EnerCare Solutions Inc.

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

Second Quarter ended June 30, 2014

Dated August 13, 2014

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The condensed interim consolidated financial statements of EnerCare Solutions are prepared in accordance with IFRS. EnerCare Solutions' basis of presentation and significant accounting policies are summarized in detail in notes 2 and 3 of the condensed interim consolidated financial statements for the period ended June 30, 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 and percentages (except as otherwise noted). Dollar amounts are expressed in Canadian currency.

As at June 30, 2014, EnerCare Solutions was a wholly-owned subsidiary of EnerCare. EnerCare Solutions' business is the rental of water heaters and other equipment.

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 August 13, 2014, contains certain forward-looking statements that involve various risks and uncertainties and should be read in conjunction with EnerCare Solutions' 2013 audited consolidated financial statements, the condensed interim consolidated financial statements for the period ended June 30, 2014. Additional information in respect to the Trust and EnerCare Solutions 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 Solutions' 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 Solutions 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 Solutions 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.

In respect of the forward-looking statements contained in the sections entitled "*Recent Developments – EnerCare Signs Agreement to Acquire DE's Home and Small Commercial Services Business in Ontario*" and "*Outlook*", please see the "*Cautionary Note Regarding Forward-Looking Statements*" contained therein. 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 Solutions.

OVERVIEW

EnerCare Solutions is the successor to the Trust, following the conversion of the Trust from an income trust to a corporate structure pursuant to a plan of arrangement on January 1, 2011.

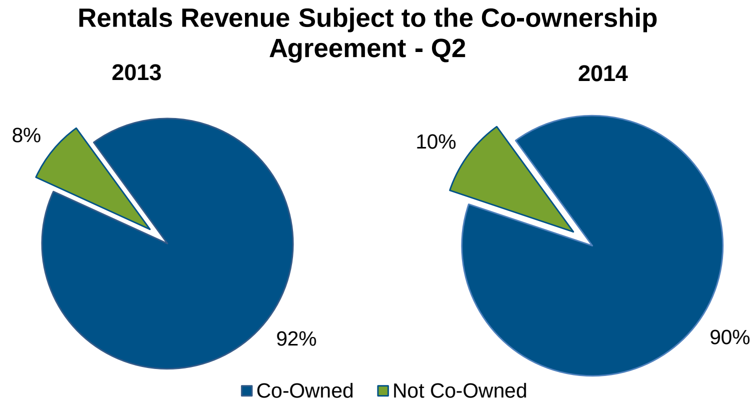
EnerCare Solutions, a wholly-owned subsidiary of EnerCare, through its subsidiaries, owns a portfolio of approximately 1.1 million water heaters and other assets, rented primarily to residential customers in Ontario.

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

PORTFOLIO SUMMARY

The business is comprised of the rental of water heater and HVAC equipment primarily to single family residential homes.

EnerCare Solutions originally had 100% of its business subject to the Co-ownership Agreement. Through six acquisitions and origination arrangements with various parties, EnerCare Solutions has successfully expanded its business. EnerCare Solutions has 10% of its rentals revenue coming from portfolios which are not subject to the Co-ownership Agreement.

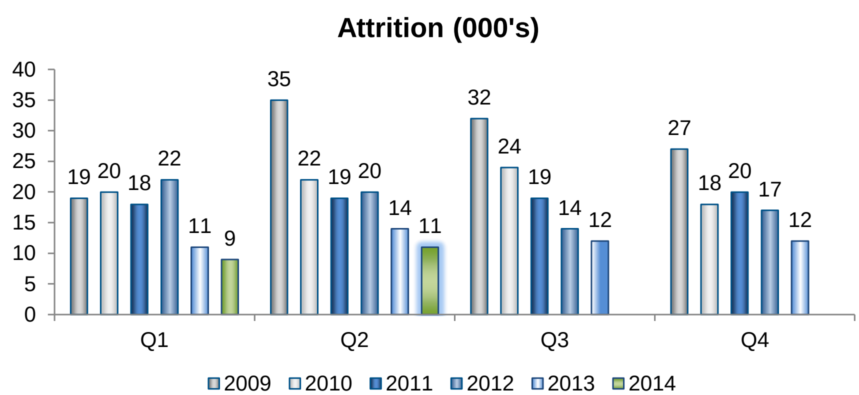


For the portfolios under the Co-ownership Agreement, EnerCare Solutions is entitled to 65% of the revenue and other payments and DE is entitled to 35% of the revenue. For DE's portion of the revenue, it is responsible for servicing and maintaining the assets. This ensures that EnerCare Solutions is effectively insulated from any operating risks from this portfolio. Through the Origination Agreement, EnerCare Solutions essentially incurs the capital expenditures in respect of the portfolio.

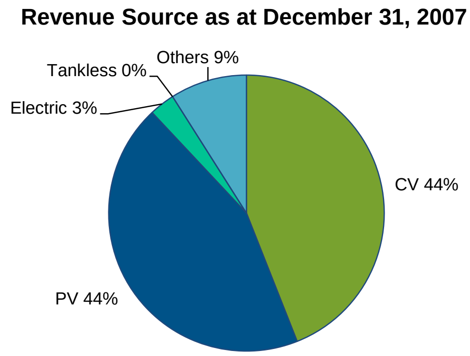
EnerCare Solutions monitors the business by reviewing new additions or customers to the portfolio, reductions or Attrition of existing customers and existing customers exchanging their rental product.

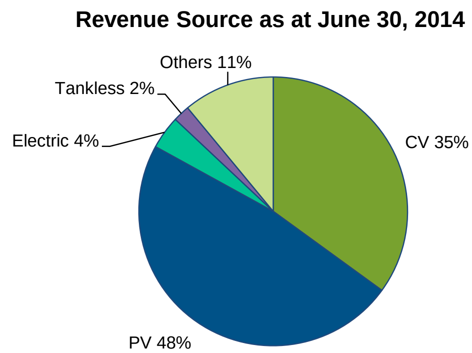
Over the last several years, EnerCare Solutions has experienced higher than normal Attrition on the water heater rental portfolios. This was largely a result of greater competition through aggressive D2D campaigns. EnerCare Solutions and DE have implemented many programs, including continued consumer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

Attrition decreased in the second quarter of 2014 by 3,000 units or 21% and by 5,000 units or 20% year to date, 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.

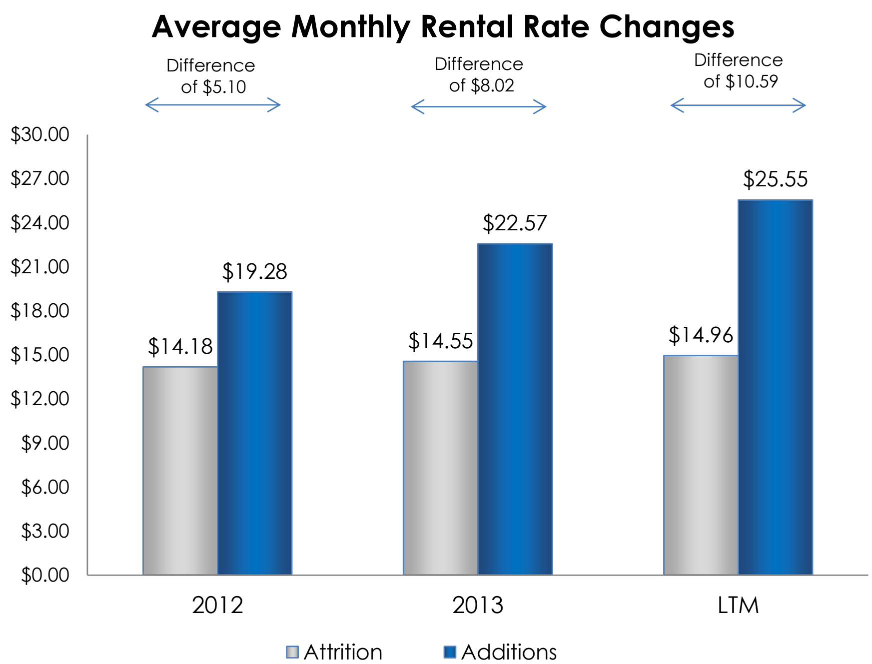


Partially offsetting Attrition is the movement in asset mix to units with higher returns. One of EnerCare Solutions' growth platforms has been to focus on single family and multi-residential HVAC rental units. Although results are small on the unit continuity, HVAC units provide three to five times more rental revenue than that of a water heater. A comparison of the product mix six 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.

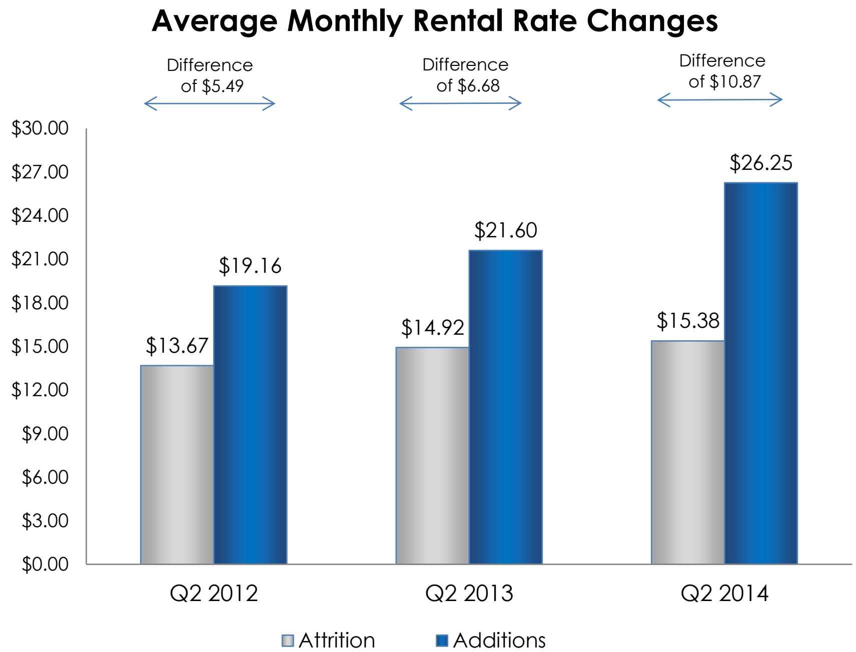




The impact of changes in product mix over time is outlined further in the graph below which shows revenue for the last twelve months to June 30, 2014 from unit additions contributing approximately $10.59 per unit more than revenue from units lost on account of Attrition. New customers are worth approximately 1.7 times that of a lost customer.



