metering businesses.

EnerCare has set its annual general meeting of shareholders for April 30, 2015. Jim Pantelidis, Chair of the Board, and management will provide an update to shareholders on EnerCare's achievements in 2014 and strategy.

GLOSSARY OF TERMS

Defined Term	Definition
AIF	Annual Information Form of EnerCare dated March 20, 2014.
Acquisition	The acquisition of the OHCS business of DE by EnerCare on October 20, 2014 through EHCS LP pursuant the Asset Purchase Agreement.
Asset Purchase Agreement	The agreement dated July 24, 2014 between EnerCare, EHCS LP and DE regarding the Acquisition.
Attrition	Termination of customer relationships, including buyouts, in the Rentals portfolio.
Bill 55	Stronger Protection for Ontario Consumers Act, 2013.
Billable	EnerCare services that are deemed to be billing (see Non-IFRS Financial and Performance Measures – Measures of Financial Performance).
CBA	The collective bargaining agreement negotiated and ratified in 2012 and 2014 by DE with Unifor Local 975.
Competition Act	*Competition Act* (Canada).
Conversion	The conversion of the Fund and the Trust, income trusts, to EnerCare and EnerCare Solutions, respectively.
Convertible Debenture Indenture	The trust indenture dated as of June 8, 2010 between the Fund and Computershare Trust Company of Canada pursuant to which the Convertible Debentures were issued. The Fund was wound-up and dissolved in connection with the Conversion and all of the covenants and obligations of the Fund with respect to the Convertible Debentures were assumed by EnerCare.
Convertible Debentures	6.25% convertible unsecured subordinated debentures of EnerCare (formerly the Fund), which mature on June 30, 2017, in the original aggregate principal amount of $27,883. Each Debenture is convertible into Shares at the option of the holder at a conversion price of $6.48 (or 154.3210 Shares per $1,000 principal amount of Convertible Debentures).
Co-ownership Agreement	Co-ownership agreement dated December 17, 2002 between DE, Rentco, 4104285 Canada Limited and CIBC Mellon Trust Company as custodian, as assigned by Rentco to ESLP on December 17, 2002, as amended on February 6, 2003, January 1, 2005, December 29, 2006, February 8, 2007 and April 25, 2007, and assigned to EHCS LP as part of the Acquisition.
D2D	Door to door.
DBRS	DBRS Limited.
DC&P	Disclosure Controls and Procedures as defined under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings.
DE	Direct Energy Marketing Limited.
ECI	EnerCare Connections Inc. (formerly Stratacon and EECI).
EECI	Enbridge Electric Connections Inc. (now ECI).
EHCS LP	EnerCare Home and Commercial Services Limited Partnership, the limited partnership formed to own OHCS following the closing of the Acquisition, an indirect wholly-owned subsidiary of EnerCare.
Enbridge	Enbridge Gas Distribution Inc.
EnerCare	EnerCare Inc., formerly the Fund.
EnerCare Solutions	EnerCare Solutions Inc., formerly the Trust.
ESLP	EnerCare Solutions Limited Partnership (formerly the Waterheater Operating Limited Partnership).
ESN	Energy Services Niagara Inc.
Fund	The Consumers' Waterheater Income Fund, predecessor to EnerCare prior to the conversion of the Fund from an income trust to corporate structure pursuant to a plan of arrangement on January 1, 2011.
HVAC	Heating, ventilation and air conditioning.
Home Services	Business division that provides rental water heaters, furnaces, air conditioners and other HVAC products and, as of October 20, 2014, also provides protection plans, HVAC sales and related services.
IASB	The International Accounting Standards Board.
ICFR	Internal Control Over Financial Reporting as defined under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings.
IFRS	International Financial Reporting Standards as adopted by the Canadian Institute of Chartered Accountants under Part I of the Handbook.
Incurrence Test	2009 Notes and 2012 Notes Incurrence EBITDA to Net Interest Expense.
LEAN	Lean is a set of "tools" and an operational discipline that assist in the identification and steady elimination of process waste - as waste is eliminated quality improves while cycle time and cost is reduced.
MD&A	Management's Discussion and Analysis.
New Debt Financing	The debt financing of EnerCare Solutions in respect of the Acquisition consisting of an unsecured (i) 4-year variable rate, non-revolving term loan facility in the amount of $210,000 and (ii) 5-year variable rate, revolving credit facility in the maximum amount of $100,000.
New Revolver	The 5-year variable rate, revolving credit facility in the maximum amount of $100,000 issued under the New Debt Refinancing.
New Term Loan	The 4-year variable rate, non-revolving term loan facility in the amount of $210,000 issued under the New Debt Financing.
OBA	Open bill access agreement with Enbridge.
OCI	Other Comprehensive Income.
OHCS	The Ontario home and small commercial services business of DE acquired by EnerCare on October 20, 2014 pursuant to the Asset Purchase Agreement.
Previous Revolver	$35,000 line of credit, with a maturity date of November 15, 2014, as amended and restated as of July 6, 2011, and further amended on November 15, 2012, February 26, 2013 and July 4, 2014 and replaced on October 20, 2014 with the New Revolver.
Previous Term Loan	$60,000 single draw, variable rate, interest only, open loan with a maturity date of January 28, 2016, which was repaid and terminated on October 20, 2014.
Rentals	Business division that provides rental water heaters, furnaces, air conditioners and other HVAC products and is part of Home Services.

