EnerCare Solutions Inc.

EnerCare Solutions Inc.

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

Third Quarter ended September 30, 2014

Dated November 12, 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 September 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 September 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 November 12, 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 September 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.

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.

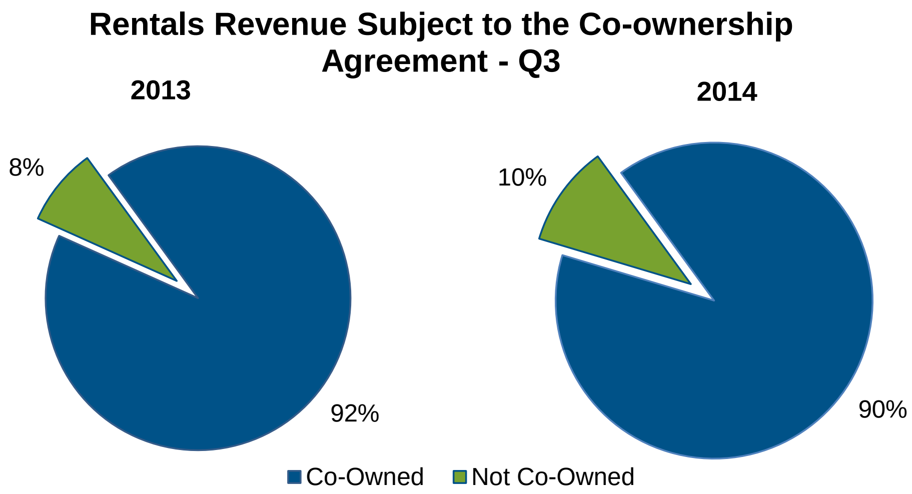
EnerCare Solutions has grown revenues since its inception in 2002, generated stable cash flow and consistently maintained a high dividend yield. EnerCare Solutions has investment grade ratings of BBB+/negative and BBB(high) stable rating from S&P and DBRS, respectively.

On October 20, 2014, EnerCare Solutions completed the previously announced Acquisition of DE's Ontario home and small commercial services business. See additional commentary under *"Recent Developments – EnerCare Completes Acquisition of Direct Energy's Home and Small Commercial Services Business in Ontario*".

PORTFOLIO SUMMARY

The business is comprised of the rental of water heater and HVAC equipment primarily to single family residential homes and, as of October 20, 2014, also includes protection plans, HVAC sales and related services.

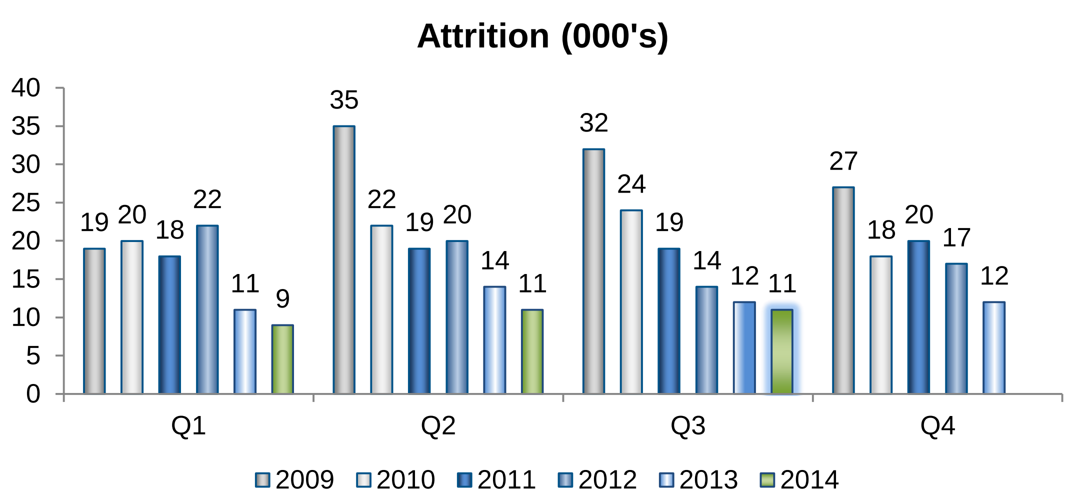
EnerCare Solutions originally had 100% of its business subject to the Co-ownership Agreement. Through six acquisitions and origination arrangements with various parties, EnerCare Solutions has successfully expanded its business. EnerCare Solutions has 10% of its rentals revenue coming from portfolios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