This difference in rental rates applicable to new and lost customers has increased steadily over the past three years, with the second quarter of 2014 revenue spread widening to $10.87, an increase of $4.19 over the same period in 2013.



SECOND QUARTER 2014 HIGHLIGHTS

(000's)	Three months ended June 30, **2014**	2013	Six months ended June 30, **2014**	2013
Rentals	**$49,224**	$47,293	**$97,860**	$94,375
Dividend income	**860**	860	**1,720**	1,720
Investment income	**75**	29	**109**	297
Total revenues	**$50,159**	$48,182	**$99,689**	$96,392
EBITDA[1]	**40,853**	37,284	**80,419**	75,509
Adjusted EBITDA[1]	**43,224**	42,411	**86,202**	83,528
Earnings/(loss) before income taxes	**9,340**	7,642	**18,018**	(6,243)
Current tax (expense)	**(6,203)**	(4,725)	**(11,989)**	(10,206)
Deferred income tax recovery/(expense)	**3,941**	3,480	**7,529**	11,713
Net earnings/(loss)	**$ 7,078**	$ 6,397	**$ 13,558**	$ (4,736)

The following highlights compare results for the second quarter of 2014 with the second quarter of 2013.

- Total revenues of $50,159 increased by 4% in the second quarter of 2014. Revenues, excluding dividend and investment income, were $49,224, greater than the prior year by $1,931, primarily as a result of rental rate increases, improved billing completeness and asset mix changes, partially offset by fewer installed assets. Dividend income relates to an investment in ECI preferred shares of $50,000.
- EBITDA increased by $3,569 to $40,853 in the second quarter of 2014, driven principally by improved rentals revenue, lower SG&A costs and loss on disposal of equipment. Adjusted EBITDA of $43,224 increased by $813 after removing from EBITDA the impact of the loss on disposal of equipment and including other income.
- Net earnings of $7,078 increased by $681 or 11% compared to the same period in 2013, reflecting increased EBITDA offset by reductions in other income, higher amortization and total tax payable. In the

[1] EBITDA and Adjusted EBITDA are Non-IFRS financial measures. Refer to the Non-IFRS Financial and Performance Measures section in this MD&A.

second quarter of 2013, other income reflects a settlement of $1,678 reached with DE on account of billing and collection in respect of water heater buyouts.

- Attrition decreased by 21% or 3,000 units for the second quarter of 2014. Attrition has improved year-over-year since 2009 and for eight consecutive quarters year-over-year.

RECENT DEVELOPMENTS

Direct Energy Collective Bargaining Agreement

On April 23, DE reached a tentative three-year Collective Agreement with Unifor Local 975, which was subsequently ratified by the union.

Resignation of Vice-President, Marketing and Business Development

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

EnerCare and EnerCare Solutions Provide a Business Update

On July 10, 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 Solutions 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 and Rentals portfolio revenue growth from additions outpaced revenue lost to Attrition.

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

On July 17, 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 Signs Agreement to Acquire DE's Home and Small Commercial Services Business in Ontario

On July 24, EnerCare and EnerCare Solutions announced that EnerCare and New LP, an indirect wholly-owned subsidiary of EnerCare Solutions, entered into a definitive asset purchase agreement to purchase OHCS from DE, a wholly-owned subsidiary of Centrica plc for a purchase price of approximately $550 million, subject to working capital and other adjustments.

In conjunction with the Acquisition, EnerCare also announced that it entered into an agreement with a syndicate of underwriters to issue, on a bought deal basis, approximately $310 million of subscription receipts to partially finance the Acquisition. In addition, existing lenders committed to provide debt funding for the Acquisition.

Transaction Highlights

- Restores what was once a combined business and significantly aligns, strengthens and expands EnerCare Solutions' platform and offers additional opportunities for growth.
- Aligns the two entities and creates a stronger integrated business that will have direct access to its customers and control over all aspects of its operations.

- Accretion in excess of 25% in EnerCare's *Pro forma* Distributable Cash per Share[2] is expected by 2015.
- Post-closing, EnerCare Solutions expects to maintain an investment grade credit rating.
- Ongoing alignment with DE who will be a significant shareholder of EnerCare for at least 18 months.
- Closing expected in the fourth quarter of 2014.

The Acquisition

In May 2002, Centrica, through DE, acquired Enbridge Services Inc. and its Canadian home and business services operations, which included what is now EnerCare Solutions' water heater rental program. In December 2002, EnerCare (formerly the Fund) completed its initial public offering and purchased the water heaters and other assets from DE and entered into the Co-ownership Agreement and 20-year origination agreement with DE relating to the servicing and origination of EnerCare Solutions' rental portfolio.

DE's services business in Ontario is a leading provider of home services in the province. OHCS services approximately 98% of EnerCare Solutions' rental water heater and HVAC portfolio and has one of the largest technician and installer workforces in Ontario. In addition to servicing the EnerCare Solutions' rental portfolio, DE's home and small commercial services business in Ontario also includes:

- protection plans involving service and maintenance plans for heating, cooling and plumbing equipment in exchange for a fixed fee;
- HVAC equipment sales and services, including replacement, repairs and maintenance services;
- plumbing, duct cleaning and energy audits; and
- a division which installs and services small commercial water heaters and HVAC equipment.

The closing of the Acquisition, which is expected to occur in the fourth quarter of 2014, is subject to customary closing conditions, including *Competition Act* (Canada) and Toronto Stock Exchange approval and third party consents. The Acquisition is not subject to due diligence or a financing condition, but is subject to settling the definitive terms of a transition services agreement relating to ongoing information technology support by DE and information technology decoupling.

For the year ended December 31, 2013, if OHCS and EnerCare had been combined, EnerCare's *pro forma* revenue and *pro forma* Adjusted EBITDA would have been approximately $527 million and $210 million[3], respectively. The Acquisition is expected to be immediately accretive to EnerCare's revenue, *pro forma* Adjusted EBITDA and *pro forma* Distributable Cash. The Acquisition provides immediate accretion of 22% to EnerCare's 2013 *pro forma* Distributable Cash per Share[3].

In conjunction with the Acquisition, DE and Centrica will agree not to compete with the services business in Ontario for a period of 8 years, subject to certain exceptions.

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[2] *Pro forma* Distributable Cash is a non-IFRS financial measure, refer to the Non-IFRS Financial Measures section below. Excludes certain identified OHCS corporate allocation charges of approximately $9 million of non-transferring costs for corporate shared service expenses, $1.8 million for non-transferring employee pension costs and, in the case of *Pro forma* Distributable Cash only, non-transferring employee cash pension costs of approximately $10 million, transaction-related costs estimated to be $23 million and non-recurring transition-related costs. Gives effect to the Offering, excluding the over-allotment option.

[3] EBITDA, Adjusted EBITDA, *Pro forma* Adjusted EBITDA, Distributable Cash, *Pro forma* Distributable Cash, Distributable Cash per Share, *Pro forma* Distributable Cash per Share, Payout Ratio and *Pro forma* Payout Ratio are non-IFRS financial measures, refer to the Non-IFRS Financial Measures section below. Excludes certain identified OHCS corporate allocation charges of approximately $9 million of non-transferring costs for corporate shared service expenses, $1.8 million for non-transferring employee pension costs and, in the case of *Pro forma* Distributable Cash only, non-transferring employee cash pension costs of approximately $10 million, transaction-related costs estimated to be $23 million, non-recurring transition-related costs and synergies and financial enhancements. Gives effect to the Offering, excluding the over-allotment option.

Financing the Acquisition

Equity Financings

Offering of Subscription Receipts on a Bought Deal Basis

In order to partially finance the cash component of the Acquisition, EnerCare entered into an agreement with a syndicate of underwriters to sell 23,847,000 Subscription Receipts on a bought deal basis. The Subscription Receipts will be offered at a price of $13.00 per Subscription Receipt, for gross proceeds to EnerCare of approximately $310 million. EnerCare has also granted the underwriters an over-allotment option to purchase up to an additional 1,788,525 Subscription Receipts (or, in certain circumstances, Shares), on the same terms and conditions as the Offering, exercisable no later than 30 days after the closing of the Offering.

Each Subscription Receipt represents the right of the holder to receive, upon closing of the Acquisition, without payment of additional consideration, one Share plus an amount per Share, equal to the amount per Share of any dividends for which record dates have occurred during the period from the closing date of the Offering to the date immediately preceding the closing date of the Acquisition, less any withholding taxes, if any. Closing of the Offering is expected to occur on or about August 18, 2014, subject to TSX and other necessary regulatory approvals. The net proceeds from the Offering will be used to finance, in part, the Acquisition, as well as EnerCare's expenses of the Acquisition and the Offering, once the proceeds are released from escrow.

Private Placement to DE

Subject to the approval of the TSX, pursuant to the Asset Purchase Agreement, EnerCare will issue approximately $100,000,000 of Shares indirectly to DE on a private placement basis in partial satisfaction of the purchase price for the Acquisition. The Shares indirectly issued to DE will be issued at a price of $13.00 per Share, the same price as the Offering. Initially, all of such Shares will be subject to a 12-month lock-up and thereafter, one-half of such Shares will be subject to a further 6-month lock-up. DE will be entitled to nominate one director of EnerCare for so long as it holds Shares of EnerCare constituting no less than one-half of the number of such Shares it holds immediately following closing of the Acquisition. That nominee will also serve as a director of EnerCare Solutions.