Rentco	4483588 Canada Inc. (formerly Direct Waterheater Rentals Inc.).
Senior Unsecured Indenture	The trust indenture dated as of January 29, 2010 between the Trust, as issuer, its subsidiaries, as guarantors, and Computershare Company of Canada, as indenture trustee, as supplemented by the first supplemental indenture dated as of January 29, 2010, the second supplemental indenture dated as of February 19, 2010, the third supplemental indenture dated as of December 1, 2010, the fourth supplemental indenture dated as of January 1, 2011, the fifth supplemental indenture dated as of September 30, 2012, the sixth supplemental indenture dated as of November 21, 2012 and the seventh supplemental indentured dated as of February 1, 2013, as the same may be amended, modified, supplemented, restated or replaced from time to time. The Trust was wound-up and dissolved in connection with the reorganization of the Fund`s income trust structure to a corporate structure and all of the covenants and obligations of the Trust with respect to the Senior Unsecured Indenture were assumed by EnerCare Solutions.
SG&A	Selling, general and administrative expenses.
S&P	Standard and Poor's Rating Services.
Shares	Common shares of EnerCare.
Stratacon	Stratacon Inc. (now ECI).
Stratacon Debt	Secured debt assumed with the acquisition of Stratacon.
Subscription Receipts	$319,931 (net of underwriters' fees) of subscription receipts issued by EnerCare on a bought deal basis.
Sub-metering	Business division (ECI) that provides sub-metering equipment and billing services to partially finance the Acquisition.
Sub-metering Code	The unit sub-metering code effective January 1, 2011, as amended March 15, 2013, which sets out the minimum conditions and standards that a licensed unit sub-meter provider must meet when providing unit sub-metering services on behalf of exempt distributors.
Sub-metering Legislation	Collectively, the regulations under the *Electricity Consumer Protection Act, 2009* and the *Residential Tenancies Act, 2006* that permit individual suite sub-metering in apartment buildings, condominium complexes and commercial buildings in Ontario.
Transition Services Agreement	The agreement entered into on closing of the Acquisition in respect of the provision by DE of certain ongoing information technology transitional services and information technology decoupling services.
Trust	The Consumers' Waterheater Operating Trust.
TSX	Toronto Stock Exchange.
Units	Trust Units of the Fund.
2009 Notes	Collectively, the 2009-1 Notes and 2009-2 Notes.
2009-1 Notes	$60,000 of 6.20% Series 2009-1 Senior Notes of EnerCare Solutions, which matured and were repaid on April 30, 2012.
2009-2 Notes	$270,000 of 6.75% Series 2009-2 Senior Notes of EnerCare Solutions, which were redeemed on March 6, 2013.
2010 Notes	$240,000 of 5.25% Series 2010-1 Senior Unsecured Notes of EnerCare Solutions, which were redeemed on December 21, 2012.
2012 Notes	$250,000 of 4.30% Series 2012-1 Senior Unsecured Notes of EnerCare Solutions, which mature on November 30, 2017.
2013 Notes	$225,000 of 4.60% Series 2013-1 Senior Unsecured Notes of EnerCare Solutions, which mature on February 3, 2020.