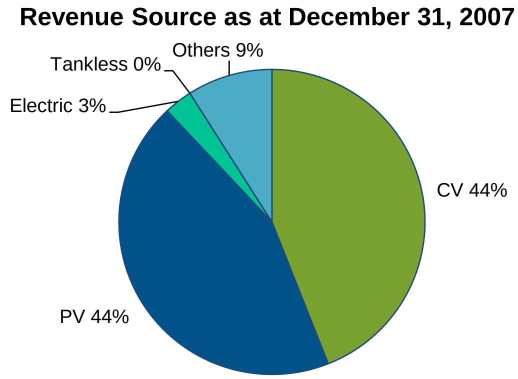
For the portfolios under the Co-ownership Agreement, EnerCare Solutions was entitled to 65% of the revenue and other payments and DE was entitled to 35% of the revenue. For DE's portion of the revenue, it was responsible for servicing and maintaining the assets. Through the Origination Agreement, EnerCare Solutions essentially incurred the capital expenditures in respect of the portfolio. Pursuant to the Acquisition, DE assigned its rights and obligations under the Co-ownership Agreement to EHCS LP.

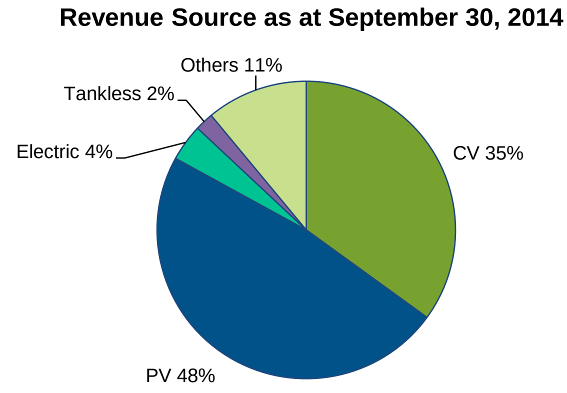
Over the last several years, EnerCare Solutions has experienced higher than normal Attrition on the water heater rental portfolios. This was largely a result of greater competition through aggressive D2D campaigns. EnerCare Solutions and DE have implemented many programs, including continued consumer 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 third quarter of 2014 by 1,000 units or 8% and by 6,000 units or 16% 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.