Debt Financing

EnerCare Solutions entered into a commitment letter with two Canadian chartered banks pursuant to which the banks have committed, subject to customary conditions, to provide debt financing to EnerCare Solutions in the form of unsecured credit facilities in an aggregate amount of $633 million, of which EnerCare Solutions expects to draw $223 million at closing of the Acquisition.

The Debt Financing is comprised of two different components: (i) a 4-year non-revolving, non-amortizing variable rate term credit facility in the amount of $223 million to be available in a single drawdown, for the purpose of financing a portion of the purchase price and re-financing EnerCare Solutions' existing $60 million term loan; and (ii) a 5-year $100 million revolving, non-amortizing variable rate credit facility which replaces EnerCare Solutions' existing $35 million revolving credit facility and is expected to remain undrawn at the close of the Acquisition.

The Debt Financing also includes a fully committed 6-month variable rate bridge facility for the purchase price and transaction expenses to be funded from the Offering should the bought deal not be completed by time of closing.

The Debt Financing will contain financial covenants that are more favourable than the existing terms of the Revolver and the Term Loan described in the section "*Liquidity and Capital Resources - Revolver and Term*

Loan". Pursuant to the commitment letter entered into in connection with the Acquisition, the financial covenants are expected to require EnerCare Solutions to maintain calculated as at each fiscal quarter: (i) a ratio of total debt (other than subordinated debt) to Adjusted EBITDA of less than 4.75:1; and (ii) a ratio of Adjusted EBITDA to Cash Interest Expense of greater than 3.00:1. The financial covenant that the ratio of Adjusted EBITDA less capital expenditures to Cash Interest Expense must be greater than 1.75:1 has been removed from the Debt Financing. It is expected that the Debt Financing will incorporate the same definitions for ''Adjusted EBITDA'' and ''Cash Interest Expense'' as currently exist (see "*Liquidity and Capital Resources - Revolver and Term Loan*" for current definitions), except that ''Adjusted EBITDA'' will include add-backs for certain Acquisition related costs and transition-related costs not to exceed $23.5 million in the aggregate and these financial covenants will initially be calculated on a *pro forma* basis as if the Acquisition had occurred at the beginning of the applicable calculation period.

The following table shows these credit metrics for EnerCare Solutions for fiscal year 2013 without giving effect to the Offering, Debt Financing, DE private placement, Acquisition and exchange of Subscription Receipts for Shares (the "Transactions") and after giving *pro forma* effect to the Transactions, calculated in accordance with the expected terms of the Debt Financing.

	FY 2013	FY 2013 after giving *pro forma* effect to the Transaction
	(Unaudited)	(Unaudited)
Total Debt to Adjusted EBITDA	3.01:1	3.13:1
Adjusted EBITDA to Cash Interest Expense	7.10:1	7.54:1
Adjusted EBITDA less Capex Interest Expense	4.35:1	N/A

Pro Forma Financial Highlights

- *Pro forma* fiscal year 2013 combined annual revenue of EnerCare estimated to be approximately $527 million.
- Fiscal year 2013 *Pro forma* Adjusted EBITDA[3] and *Pro forma* Distributable Cash[3] of EnerCare is estimated to be 25% and 87% higher than EnerCare's fiscal year 2013 Adjusted EBITDA and Distributable Cash, respectively.
- Fiscal year 2013 *Pro forma* Payout Ratio[3] of EnerCare is estimated to be 65% as compared to EnerCare's fiscal year 2013 Payout Ratio of 78%.
- With the successful close of the Offering, EnerCare's total *pro forma* debt outstanding will be approximately $709 million, with more favourable bank loan covenants.
- Debt financing maintains EnerCare Solutions' laddered debt maturity schedule.

EnerCare Solutions anticipates that the Acquisition will have a substantially similar positive impact on its financial metrics as discussed herein in respect of EnerCare, having regard to the impact to EnerCare of EnerCare's sub-metering and corporate segments and the elimination of intercompany amounts.

Non-IFRS Financial Measures

The foregoing disclosure with respect to the Acquisition includes certain adjusted financial measures which are not defined under IFRS as noted below. The method of calculating such non-IFRS measures may differ from the methods used by other issuers. Therefore, these non-IFRS measures may not be comparable to similar measures presented by other issuers.

"Adjusted EBITDA" is a measure that is comprised of net earnings plus income taxes, interest expense, amortization expense, impairment losses, loss on disposal of equipment, less investment income. Management also uses Adjusted EBITDA to determine EnerCare's and EnerCare Solutions' ability to service its debt, finance capital expenditures, and provide for the payment of dividends to shareholders, and it has been reconciled with net earnings, an IFRS measure.

"*Pro forma* Adjusted EBITDA" is a *pro forma* measure comprised of *pro forma* net earnings plus income taxes, interest expense, amortization expense, impairment losses, loss on disposal of equipment, less investment income. This measure further includes adjustments to eliminate certain identified corporate allocation charges and non-transferring employee pension costs incurred by OHCS in order to normalize *Pro forma* Adjusted EBITDA for costs that are not expected to be incurred by EnerCare and EnerCare Solutions following its acquisition of OHCS. It is one metric that can be used to illustrate EnerCare's and EnerCare Solutions' anticipated ability to service its debt, finance capital expenditures, and provide for the payment of dividends to shareholders, on a post-Acquisition basis.

"Distributable Cash" is a 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. Distributable Cash is comprised of net earnings, 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 rentals 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 to be growth expenditures and are therefore not deducted in the determination of Distributable Cash.

"*Pro forma* Distributable Cash" is a *pro forma* measure calculated from *pro forma* net earnings, 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 rentals capital expenditures (excluding growth capital), contributions to the defined benefit plan, payments for capital lease obligations and other non-recurring income. This measure further includes adjustments to eliminate certain identified cash corporate allocation charges and non-transferring employee cash pension costs incurred by OHCS in order to normalize the calculation of *Pro forma* Distributable Cash for costs that are not expected to be incurred by EnerCare following the Acquisition. It is one metric that can be used to illustrate EnerCare's and EnerCare Solutions' anticipated ability to service its debt, finance capital expenditures, and provide for the payment of dividends to shareholders, on a post-Acquisition basis.

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

"*Pro forma* Distributable Cash per Share" is a measure of the amount of the *Pro forma* Distributable Cash calculated on a per *pro forma* Share basis, giving effect to the Offering but excluding the exercise of the over-allotment option.

"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 and EnerCare Solutions to pay dividends, finance capital expenditures and add to its cash reserves.

"*Pro forma* Payout Ratio" is the percentage of *Pro forma* Distributable Cash to dividends declared to shareholders during a period. Management has presented *Pro forma* Payout Ratio to illustrate EnerCare's and EnerCare Solutions' post-Acquisition ability to service its debt, finance capital expenditures, and provide for the payment of dividends to shareholders.

Adjusted EBITDA, *Pro forma* Adjusted EBITDA, Distributable Cash, *Pro forma* Distributable Cash, Distributable Cash per Share, *Pro forma* Distributable Cash per Share, Payout Ratio and *Pro forma* Payout Ratio (collectively, the "Non-IFRS Measures") are not standard measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. These "Non-IFRS Measures" are supplemental measures of a company's historical performance, which for purposes of the foregoing disclosure, have also been presented on a *pro forma* basis and normalized *pro forma* basis, giving effect to the Acquisition. EnerCare Solutions believes that the non-IFRS measures on both a historical basis and a *pro forma* basis are relevant for, among other things, purposes of evaluating EnerCare's ability to service debt and its ability to pay dividends on EnerCare's Shares.

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

Cautionary Note Regarding Forward-Looking Statements

The foregoing disclosure in this section contains forward-looking information within the meaning of applicable Canadian securities laws ("forward-looking statements"). Statements other than statements of historical fact contained herein may constitute forward-looking statements, including, without limitation, management's expectations, intentions and beliefs concerning anticipated future events, results, circumstances, economic performance or expectations with respect to EnerCare and EnerCare Solutions, including their business operations, business strategy and financial condition. Forward-looking statements may include words such as "anticipates", "believes", "budgets", "could", "estimates", "expects", "goal", "intends", "may", "outlook", "plans", "strive", "target" and "will", although not all forward-looking statements contain these words.

Some of the specific forward-looking statements in the foregoing disclosure in this section include, but are not limited to, statements with respect to the following:

- timing and completion of the Acquisition, which may be impacted by the conditions in the Asset Purchase Agreement;
- EnerCare's ability to pay dividends to shareholders; and
- the impact of the Acquisition on EnerCare Solutions' business and current and anticipated economic conditions.

These forward-looking statements may reflect the internal projections, expectations, future growth, results of operations, performance, business prospects and opportunities of EnerCare and EnerCare Solutions and are based on information currently available to EnerCare Solutions and/or assumptions that EnerCare Solutions believes are reasonable. Actual results and developments may differ materially from results and developments discussed in the forward-looking statements, as they are subject to a number of risks and uncertainties. In developing these forward-looking statements, certain material assumptions were made.

These forward-looking statements are also subject to certain risks, including but not limited to:

- actual future market conditions being different than those anticipated by management;
- the failure to realize some or all of the anticipated benefits of the Acquisition; and
- the continued reliance on DE as a result of the Transition Services Agreement.

Material factors or assumptions that were applied to drawing a conclusion or making an estimate set out in forward-looking statements include but are not limited to:

- the view of management regarding current and anticipated market conditions;
- industry trends remaining unchanged;
- the successful completion of the Acquisition and the financing thereof;
- the financial and operating attributes of EnerCare, EnerCare Solutions and OHCS as at August 13, 2014 and the anticipated future performance of EnerCare, EnerCare Solutions and OHCS following the Acquisition;
- eliminations of transactions and balances between OHCS and EnerCare and EnerCare Solutions;
- assumptions regarding the interest rates of the Debt Financing;
- the effective acquisition multiple and the extent to which the Acquisition is accretive, each of which may be impacted by final financing arrangements, the realization and timing of synergies and the operating performance of EnerCare, EnerCare Solutions and OHCS;
- assumptions regarding non-recurring transaction and transition costs estimated to be incurred by EnerCare and EnerCare Solutions in connection with the Acquisition;

- assumptions regarding future selling, general and administrative costs estimated to be incurred by EnerCare and EnerCare Solutions in connection with the management of OHCS by EnerCare and EnerCare Solutions following the Acquisition;
- assumptions regarding future benefits anticipated by management to be realized in respect of certain contract negotiations completed by OHCS in its 2012 and 2014 collective agreements with unionized employees and its agreements with licensed franchisees in 2012;
- assumptions regarding pension and other employee-related benefits liabilities and expenses to be assumed by EnerCare and EnerCare Solutions in the Acquisition; and
- assumptions regarding the fair value of the assets acquired and liabilities assumed under the Asset Purchase Agreement and the related tax deductions and payments.

There can be no assurance that the Acquisition will occur or that any of the anticipated strategic benefits and operational, competitive and cost synergies will be realized. The Acquisition is subject to various approvals, including approvals under the *Competition Act* (Canada) and by the TSX, and the fulfillment of certain conditions, and there can be no assurance that any such approvals will be obtained and/or any such conditions will be satisfied. The Acquisition could be modified, restructured or terminated at any time.

Readers are cautioned that the preceding list of material factors or assumptions is not exhaustive. Although forward-looking statements contained in this section entitled Recent Developments - *EnerCare Signs Agreement to Acquire DE's Home and Small Commercial Services Business in Ontario* are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Accordingly, readers should not place undue reliance on such forward-looking statements and assumptions as management cannot provide assurance that actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, EnerCare or EnerCare Solutions. These forward-looking statements are subject to change as a result of new information, future events or other circumstances in which case they will only be updated by EnerCare Solutions where required by law.

RESULTS OF OPERATIONS

Earnings Statement

(000's)	Three months ended June 30, **2014**	2013	Six months ended June 30, **2014**	2013
Revenues:				
Rentals	**$49,224**	$47,293	**$97,860**	$94,375
Dividend income	**860**	860	**1,720**	1,720
Investment income	**75**	29	**109**	297
Total revenues	**$50,159**	$48,182	**$99,689**	$96,392
SG&A expenses:	**6,000**	6,560	**12,066**	12,525
Amortization expense	**23,260**	23,086	**46,264**	46,212
Loss on disposal of equipment	**2,371**	3,449	**5,375**	6,341
Interest expense:				
Interest expense payable in cash	**5,662**	5,596	**11,323**	13,675
Make-whole payment on early redemption of debt	**-**	-	**-**	13,754
Interest on subordinated debt	**873**	873	**1,746**	1,746
Interest on promissory note	**2,500**	2,500	**5,000**	5,000
Non-cash interest expense	**153**	154	**305**	5,060
Total interest expense	**9,188**	9,123	**18,374**	39,235
Total expenses	**40,819**	42,218	**82,079**	104,313
Other income	**-**	1,678	**408**	1,678
Earnings/(loss) before income taxes	**9,340**	7,642	**18,018**	(6,243)
Current tax (expense)	**(6,203)**	(4,725)	**(11,989)**	(10,206)
Deferred income tax recovery	**3,941**	3,480	**7,529**	11,713
Net earnings/(loss)	**7,078**	6,397	**13,558**	(4,736)
EBITDA	**$40,853**	$37,284	**$80,419**	$75,509
Adjusted EBITDA	**$43,224**	$42,411	**$86,202**	$83,528

Revenues

Total revenues of $50,149 for the second quarter of 2014 increased by $1,977 or 4% and by $3,297 or 3% to $99,689 year to date compared to the same periods in 2013. Rentals revenues for the quarter increased by $1,931 to $49,224 and by $3,485 to $97,860 year to date compared to the same periods in 2013, 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.

Dividend income for the three and six months ended June 30, 2014 were $860 and $1,720, respectively, both consistent with the same periods in 2013.

Investment income for the quarter increased by $46 to $75 and decreased by $188 to $109 year to date compared to the same periods in 2013. The change in investment income was primarily attributable to higher investment balances in the second quarter of 2014. During the first quarter of 2013 investment balances were greater due to the issuance of the 2013 Notes approximately 30 days prior to the redemption of the 2009-2 Notes.

Selling, General & Administrative Expenses

SG&A expenses were $6,000 in the second quarter of 2014, a decreased by $560 or 9% compared to the same period in 2013, primarily as a result of reductions of approximately $700 in claims, $300 in selling expenses and $100 in office expenses, partially offset by increases of $500 in wages and benefits and $100 on account of billing and servicing costs.

Year to date SG&A expenses were $12,066 or $459 lower than the same period in 2013, primarily as a result of reductions of approximately $900 in selling expenses, claims of $600 and office expenses of $100, partially offset by increased wages and benefits of $800, professional fees of $200 and billing and servicing costs of $200.

Amortization Expense

Amortization expense increased by $174 to $23,260 in the second quarter of 2014 and by $52 to $46,264 year to date over the same periods of 2013, primarily due to asset mix changes.

Loss on Disposal of Equipment

EnerCare Solutions reported a loss on disposal of equipment of $2,371 in the second quarter of 2014, and $5,375 year to date, reductions of $1,078 or 31% and $966 or 15%, respectively, over the same periods 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

	Three months ended June 30,		Six months ended June 30,	
(000's)	**2014**	2013	**2014**	2013
Interest expense payable in cash	**$5,662**	$5,596	**$11,323**	$13,675
Make-whole payment on early redemption of debt	**-**	-	**-**	13,754
Interest on subordinated debt	**873**	873	**1,746**	1,746
Interest on promissory note	**2,500**	2,500	**5,000**	5,000
Non-cash items: Amortization of OCI and financing costs	**153**	154	**305**	5,060
Interest expense	**$9,188**	$9,123	**$18,374**	$39,235

Interest expense payable in cash increased by $66 to $5,662 in the second quarter of 2014 and decreased by $2,352 to $11,323 year to date, compared to the same periods in 2013. The year to date decrease is primarily related to the reduction in interest rates with the early redemption in 2013 of the 2009-2 Notes associated with the issuance of the 2013 Notes. The make-whole payment of $13,754 was incurred upon the early redemption of the 2009-2 Notes and the drawdown of the Term Loan. Interest on the $250,000 Subordinated Promissory Notes and the $50,000 Subordinated Debt were consistent with the prior period. 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 in 2013.

Other Income

During the first quarter of 2014, EnerCare Solutions realized a settlement of $408 from DE on account of the reclassification of certain water heaters under the Co-ownership Agreement to EnerCare Solutions' owned portfolio, originally associated with the Toronto Hydro Energy Services Inc. portfolio acquisition. During the second quarter of 2013, EnerCare Solutions and DE reached a settlement of $1,678 on account of billing and collection matters in respect of water heater buyouts.

Income Taxes

EnerCare Solutions reported a current tax expense of $6,203 in the second quarter of 2014 and $11,989 year to date, increases of $1,478 and $1,783, respectively, over the same periods in 2013, primarily as a result of higher taxable income. The deferred income tax recovery of $3,941 for the second quarter of 2014 and $7,529 year to date, an increase of $461 and decrease of $4,184, respectively, were primarily as a result of temporary difference reversals, including the impact of the 2013 make-whole payment.

Net Earnings

Net earnings in the second quarter of 2014 were $7,078, or $681 higher than in the same period in 2013 as previously described. The 2014 year to date net earnings of $13,558 improved by $18,294 over the same period in 2013, primarily driven by the make-whole payment of $13,754 made in 2013 in respect of the early redemption of the 2009-2 Notes.

EBITDA and Adjusted EBITDA

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

(000's)	**Q2/14**	Q1/14	Q4/13	Q3/13	Q2/13	Q1/13	Q4/12	Q3/12
Net earnings/(loss)	**$ 7,078**	$ 6,480	$ 5,230	$ 6,291	$ 6,397	$(11,133)	$(2,316)	$ 337
Deferred tax (recovery)/expense	**(3,941)**	(3,588)	(3,472)	(3,442)	(3,480)	(8,233)	(5,109)	(3,065)
Current tax expense	**6,203**	5,786	6,069	5,410	4,725	5,481	4,786	3,821
Amortization expense	**23,260**	23,004	24,028	23,763	23,086	23,126	24,024	24,115
Interest expense	**9,188**	9,186	9,207	9,206	9,123	30,112	15,697	12,701
Dividend (income)	**(860)**	(860)	(869)	(870)	(860)	(860)	(870)	(870)
Other (income)/expense	**-**	(408)	(769)	(2,000)	(1,678)	-	362	-
Investment (income)	**(75)**	(34)	(35)	(20)	(29)	(268)	(189)	(14)
EBITDA	**40,853**	39,566	39,389	38,338	37,284	38,225	36,385	37,025
Add: Loss on disposal of equipment	**2,371**	3,004	2,666	2,633	3,449	2,892	3,523	3,397
Add: Other income/(expense)	**-**	408	769	2,000	1,678	-	(362)	-
Adjusted EBITDA(1)	**$43,224**	$42,978	$42,824	$42,971	$42,411	$41,117	$39,546	$40,422