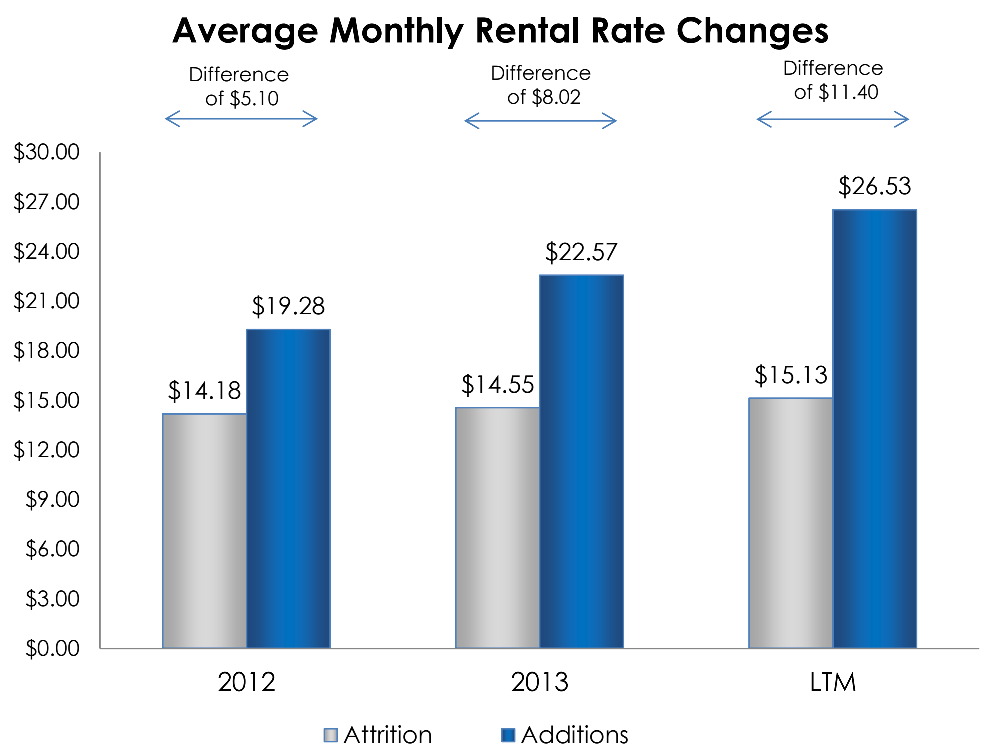


Partially offsetting Attrition is the movement in asset mix to units with higher returns. One of EnerCare Solutions' growth platforms has been to focus on single family and multi-residential HVAC rental units. Although results are small on the unit continuity, HVAC units provide three to five times more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

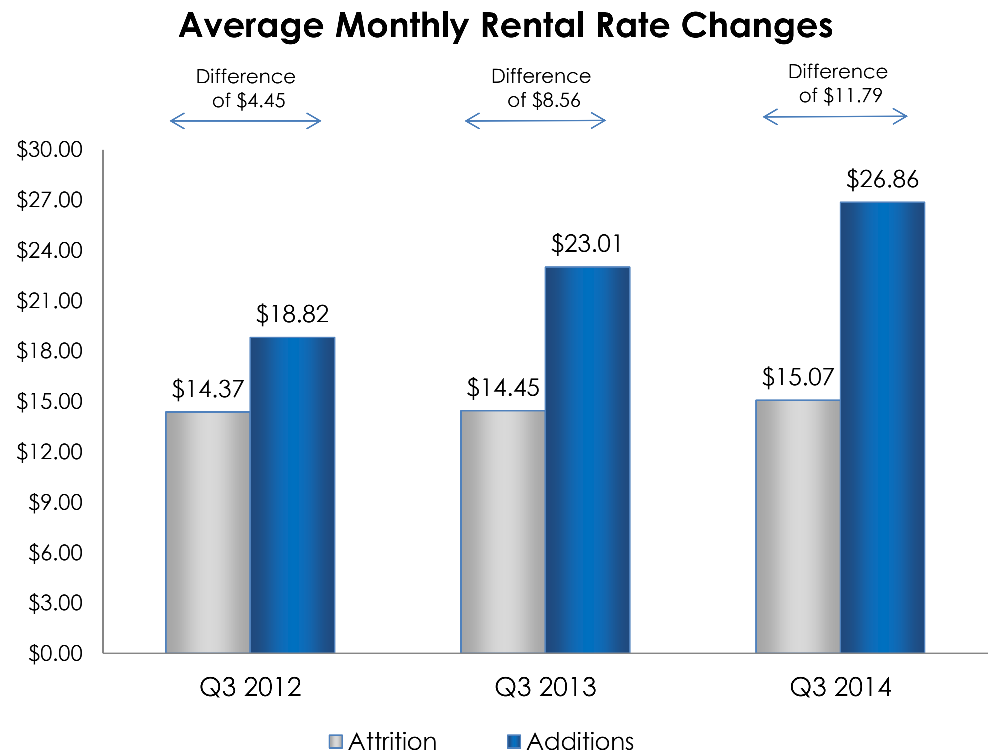




The impact of changes in product mix over time is outlined further in the graph below which shows revenue for the last twelve months to September 30, 2014 from unit additions contributing approximately $11.40 per unit more than revenue from units lost on account of Attrition. New customers are worth approximately 1.8 times that of a lost customer.



This difference in rental rates applicable to new and lost customers has increased steadily over the past three years, with the third quarter of 2014 revenue spread widening to $11.79, an increase of $3.23 over the same period in 2013.



THIRD QUARTER 2014 HIGHLIGHTS

(000's)	Three months ended September 30, 2014	2013	Nine months ended September 30, 2014	2013
Rentals	**$49,154**	$47,248	**$147,014**	$141,623
Dividend income	**870**	870	**2,590**	2,590
Investment income	**66**	20	**175**	317
Total revenues	**$50,090**	$48,138	**$149,779**	$144,530
EBITDA[1]	**$38,005**	$38,338	**$118,424**	$113,847
Adjusted EBITDA[1]	**40,309**	42,971	**126,511**	126,499
Acquisition Adjusted EBITDA[1]	**43,893**	42,971	**130,095**	126,499
Earnings before income taxes	**5,447**	8,259	**23,465**	2,016
Current tax (expense)	**(8,462)**	(5,410)	**(20,451)**	(15,616)
Deferred income tax recovery	**7,046**	3,442	**14,575**	15,155
Net earnings	**$ 4,031**	$ 6,291	**$ 17,589**	$ 1,555

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

- Total revenues of $50,090 increased by 4% in the third quarter of 2014. Revenues, excluding dividend and investment income, were $49,154, greater than the prior year by $1,906, 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 decreased by $333 to $38,005 in the third quarter of 2014, driven principally by higher SG&A costs primarily due to costs associated with the Acquisition, partly offset by improved rentals revenue and lower loss on disposal of equipment. Adjusted EBITDA of $40,309 decreased by $2,662 after removing

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

from EBITDA the impact of the loss on disposal of equipment and including other income. After removing expenditures of $3,584 associated with the Acquisition, Acquisition Adjusted EBITDA was $43,893 in the third quarter of 2014, an increase of $922 over the same period in 2013.

- Net earnings of $4,031 decreased by $2,260 or 36% compared to the same period in 2013, reflecting decreased EBITDA, reductions in other income and equity bridge financing fees incurred as part of the Acquisition pre-close financing structure, partly offset by lower amortization and total tax payable.
- Attrition decreased by 8% or 1,000 units for the third quarter of 2014. Attrition has improved year-over-year since 2009 and for nine consecutive quarters year-over-year.

RECENT DEVELOPMENTS

EnerCare Solutions Completes Acquisition of Direct Energy's Home and Small Commercial Services Business in Ontario

On October 20, 2014, EnerCare Solutions completed its previously announced Acquisition.

The purchase price of the Acquisition was approximately $550,000, subject to working capital and other adjustments. The Acquisition and related transaction costs were financed through a combination of debt and equity, including approximately $333,262 of Subscription Receipts ($317,000 net of fees), $150,000 from debt facilities entered into in connection with the Acquisition, and a private placement of 7,692,308 EnerCare Shares to DE. The Shares issued to DE are subject to a 12-month lock-up and thereafter, one-half of such Shares will be subject to a further 6-month lock-up.

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

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

Concurrent with the closing of the Acquisition, the net funds from the Subscription Receipts were loaned to EnerCare Solutions in the form of an interest bearing promissory note of $317,367, such that a subsidiary of EnerCare Solutions could fund the Acquisition.

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

Stronger Protection for Ontario Consumers Act, 2013

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

On March 7, 2014, the Ontario Ministry of Consumer Services (the "Ministry") issued proposals for regulations to implement Bill 55 and invited public consultation on the proposals. EnerCare Solutions submitted its comments on the proposals to the Ministry on April 22, 2014.

On October 10, 2014, the Ministry issued amended proposals and once again invited commentary. EnerCare Solutions submitted its comments on the amended proposals to the Ministry on October 24, 2014.

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

Appointment of Director

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

From 2007 to 2010, Mr. Boose served as the Managing Director of the Heating Services business for British Gas, an operating unit of Centrica PLC whereby he oversaw a team of 11,000, including 8,000 frontline engineers and installers. Scott also served on the board of British Gas Insurance during his time in the United Kingdom.

Scott resides in Sarasota, Florida and has a B.S. in Business, Accounting and Finance from Wright State University and graduated with Honors.