(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, and accruals related to billing and servicing matters.
2. Increasing current taxes from higher taxable income.
3. Debt refinancing activities in the fourth quarter of 2012 and the first quarter of 2013 resulted in additional interest expense, which included make-whole payments of $1,920 and $13,754, respectively. Commencing in the second quarter of 2013 interest expense reflects the benefits of lower blended interest rates and non-cash fee amortization.
4. Amortization and loss on disposal of equipment, which are primarily driven by unit continuity activity such as Attrition, exchanges and outstanding units.
5. Other income relates to settlements with DE on account of installation and billing matters. The fourth quarter of 2012 also included a bill reversal from Enbridge following the billing conversion.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended June 30,		Six months ended June 30,	
(000's)	**2014**	2013	**2014**	2013
Cash flow from operating activities	**$28,416**	$27,951	**$47,626**	$33,477
Net change in non-cash working capital	**505**	1,655	**10,347**	7,687
Operating Cash Flow[4]	**28,921**	29,606	**57,973**	41,164
Capital expenditures: excluding acquisitions	**(18,217)**	(16,793)	**(35,929)**	(31,669)
Proceeds on disposal of equipment	**1,389**	981	**2,559**	1,898
Net capital expenditures	**(16,828)**	(15,812)	**(33,370)**	(29,771)
Acquisitions	**-**	-	**(3,035)**	-
Cash used in investing activities	**(16,828)**	(15,812)	**(36,405)**	(29,771)
Dividends paid	**(10,598)**	(6,566)	**(20,767)**	(13,066)

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

Other financing activities	**-**	(2,129)	**-**	13,339
Cash (used in)/provided by financing activities	**(10,598)**	(8,695)	**(20,767)**	273
Cash and equivalents – end of period	**$ 8,253**	$ 7,596	**$8,253**	$ 7,596

Operating Cash Flow of $28,921 decreased by $685 in the second quarter of 2014 compared to the same period in 2013, primarily as a result of changes in non-cash working capital, higher SG&A expenses and current taxes partially offset by improved revenues. Year to date cash flow from operating activities increased in 2014 by $16,809 to $57,973 compared to the same period in 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 current taxes.

Net capital expenditures of $16,828 in the second quarter of 2014 increased by $1,016 and by $3,599 to $33,370 year to date compared to the same periods in 2013, due to changes in asset mix, including increased HVAC rentals. The acquisition of $3,035 in 2014 represents the purchase of the ESN rental portfolio in the first quarter.

Dividends paid reflect dividend payments to EnerCare.

Other financing activities for 2013 primarily reflect the repayment of $2,000 in respect of the Revolver during the second quarter and EnerCare Solutions' repayment of the $270,000 2009-2 Notes on March 6, 2013 with proceeds from the 2013 Notes and the drawdown on the Term Loan.

The Revolver has a credit limit of $35,000, which was not drawn as at June 30, 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 Solutions has sufficient cash flow, cash on hand and credit available to meet its 2014 obligations, including capital expenditures, financing activities and working capital requirements for its business. See additional commentary regarding financing in *"Recent Developments – EnerCare Signs Agreement to Acquire DE's Home and Small Commercial Services Business in Ontario"* in this MD&A.

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	Three months ended June 30,		Six months ended June 30,	
(000's)	**2014**	2013	**2014**	2013
Units – start of period	**1,143**	1,165	**1,145**	1,171
Portfolio additions	**6**	6	**11**	11
Acquisitions	**-**	-	**2**	-
Attrition	**(11)**	(14)	**(20)**	(25)
Units – end of period	**1,138**	1,157	**1,138**	1,157
Asset exchanges – units retired and replaced	**13**	13	**26**	26
% change in units during the period	**(0.4%)**	(0.7%)	**(0.6%)**	(1.2%)
% of units from start of period:				
Portfolio additions (net of acquisitions)	**0.5%**	0.5%	**1.0%**	0.9%
Attrition	**(1.0%)**	(1.2%)	**(1.7%)**	(2.1%)
Units retired and replaced	**1.1%**	1.1%	**2.3%**	2.2%

Net capital expenditures include portfolio additions and asset exchanges, net of proceeds on disposal. Net capital expenditures were $16,828 in the second quarter of 2014 and $33,370 year to date, increasing by 6% or $1,016 and 12% or $3,599, respectively, when compared to the same periods in 2013, primarily as a result of increased HVAC rentals.

Attrition decreased in the second quarter of 2014 by 3,000 units or 21% and 5,000 units or 20% year to date compared to the same periods in 2013. EnerCare Solutions and DE have 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 "DE same day service campaign"), have helped to significantly reduce Attrition in recent years.

Cash from Financing

Financing activities for EnerCare Solutions may reflect dividend payments and periodic financing of EnerCare Solutions' indebtedness. During the second quarter of 2014, EnerCare Solutions' financing activity was comprised of dividend payments.

Capitalization	Six months ended June 30,	
(000's)	**2014**	2013
Cash and cash equivalents	**$ 8,253**	$ 7,596
Net investment in working capital	**(82)**	(3,580)
Cash, net of working capital	**8,171**	4,016
Total senior debt	**532,426**	531,884
Promissory note	**250,000**	250,000
Subordinated debt	**50,000**	50,000
Shareholder's equity	**(244,871)**	(228,858)
Total capitalization – book value	**$587,555**	$603,026

Typically, EnerCare Solutions 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 June 30, 2014, total senior debt was comprised of the 2012 Notes, the 2013 Notes and the Term Loan.

EnerCare Solutions is subject to a number of covenant requirements. The following discussion outlines the principal covenants.

Revolver and Term Loan

The Revolver contains terms, representations, warranties, covenants and events of default that are customary for credit facilities of this kind, including financial covenants, 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 Revolver include a cross-default provision and the occurrence of a change of control of EnerCare or EnerCare Solutions. EnerCare Solutions' obligations under the Revolver are guaranteed by all of EnerCare Solutions' direct and indirect subsidiaries.

Under the terms of the Revolver and the Term Loan, EnerCare Solutions is subject to three principal financial covenants which address interest and debt coverage as described below.

The Revolver contains 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.

The Revolver essentially defines "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, amortization and depreciation expenses, income taxes and any other non-cash items, losses on hedging contracts, and proceeds of disposal of water heaters in the ordinary course of business, determined on a consolidated basis. The Revolver essentially defines "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 Term Loan has substantially similar terms as the Revolver with respect to its representation, warranties, covenants, events of default and guarantors. The Term Loan is payable interest only until maturity in January 2016 and is pre-payable in whole or in part at any time without penalty.

EnerCare Solutions was in compliance with the covenants within the Revolver and the Term Loan as of June 30, 2014. No amounts were drawn under the Revolver at June 30, 2014.

2012 Notes and 2013 Notes

The covenants under the 2012 Notes and 2013 Notes are contained in the Senior Unsecured Indenture. The Senior Unsecured Indenture contains terms, covenants and events of default that are customary for senior unsecured indebtedness, including financial covenants, restrictions on asset sales, a cross-default provision and a negative pledge. The Senior Notes are redeemable at the option of EnerCare Solutions, in whole or in part, at any time, upon not less than 30 nor more than 60 days' prior written notice. The redemption price for each series of Senior Notes to be redeemed will be equal to the greater of (a) the principal amount thereof as at the date set for redemption, and (b) the applicable Canada yield price in respect thereof, together, in each case, with accrued and unpaid interest to the date of redemption. EnerCare Solutions' obligations under the Senior Notes and the Senior Unsecured Indenture are guaranteed by all of EnerCare Solutions' direct and indirect subsidiaries. Under the terms of the Senior Unsecured Indenture, EnerCare Solutions is precluded from incurring additional indebtedness (other than certain refinancing debt, working capital debt in the amount of up to $35,000 and unsecured indebtedness of any of

EnerCare Solutions and its subsidiaries which is expressly subordinate and postponed in right of payment to the Senior Indebtedness) if, after giving *pro forma* effect to such incurrence (including the application or use of the resulting net proceeds), the ratio of “Incurrence EBITDA” to “Net Interest Expense” is equal to or greater than 3.8 to 1.0 at such time.

The Senior Unsecured Indenture essentially defines “Incurrence EBITDA” as the aggregate of consolidated net earnings of EnerCare Solutions, excluding (a) interest income and expense, (b) income tax expense or recovery, (c) depreciation and amortization expense, (d) extraordinary or non-recurring items, (e) losses on disposal of property and equipment, and (f) non-cash gains or losses on hedging contracts generated (i) on a 100% basis from direct or indirect investments in portfolios of water heaters, gas fired equipment and renewable energy equipment and the cash flows generated therefrom and any related assets, and (ii) on a 50% basis from all other investments. The Senior Unsecured Indenture essentially defines “Net Interest Expense” as the interest expense with respect to debt of EnerCare Solutions and the Guarantors less the amount of interest income on permitted investments held thereby and less the amount of interest expense on unsecured indebtedness of any of EnerCare Solutions and its subsidiaries which is expressly subordinate and postponed in right of payment to the Senior Indebtedness and working capital debt of up to $35,000 and excluding amortization of gains or losses on hedging contracts.

On June 30, 2014, EnerCare Solutions exceeded the ratio of Incurrence EBITDA to Net Interest Expense 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)	**Q2/14**	Q1/14	Q4/13	Q3/13	Q2/13	Q1/13	Q4/12	Q3/12
Total revenues	**$50,159**	$49,530	$48,719	$48,138	$48,182	$48,210	$47,184	$47,465
Net earnings/(loss)	**7,078**	6,480	5,230	6,291	6,397	(11,133)	(2,316)	337
Dividends declared	**$10,600**	$10,312	$10,161	$10,019	$ 6,632	$ 6,502	$ 9,745	$ 9,728

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 and the temporary difference reversals of future income tax recoveries. Dividends declared primarily reflect the cash required to fund dividends paid by EnerCare.