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

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

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

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

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

RESULTS OF OPERATIONS

Earnings Statement

(000's)	Three months ended Sept. 30, **2014**	2013	Nine months ended Sept. 30 **2014**	2013
Revenues:				
Rentals	**$49,154**	$47,248	**$147,014**	$141,623
Dividend income	**870**	870	**2,590**	2,590
Investment income	**66**	20	**175**	317
Total revenues	**50,090**	$48,138	**149,779**	$144,530
SG&A expenses:	**8,845**	6,277	**20,911**	18,802
Amortization expense	**23,514**	23,763	**69,778**	69,975
Loss on disposal of equipment	**2,304**	2,633	**7,679**	8,974
Interest expense	**9,980**	9,206	**28,354**	48,441
Total expenses	**44,643**	41,879	**126,722**	146,192
Other income	**-**	2,000	**408**	3,678
Earnings before income taxes	**5,447**	8,259	**23,465**	2,016
Current tax (expense)	**(8,462)**	(5,410)	**(20,451)**	(15,616)
Deferred income tax recovery	**7,046**	3,442	**14,575**	15,155
Net earnings	**4,031**	6,291	**17,589**	1,555
EBITDA	**$38,005**	$38,338	**$118,424**	$113,847
Adjusted EBITDA	**$40,309**	$42,971	**$126,511**	$126,499
Acquisition Adjusted EBITDA	**$43,893**	$42,971	**$130,095**	$126,499

Revenues

Total revenues of $50,090 for the third quarter of 2014 increased by $1,952 or 4% and by $5,249 or 4% to $149,779 year to date compared to the same periods in 2013. Rentals revenues for the quarter increased by $1,906 to $49,154 and by $5,391 to $147,014 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 nine months ended September 30, 2014 were $870 and $2,590, respectively, both consistent with the same periods in 2013.

Investment income for the quarter increased by $46 to $66 and decreased by $142 to $175 year to date compared to the same periods in 2013. The change in investment income was primarily attributable to higher investment balances in the third 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 $8,845 in the third quarter of 2014, an increase of $2,568 or 41% compared to the same period in 2013, primarily from increases of approximately $3,000 in professional fees, $200 in office expenses and $100 in wages and benefits, partially offset by reductions of $400 in bad debts, $200 in claims and $100 in selling expenses. During the third quarter of 2014, Rentals and corporate SG&A expenses included $3,584 of costs associated with the Acquisition, of which approximately $3,300 were professional fees.

Year to date SG&A expenses were $20,911 or $2,109 higher than the same period in 2013, primarily from increases of approximately $3,200 in professional fees, $900 in wages and benefits and $200 on account of billing and servicing costs, partially offset by decreases of $1,000 in selling expenses, $900 in claims and

$400 in bad debts. Year to date SG&A expenses included $3,584 of costs associated with the Acquisition, of which approximately $3,300 were professional fees.

Amortization Expense

Amortization expense decreased by $249 to $23,514 in the third quarter of 2014 and by $197 to $69,778 year to date over the same periods in 2013, primarily due to asset mix changes.

Loss on Disposal of Equipment

EnerCare Solutions reported a loss on disposal of equipment of $2,304 in the third quarter of 2014, and $7,679 year to date, reductions of $329 or 12% and $1,295 or 14%, 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 Sept. 30,		Nine months ended Sept. 30,	
(000's)	**2014**	2013	**2014**	2013
Interest expense payable in cash	**$5,668**	$5,670	**$16,991**	$19,345
Equity bridge financing fees	**775**	-	**775**	-
Make-whole payment on early redemption of debt	**-**	-	**-**	13,754
Interest on subordinated debt	**882**	882	**2,628**	2,628
Interest on promissory note	**2,500**	2,500	**7,500**	7,500
Non-cash items: Amortization of OCI and financing costs	**155**	154	**460**	5,214
Interest expense	**$9,980**	$9,206	**$28,354**	$48,441

Interest expense payable in cash decreased by $2 to $5,668 in the third quarter of 2014 and decreased by $2,354 to $16,991 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. Equity bridge financing fees of $775 were incurred as part of the Acquisition. The make-whole payment of $13,754 was incurred upon the early redemption of the 2009-2 Notes and the drawdown of the Previous Term Loan. 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 third quarter of 2013, EnerCare Solutions accrued in other income a settlement from DE of $2,000 on account of water heater installation costs, billing and collection deficiencies and third-party claims. In 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 $8,462 in the third quarter of 2014 and $20,451 year to date, increases of $3,052 and $4,835, respectively, over the same periods in 2013, primarily as a result of higher taxable income. The deferred income tax recovery of $7,046 for the third quarter of 2014 and $14,575 year to date, an increase of $3,604 and decrease of $580, 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 third quarter of 2014 were $4,031 or $2,260 lower than in the same period in 2013 as previously described. The 2014 year to date net earnings of $17,589 improved by $16,034 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, Adjusted EBITDA and Acquisition Adjusted EBITDA

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

(000's)	**Q3/14**	Q2/14	Q1/14	Q4/13	Q3/13	Q2/13	Q1/13	Q4/12
Net earnings/(loss)	**$ 4,031**	$ 7,078	$ 6,480	$ 5,230	$ 6,291	$ 6,397	$(11,133)	$(2,316)
Deferred tax (recovery)	**(7,046)**	(3,941)	(3,588)	(3,472)	(3,442)	(3,480)	(8,233)	(5,109)
Current tax expense	**8,462**	6,203	5,786	6,069	5,410	4,725	5,481	4,786
Amortization expense	**23,514**	23,260	23,004	24,028	23,763	23,086	23,126	24,024
Interest expense	**9,980**	9,188	9,186	9,207	9,206	9,123	30,112	15,697
Dividend (income)	**(870)**	(860)	(860)	(869)	(870)	(860)	(860)	(870)
Other (income)/expense	**-**	-	(408)	(769)	(2,000)	(1,678)	-	362
Investment (income)	**(66)**	(75)	(34)	(35)	(20)	(29)	(268)	(189)
EBITDA	**38,005**	40,853	39,566	39,389	38,338	37,284	38,225	36,385
Add: Loss on disposal of equipment	**2,304**	2,371	3,004	2,666	2,633	3,449	2,892	3,523
Add: Other income/(expense)	**-**	-	408	769	2,000	1,678	-	(362)
Adjusted EBITDA[(1)]	**40,309**	43,224	42,978	42,824	$42,971	42,411	41,117	39,546
Add: Acquisition SG&A	**3,584**	-	-	-	-	-	-	-
Acquisition Adjusted EBITDA	**$43,893**	$43,224	$42,978	$42,824	$42,971	$42,411	$41,117	$39,546

(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 third quarter of 2013 interest expense reflects the benefits of lower blended interest rates and non-cash fee amortization. During the third quarter of 2014 additional interest expense was incurred related to the equity bridge financing.
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

(000's)	Three months ended Sept. 30, **2014**	2013	Nine months ended Sept. 30, **2014**	2013
Cash flow from operating activities	**$24,878**	$30,722	**$72,504**	$64,199
Net change in non-cash working capital	**(1,920)**	(1,323)	**8,427**	6,364
Operating Cash Flow[2]	**22,958**	29,399	**80,931**	70,563
Capital expenditures: excluding acquisitions	**(17,855)**	(17,383)	**(53,784)**	(49,052)
Proceeds on disposal of equipment	**1,353**	1,673	**3,912**	3,571
Net capital expenditures	**(16,502)**	(15,710)	**(49,872)**	(45,481)
Acquisitions	**-**	-	**(3,035)**	-
Cash used in investing activities	**(16,502)**	(15,710)	**(52,907)**	(45,481)
Dividends paid	**(8,484)**	(9,955)	**(29,251)**	(23,021)
Other financing activities	**-**	(72)	**-**	13,267
Cash used in financing activities	**(8,484)**	(10,027)	**(29,251)**	(9,754)
Cash and equivalents – end of period	**$ 8,145**	$12,581	**$ 8,145**	$12,581

Operating Cash Flow of $22,958 decreased by $6,441 in the third quarter of 2014 compared to the same period in 2013, primarily as a result of changes in non-cash working capital, increased interest expense, SG&A expenses and current taxes partially offset by improved revenues. Year to date operating cash flow increased in 2014 by $10,368 to $80,931 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 $16,502 in the third quarter of 2014 increased by $792 and by $4,391 to $49,872 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 Previous 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 Previous Term Loan.