SUMMARY OF CONTRACTUAL DEBT AND LEASE OBLIGATIONS

The following schedule summarizes the contractual debt obligations of EnerCare Solutions at June 30, 2014:

Period (000’s)	Principal Payments	Interest Payments
Due in 2014	$ -	$ 11,240
Due in 2015	-	22,480
Due in 2016	60,000	21,215
Due in 2017	250,000	21,100
Due in 2018	-	10,350
Thereafter	225,000	15,525
Total	$535,000	$101,910

As at June 30, 2014, long-term senior contractual obligations of EnerCare Solutions 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 Term Loan of $60,000 due January 28, 2016 bears interest at a variable rate based upon the banker’s acceptance rate or prime rate plus an interest spread which was 2.47% at June 30, 2014. The $270,000 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 Term Loan. In connection with the debt refinancing, a make-whole payment of $1,920 was paid in respect of the early redemption of the 2010 Notes in 2012 and a make-whole payment of $13,754 was paid in respect of the early redemption of the 2009-2 Notes in 2013.

At June 30, 2014, no amounts were drawn on the Revolver. The Revolver bears a standby fee of 0.21%, which has not been included in the above schedule, until maturity in November 2014.

EnerCare Solutions is not party to any operating lease agreements. Operating leases for office premises and office equipment are borne by EnerCare.

ENERCARE SOLUTIONS SHARES ISSUED AND OUTSTANDING

EnerCare Solutions' articles of incorporation provide for the issuance of an unlimited number of common shares.

At June 30, 2014, there were 1,001 common shares issued and outstanding.

NON-IFRS FINANCIAL AND PERFORMANCE MEASURES

The condensed interim consolidated financial statements of EnerCare Solutions are prepared in accordance with IFRS. EnerCare Solutions' basis of presentation and significant accounting policies are summarized in detail in notes 2 and 3 of the condensed interim consolidated financial statements for the period ended June 30, 2014.

EnerCare Solutions reports on certain non-IFRS measures that are used by management to evaluate performance of EnerCare Solutions and meet certain covenant requirements relating to its 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.

Non-IFRS financial indicators used by EnerCare Solutions and reported in this MD&A include (see also the section herein entitled "*Recent Developments – EnerCare Signs Agreement to Acquire DE's Home and Small Commercial Services Business in Ontario*"):

Measures of Asset Portfolio Performance

Capital Expenditures and Acquisitions

EnerCare Solutions makes two principal types of investments to grow its installed base of water heaters 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 Solutions' 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 and 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 Solutions' 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, in the section "*Results of Operations - EBITDA and Adjusted EBITDA*" in this MD&A.

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 financial strength of EnerCare Solutions. 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 June 30, 2014, EnerCare Solutions was in compliance with all covenants under the 2012 Notes, 2013 Notes, Revolver and Term Loan. A summary of the financial covenants in respect of such debt can be found in "*Liquidity and Capital Resources - Revolver and Term Loan*" and "*Liquidity and Capital Resources - 2012 Notes and 2013 Notes*".

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts in the condensed interim consolidated financial statements and accompanying notes. Management applies judgment in its assessment of EnerCare Solutions' 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.

DE Earnings Items

DE, through Enbridge, provides billing and collection services for substantially all of EnerCare Solutions' water heaters and other assets.

Over the past two years, DE and EnerCare Solutions have reached settlements in respect of billing and collection matters and installation costs. During the first quarter of 2014, EnerCare Solutions realized a settlement of $408 from DE on account of the reclassification of certain water heaters under the Co-ownership Agreement to EnerCare Solutions' owned portfolio, originally associated with the Toronto Hydro Energy Services Inc. portfolio acquisition. These amounts were recorded as other income.

While EnerCare Solutions continues to work with DE in respect of outstanding billing and collection matters, EnerCare Solutions has not provided for any additional settlements that may materialize as they are not determinable.

Capital Assets

Capital assets are stated at cost, adjusted to fair market value where cost exceeds the net recoverable amount. Costs include the purchase price of the water heaters and other assets, and installation allowances. There exists measurement uncertainty with respect to the useful life of the installed rental assets;

accordingly, EnerCare Solutions periodically reviews the estimated useful lives of water heaters and believes it is currently appropriate to amortize the cost on a straight-line basis over 16 years.

Intangible Assets

Intangible assets represent the right to rental cash flows. The intangible assets are stated at cost, adjusted to fair market value where cost exceeds the net recoverable amount. Intangible assets are amortized over 16 years on a straight-line basis in conjunction with the related equipment.

EnerCare Solutions reviews the intangible assets on an annual basis or at any other time when events or changes have occurred that would suggest an impairment of carrying amount.

DISCLOSURE AND INTERNAL CONTROLS AND PROCEDURES

EnerCare Solutions' 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 Solutions, including its consolidated subsidiaries, is made known to them by others; and (ii) information required to be disclosed by EnerCare Solutions in its annual filings, interim filings and other reports filed or submitted by EnerCare Solutions under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. As well, EnerCare Solutions' 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. There are no material weaknesses relating to the design of either DC&P or ICFR at June 30, 2014. There have been no changes to our ICFR during the quarter and year to date ended June 30, 2014 that has materially affected, or is reasonably likely to materially affect, EnerCare Solutions' ICFR.

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 Solutions intends to take whatever steps are necessary to minimize the consequences thereof.

CHANGES IN ACCOUNTING POLICIES

The condensed interim consolidated financial statements of EnerCare Solutions are prepared in accordance with IFRS as issued by IASB applicable to the preparation of condensed interim consolidated financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2013. EnerCare Solutions has consistently applied the same accounting policies and methods of computation throughout all periods presented, as if these policies had always been in effect.

Accounting Standards Issued But Not Yet Applied

The final version of IFRS 9, Financial Instruments, 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 Solutions has neither assessed the full impact of IFRS 9 nor determined when it will adopt the new standard.

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, covering the principles that an entity shall apply to report additional information in financial statements about the amount, nature, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The mandatory effective date is for annual reporting periods beginning on or after January 1, 2017, with early adoption permitted. EnerCare Solutions has neither assessed the impact of the standard nor determined when it will adopt the new standard.

RISK FACTORS

The risks related to the Acquisition, and the business and structure of EnerCare Solutions, after giving effect to the Acquisition, are discussed below. The risks related to the business and structure of EnerCare Solutions without regard to the Acquisition, discussed in EnerCare Solutions' MD&A for the year ended December 31, 2013, remain unchanged.

Risks Related to the Acquisition

Possible Failure to Complete the Acquisition

Completion of the Acquisition is subject to the satisfaction of certain closing conditions. As such, there is no assurance that the Acquisition will be completed or, if completed, will be on terms that are substantially the same as those described herein.

Continued Reliance on DE Following the Acquisition

Under the Asset Purchase Agreement, EnerCare Solutions will not be acquiring certain assets currently owned by DE that are used in both OHCS and in DE's other business segments. As a result, it is necessary for EnerCare Solutions and DE to enter into the Transition Services Agreement on the closing of the Acquisition that management expects will provide for the continuing provision by DE of information technology and other "back office" services and support to EnerCare Solutions in respect of OHCS for up to a 21-month transition period. The Asset Purchase Agreement also requires DE and EnerCare Solutions to agree to an information technology "decoupling plan" so that OHCS can be fully operational by EnerCare Solutions prior to the expiry of the above-mentioned transition period. As a result, EnerCare Solutions will continue 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 Solutions continues to be exposed to adverse developments in the business and affairs of DE, to its management and financial strength. Furthermore, as the definitive Transition Services Agreement is not yet settled, no assurance can be given as to the terms of such agreement or the financial or operational impact that it will have on EnerCare Solutions. In addition, as the decoupling plan contemplated by the Transition Services Agreement is not expected to be negotiated and completed until after the closing of the Acquisition, 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 Solutions' 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 Transition Services Agreement is not yet settled, and these costs could be substantial.

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

In order to achieve the anticipated benefits of the Acquisition, EnerCare Solutions 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 Solutions. 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 Solutions' 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 decoupling plan, will require continued focus and investment by both DE and EnerCare Solutions from and after the closing of the Acquisition. 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 Solutions), 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 depends in large part on DE's corporate information technology services and, consequently, certain information technology and other related assets are 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 Solutions at an appropriate time at the cost of DE, other shared assets are to be replaced at EnerCare Solutions' cost (which are unknown as at the date hereof). There is a risk, therefore, that not all of the assets currently utilized by DE in operating OHCS can or will be replaced by EnerCare Solutions in a timely manner, and that those assets replaced by EnerCare Solutions, whether at its cost or at the cost of DE, may not be as effective as the assets currently utilized by DE, which could have a material adverse effect on EnerCare Solutions' financial condition and results of operations and on its 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 Solutions will be able to fully realize some or all of the expected benefits of the Acquisition, including, among other things, those described under "*Recent Developments – EnerCare Signs Agreement to Acquire DE's Home and Small Commercial Services Business in Ontario" and* "Outlook"). 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 Solutions' existing business following the closing of the Acquisition. 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 Solutions.

Risks Related to Rebranding

Following the closing of the Acquisition, OHCS will be rebranded by EnerCare Solutions. No assurance can be given that the brand selected by EnerCare Solutions will be as valuable to it as the "Direct Energy" brand is to OHCS or that rebranding will not result in a loss of customers due to a lack of brand recognition or otherwise.

Leverage Risk

EnerCare Solutions' degree of leverage could have material adverse consequences for EnerCare Solutions, including: limiting EnerCare Solutions' ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes; restricting EnerCare Solutions' flexibility and discretion to operate its business; having to dedicate a portion of EnerCare Solutions' cash flows from operations to the payment of interest on its existing indebtedness and not having such cash flows available for other purposes, including operations, capital expenditures and future business opportunities; exposing EnerCare Solutions to increased interest expense on borrowings at variable rates (including the Debt Financing); limiting EnerCare Solutions' ability to adjust to changing market conditions; placing EnerCare Solutions at a competitive disadvantage compared to its competitors that have incurred less debt; making EnerCare Solutions more vulnerable in a downturn in general economic conditions; and making EnerCare Solutions unable to make capital expenditures that are important to its growth and strategies.

Geographic Concentration of OHCS

OHCS is located entirely in the Province of Ontario. As a result, the income generated by OHCS and the performance of OHCS 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 Solutions' business, cash flows, financial condition and results of operations and ability to service its debt.

Assumption of Liabilities

EnerCare Solutions will assume certain liabilities arising out of or related to OHCS, and will agree to indemnify DE for, among other matters, such liabilities. In addition, there may be liabilities that EnerCare Solutions failed to discover or was unable to quantify during its due diligence and which could have a material adverse effect on EnerCare Solutions' 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 Solutions 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 Solutions (or to recreate DE's systems under the Transition Services Agreement). Going forward, EnerCare Solutions will depend on the diligence, experience and skill of the existing DE personnel that join EnerCare Solutions and the future success of EnerCare Solutions will depend on the continued service of these individuals. EnerCare Solutions may be unable to hire and 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 have responsibility for overseeing OHCS or corporate support functions will not become employees of EnerCare Solutions following the Acquisition and therefore EnerCare Solutions will 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 following the Acquisition, 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 will not be employed by EnerCare Solutions following the Acquisition could have a material adverse effect on EnerCare Solutions' ability to achieve its objectives and the market price or value of EnerCare Solutions' securities.

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 Solutions 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.

Information Provided by DE

All information relating to DE and OHCS contained in this MD&A has been provided to EnerCare Solutions by DE. Although EnerCare Solutions has conducted what it believes to be a prudent and thorough level of investigation in connection with OHCS, an unavoidable level of risk remains regarding the accuracy and completeness of such information. While EnerCare Solutions has no reason to believe that the information provided by DE is misleading, untrue or incomplete in any material respect, EnerCare Solutions has not verified the accuracy or completeness of such information.

Risks Related to EnerCare Solutions

The following risks related to the business of EnerCare Solutions have been prepared as if the Acquisition has been completed. For a description of the risks related to the business of EnerCare Solutions as it exists as of the date hereof, see "*Risk Factors*" in the MD&A for the year ended December 31, 2013.

Billing Arrangements

As a result of current billing agreements, EnerCare Solutions is reliant on the personnel, expertise, technical resources, proprietary information and judgment of Enbridge, among others, in providing customer services in respect of the Rentals portfolio. EnerCare Solutions 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 Solutions, thereby effectively guaranteeing EnerCare Solutions' collection of 99.56% of the amount invoiced by EnerCare Solutions 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 Solutions and New LP do not enter into further arrangements with Enbridge upon expiration of the OBAs, EnerCare Solutions 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 Solutions and stand-alone billing could have a material adverse effect on EnerCare Solutions' financial condition and results of operations and on its ability to satisfy its debt service obligations as there can be no assurance that the customer services delivered by EnerCare Solutions, 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 Solutions' financial condition and results of operations and on its 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 Solutions' outstanding indebtedness, EnerCare Solutions' issuer credit ratings and its ability to refinance any of its indebtedness.

Reliance on Call Centres

EnerCare Solutions utilizes third party service providers in the Rentals portfolio 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 Solutions 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 Solutions 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 Solutions' customers are consumers, EnerCare Solutions is subject to consumer protection laws and regulations (including the *Consumer Protection Act, 2005* (Ontario)). Although EnerCare Solutions 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 Solutions 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 could have a significant impact on ESLP's business. There can be no assurance that EnerCare Solutions will be able to comply with any future laws, rules, regulations and policies. Failure by EnerCare Solutions to comply with applicable laws, rules, regulations and policies may subject ESLP to civil or regulatory proceedings, including fines, injunctions, recalls or seizures, which may have a material adverse effect on EnerCare Solutions' financial condition and results of operations and on its ability to satisfy its debt service obligations.

In addition, although the Consent Order expired in accordance with its terms in February 2012 and EnerCare Solutions believes that the competitive landscape in the Enbridge gas distribution territory has significantly changed since the imposition of the Consent Order in 2002 (most particularly subsequent to 2008), no assurance can be given that EnerCare Solutions will not in the future be subject to constraints on its business operations under the Competition Act or otherwise in respect of the Rentals portfolio.

Furthermore, in December 2012, the Commissioner under the Competition Act filed applications with the Competition Tribunal against both DE and Reliance Comfort Limited Partnership under the Competition Act alleging that they each hold dominant positions in the supply of certain types of water heaters in certain areas of Ontario and that they have each engaged in a practice of anti-competitive acts, including through their respective water heater return policies and procedures. Although EnerCare Solutions is not a party to the proceedings and believes that the Commissioner's allegations are without merit, EnerCare Solutions may be made a party to such proceedings and, in any event, the outcome of the proceedings cannot be predicted with any certainty.

Attrition and Competition

EnerCare Solutions 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 Solutions encountered increased competitive pressure and a resulting increase in its Attrition rate. The Attrition rate for the second quarter of 2014 and year-to-date was 3.85% and 3.49%, respectively, 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 Solutions 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 Solutions' financial condition and results of operations and on its ability to satisfy its debt service obligations.

Buy-Outs and Returns of Water Heaters

Pursuant to the terms of the Rentals contracts and as required pursuant to the Consent Order, customers are permitted to purchase their installed water heaters at a price discounted based on the age of the water heater, determined with reference to the price of the water heater at the time of installation of the water heater. Since the third quarter of 2004, customers have been permitted to terminate their Rentals contracts without charge. Prior to that time, in accordance with the Consent Order, 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 Solutions implemented new terms and conditions for certain new customers pursuant to which EnerCare Solutions may require these customers to buy-out their water heaters at a pre-determined price 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 Solutions' financial condition and results of operations and on its 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 Solutions' financial condition and results of operations and on its 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 Solutions 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 Solutions 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 ESLP to maintain the portfolio of water heaters which could have a material adverse effect on EnerCare Solutions' financial condition and results of operations and on its 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 Solutions 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 Solutions does not insure against this risk of product defects or product recalls. All water heaters manufactured by GSW Inc. that were purchased by DE 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 Solutions' 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 Solutions 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 Solutions' purchases will principally be limited to purchases to serve the Ontario marketplace only.

ESLP's business exposes it to potential product liability and product defect risks that are inherent in the ownership of water heaters and HVAC equipment rentals. While ESLP currently maintains what it believes to be suitable product liability insurance, there can be no assurance that ESLP 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 ESLP, a lack of sufficient insurance coverage could have a material adverse effect on EnerCare Solutions' financial condition and results of operations and on its ability to satisfy its debt service obligations. Moreover, even if ESLP maintains adequate insurance, any successful claim could have a material adverse effect on EnerCare Solutions' financial condition and results of operations and on its ability to satisfy its debt service obligations. EnerCare Solutions 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 Solutions does not hedge these types of exposures, so in any given year, there can be no assurance that increases in capital costs will be able to be recovered fully in rental rates charged to customers.

Franchisee Independence and Relationships

Approximately 40% of the Rentals 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 Solutions' control which, in turn, could adversely affect EnerCare Solutions' reputation, operations and financial performance. Revenues and earnings could also be adversely affected, and EnerCare Solutions' 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 Solutions' relationship with its licensed franchisees. EnerCare Solutions will provide various services to the licensed franchisees to assist with management of their operations and dedicated personnel will manage EnerCare Solutions' 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 Solutions.

Labour Relations

EnerCare Solutions' 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 Solutions' reputation, operations and financial performance and its 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 the historical carve-out financial statements of OHCS as at and for the year ended December 31, 2013 included in the short form prospectus filed by EnerCare in connection with the Offering include a discussion of the most significant sources of risk for OHCS as a result of the defined benefit portion of the DE pension plan, including a sensitivity analysis. EnerCare Solutions will be subject to similar risks as it will assume the pension-related obligations of OHCS pursuant to a new pension plan to be established pursuant to the Asset Purchase Agreement following regulatory approval and DE's funding of that new pension plan on a solvency basis. Furthermore, although the Asset Purchase Agreement provides that DE will be required to reimburse EnerCare Solutions for any post-employment benefit obligations, excluding pension obligations, relating to OHCS employees to be employed by EnerCare Solutions to the extent the pre-Acquisition closing valuation of such obligations exceeds $32 million in the aggregate, DE will not be required to reimburse EnerCare Solutions for the actual obligations incurred by EnerCare Solutions for such post-employment benefit obligations and no assurance can be given as to the amount of such obligations relative to the pre-Acquisition closing valuation.

Geographic Concentration and New Home Construction

Essentially all of the Rentals portfolio assets are located in the Province of Ontario as the Canadian water heater rental market is primarily limited to the Province of Ontario. 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 Solutions 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 date in 2014, an adverse effect on demand for water heaters and HVAC equipment.

Uninsured or Underinsured Risks

EnerCare Solutions' current insurance coverage in respect of potential liabilities of EnerCare Solutions and the accidental loss of value of the assets of EnerCare Solutions 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 ESLP.

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 Solutions at any time or EnerCare Solutions 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 Solutions' financial condition and results of operations and on its ability to satisfy its debt service obligations.

Protection Plan Renewal Risk

OHCS 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 Solutions 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 Solutions and on its ability to satisfy its debt service obligations.

Litigation Risk

In the normal course of EnerCare Solutions' 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 Solutions and as a result, could have a material adverse effect on its financial conditions and results of operations and its ability to satisfy its debt service obligations. Even if EnerCare Solutions 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 Solutions' business operations which could have a material adverse effect on its financial condition and results of operations and on its ability to satisfy its debt service obligations. In particular, EnerCare and a subsidiary of EnerCare Solutions 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 Solutions will not become involved in litigation, whether as defendant or plaintiff, in other matters from time to time.

Restrictive Covenants

EnerCare Solutions has significant debt service obligations under its 2012 Notes, 2013 Notes and Debt Financing. The degree to which EnerCare Solutions is leveraged could have important consequences, including: (i) EnerCare Solutions' ability to obtain additional financing; (ii) a substantial portion of the cash flow from EnerCare Solutions will be dedicated to the payment of interest on its 2012 Notes, 2013 Notes and Debt Financing; and (iii) EnerCare Solutions' failure to refinance its 2012 Notes, 2013 Notes and 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 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 Debt Financing.

The Senior Unsecured Indenture and the 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 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 Debt Financing. If the 2012 Notes, 2013 Notes or 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, 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 Solutions, 2012 Notes and/or 2013 Notes 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 Solutions may affect the market value of the 2012 Notes and 2013 Notes. In addition, real or anticipated changes in credit ratings can affect the cost at which EnerCare Solutions can access the capital markets and the pricing of the Debt Financing.

Reliance on Key Executives

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

Reliance on Directors

In assessing the risk of an investment in EnerCare Solutions, 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 Solutions 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 Solutions from such investments.

OUTLOOK

The forward-looking statements contained in this section are not historical facts but, rather, reflect EnerCare Solutions' current expectations regarding future results or events and are based on information currently available to management. Certain material factors and assumptions were applied in providing these forward-looking statements. See "*Forward-looking Information*" in this MD&A and "*Cautionary Note Regarding Forward-Looking Statements*" under "*Recent Developments – EnerCare Signs Agreement to Acquire DE's Home and Small Commercial Business in Ontario*".

EnerCare Solutions continued to experience improved results in the business through increasing average monthly rental rates as a result of our HVAC strategy and improved customer retention. We believe that the factors contributing to the decline in Attrition over the last five years, including improving consumer awareness, as well as the new Enbridge OBA and Bill 55, will create a more favourable environment for further improvement in customer retention. Our key priorities and initiatives for the business in 2014 remain focused on growing revenue in excess of annual rate increases, increasing the number of unit additions, continuing to improve Attrition and as a result, increase Adjusted EBITDA.

The purchase of DE's OHCS business will be transformative for EnerCare. When combined, EnerCare Solutions will have direct access to its customers, control over all aspects of its operations and larger financial scale.

Our priority for the first 12-months, after closing of the Acquisition will be on implementing the reunification of the two businesses. This will significantly strengthen and expand EnerCare Solutions' core business and will provide us with additional opportunities for growth.

GLOSSARY OF TERMS

Defined Term	Definition
Amended Receivables Trust Agreement	The amended and restated proceeds transfer, serving and trust agreement effective February 4, 2010 between, among others, Enbridge, DE and CIBC Mellon Trust Company, as trustee, pursuant to which, among other things, collections on joint billing statements issued on behalf of DE and Enbridge pursuant to the amended and restated open bill access billing and collection services agreement between DE and Enbridge effective December 21, 2012, are transferred to CIBC Mellon Trust Company, as trustee, and allocated by Enbridge.
Acquisition	The contemplated acquisition of the OHCS business of DE by EnerCare through New LP pursuant the Asset Purchase Agreement.
Asset Purchase Agreement	The agreement dated July 24, 2014 between EnerCare, New 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.
CBA	The collective bargaining agreement negotiated and ratified in 2012 and 2014 by DE with Unifor Local 975.
Competition Act	*Competition Act* (Canada).
Consent Order	The 2002 consent order under the Competition Act which expired in 2012.
Conversion	The conversion of the Fund and the Trust, income trusts, to EnerCare and EnerCare Solutions, respectively.
Co-owners	The holders from time to time of the DE Co-ownership Interest and the EnerCare Co-ownership Interest.
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 as may be further amended, modified, supplemented, restated or replaced from time to time.
Custodial Assets	Custodial Rental Contracts (including all receivables generated thereby on and after December 17, 2002), all customer records and information required for billing and collecting Rental Portfolio rentals and performing CIBC Mellon Trust Company's obligations as the custodian under the Custodial Rental Contracts (as updated from time to time by DE as the servicer), certain customer services agreements to the extent relating to collections under the Custodial Rental Contracts, the amended and restated open bill access billing and collection services agreements between DE and Enbridge effective December 21, 2012, Amended Receivables Trust Agreement, all product warranty rights from manufacturers relating to the Rental Portfolio which have not been assigned to ESLP, as owner of the Rental Portfolio, and a limited licence to use DE's trademarks in accordance with the terms of the Co-ownership Agreement.
Custodial Rental Contracts	All present and future rental contracts or arrangements with customers (whether or not in writing) relating to (i) water heaters (A) owned by Rentco on December 17, 2002, (B) originated and sold to Rentco or ESLP pursuant to the terms of the Origination Agreement, or (C) as the Co-owners may otherwise expressly agree, and (ii) certain other Rental Portfolio assets, but does not include present and future rental contracts and arrangements (whether or not in writing) relating to (x) the Toronto Hydro Water Heaters, Festival Water Heaters, Thunder Bay Water Heaters or HVAC Equipment purchased by ESLP pursuant to the HVAC Agreement, or (y) a water heater, commercial water heater or HVAC Equipment rented pursuant to a rental contract or arrangement with ESLP or an affiliate thereof in replacement of water heaters or commercial water heaters or HVAC Equipment that immediately prior thereto were water heaters, commercial water heaters or HVAC Equipment subject to (x).
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.
Debt Financing	The debt financing of EnerCare Solutions in respect of the Acquisition consisting of an unsecured (i) 6-month variable rate, non-revolving term bridge facility in the maximum amount of $310 million which will be utilized only in the event the Offering fails to close, (ii) 4-year variable rate, non-revolving term loan facility in the maximum amount of $223 million to be available in a single drawdown and (iii) 5-year variable rate, revolving credit facility in the maximum amount of $100 million.
ECI	EnerCare Connections Inc. (formerly Stratacon and Enbridge Electric Connections Inc.).
Enbridge	Enbridge Gas Distribution Inc.
Enbridge Payment	The payment made by Enbridge to DE pursuant to the New OBAs constituting, subject to certain exceptions, 99.56% (99.46% for 2013 and 99.42% 2012) of all amounts invoiced to applicable customers on the Enbridge bill.
EnerCare	EnerCare Inc., formerly the Fund.
EnerCare Co-ownership Interest	The undivided co-ownership interest in the Custodial Assets initially owned by 4104285 Canada Limited (now owned by the ESLP) under the Co-ownership Agreement.
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.
GTA	The greater Toronto area.
Guarantors	Collectively, ESLP, Rentco and WGP Inc.
HVAC	Heating, ventilation and air conditioning.
HVAC Agreement	HVAC origination and servicing agreement dated as of April 25, 2007 between ESLP and DE, as the same may be amended, modified, supplemented, restated or replaced from time to time.
HVAC Equipment	Commercial and residential mechanical systems which provide heating, cooling, ventilation and/or domestic hot water within a building, to provide a controlled environment for the occupants, whether fuelled by natural gas, electricity or otherwise.
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.
MD&A	Management's Discussion and Analysis.
New LP	EnerCare Acquisition Limited Partnership, the limited partnership formed to own OHCS following the closing of the Acquisition, an indirect wholly-owned subsidiary of EnerCare Solutions.
OBA	The Enbridge open bill access agreement.
New OBAs	The amended and restated open bill access billing and collection services agreements effective December 21, 2012, as amended and restated effective January 6, 2014 between (i) DE and Enbridge; and (ii) EnerCare and Enbridge.
OCI	Other Comprehensive Income.
OHCS	The Ontario home and small commercial services business of DE.
Offering	The public offering of $310,011 of Subscription Receipts by EnerCare.
Origination Agreement	The origination agreement dated December 17, 2002 between Rentco and DE providing for the sale to ESLP of rental water heaters originated by DE, as amended on January 1, 2005, December 29, 2006, January 1, 2013 and August 1, 2013 and as may be further amended, modified, supplemented, restated or replaced from time to time.
Rental Portfolio	Residential and commercial water heaters, HVAC Equipment and other related assets owned by ESLP.

Defined Term	Definition
Rentco	4483588 Canada Inc. (formerly, Direct Waterheater Rentals Inc.).
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.
SG&A	Selling, general and administrative expenses.
S&P	Standard and Poor's Rating Services.
Senior Indebtedness	Any indebtedness outstanding under the Senior Unsecured Indenture from time to time, including the 2012 Notes and the 2013 Notes, under the Revolver or the Term Loan.
Senior Notes	The 2012 Notes and the 2013 Notes and prior to March 6, 2013, the 2009-2 Notes, and prior to December 21, 2012, the 2010 Notes and prior to April 30, 2012, the 2009-1 Notes, and any other series of senior notes authorized, issued and certified in accordance with the terms of the Senior Unsecured Indenture and for the time being outstanding.
Senior Unsecured Indenture	The trust indenture dated as of January 29, 2010 between the Trust, as issuer, the Guarantors, 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.
Shares	Common shares of EnerCare.
Stratacon	Stratacon Inc. (now ECI).
Subordinated Debt	$250,000 intercompany subordinated loan of a subsidiary of EnerCare Solutions owed to ECI, bearing interest at 7% annually, payable on demand, $200,000 of which was repaid in the third quarter of 2012.
Subordinated Promissory Notes	$100,000 subordinated promissory note of EnerCare Solutions owing to EnerCare, issued as part of the Conversion and an additional $150,000 subordinated promissory note of EnerCare Solutions owing to EnerCare which was issued on September 28, 2012.
Subscription Receipts	$310,011 of subscription receipts issued by EnerCare on a bought deal basis.
TSX	Toronto Stock Exchange.
Transactions	The Offering, Debt Financing, DE private placement, Acquisition and exchange of Subscription Receipts for Shares.
Transition Services Agreement	The agreement to be 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.
Term Loan	$60,000 single draw, variable rate, interest only, open loan with a maturity date of January 28, 2016.
Trust	The Consumers' Waterheater Operating Trust.
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.