The Previous Revolver had a credit limit of $35,000, which was not drawn as at September 30, 2014. As part of the Acquisition, the New Revolver issued under the New Debt Financing increased the credit limit to $100,000.

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.

Capital Expenditures

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

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

Installed Asset Unit Continuity	Three months ended Sept. 30,		Nine months ended Sept. 30,	
(000's)	**2014**	2013	**2014**	2013
Units – start of period	**1,138**	1,157	**1,145**	1,171
Portfolio additions	**5**	6	**16**	17
Acquisitions	**-**	-	**2**	-
Attrition	**(11)**	(12)	**(31)**	(37)
Units – end of period	**1,132**	1,151	**1,132**	1,151
Asset exchanges – units retired and replaced	**12**	14	**38**	40
% change in units during the period	**(0.5)%**	(0.5%)	**(1.1)%**	(1.7%)
% of units from start of period:				
Portfolio additions (net of acquisitions)	**0.4%**	0.5%	**1.4%**	1.5%
Attrition	**(1.0)%**	(1.0%)	**(2.7)%**	(3.2%)
Units retired and replaced	**1.1%**	1.2%	**3.3%**	3.4%

Net capital expenditures include portfolio additions and asset exchanges, net of proceeds on disposal. Net capital expenditures were $16,502 in the third quarter of 2014 and $49,872 year to date, increasing by 5% or $792 and 10% or $4,391, respectively, when compared to the same periods in 2013, primarily as a result of increased HVAC rentals.

Attrition decreased in the third quarter of 2014 by 1,000 units or 8% and 6,000 units or 16% 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 third quarter of 2014, EnerCare Solutions' financing activity was comprised of dividend payments.

Capitalization	Nine months ended September 30,	
(000's)	**2014**	2013
Cash and cash equivalents	**$ 8,145**	$ 12,581
Net investment in working capital	**(1,571)**	(4,967)
Cash, net of working capital	**6,574**	7,614
Total senior debt	**532,581**	531,966
Promissory note	**250,000**	250,000
Subordinated debt	**50,000**	50,000
Shareholder's equity	**(249,298)**	(232,586)
Total capitalization – book value	**$583,283**	$599,380

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 September 30, 2014, total senior debt was comprised of the 2012 Notes, the 2013 Notes and the Previous Term Loan.

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

Debt Financing

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

The New Debt Financing is an amendment and restatement of EnerCare Solutions' Previous Revolver, with substantially similar terms to that facility but with the following material additions and revisions made to reflect the inclusion of the New Term Loan and contemplation of the Acquisition: (i) the addition of the New Term Loan commitments, (ii) the addition of EHCS LP and the general partner of EHCS LP as guarantors, (iii) the revision to the definition of "Adjusted EBITDA" to include add-backs for Acquisition-related transaction expenses, one-time rebranding costs and information technology system harmonization costs not to exceed $23.5 million, (iv) increase in the "basket" sizes permitted under certain covenants and events of default (to take into account the increase of assets under management due to the Acquisition), and (iv) favourable changes to the financial covenants as described below.

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

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

The New Debt Financing contains financial covenants that are more favourable than the Previous Revolver and Previous Term Loan. The ratio of total debt (other than subordinated debt) to Adjusted EBITDA described in (ii) above must now only be less than 4.75:1, and the financial covenant pertaining to the ratio of Adjusted EBITDA less capital expenditures to Cash Interest Expense described in (iv) above has been removed entirely. The New Debt Financing also contains substantially similar definitions to those of the Previous Revolver and Previous Term Loan except that "Adjusted EBITDA" adds back certain specified items incurred with respect to the Acquisition, including transaction expenses, one-time rebranding costs and information technology system harmonization costs, not to exceed $23.5 million.

EnerCare Solutions was in compliance with the covenants within the Previous Revolver and Previous Term Loan as of September 30, 2014. No amounts were drawn under the Previous Revolver at September 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 September 30, 2014, EnerCare Solutions exceeded this minimum and had the capacity under the covenant to raise more than $300,000 additional senior debt should it elect to do so.

SUMMARY OF QUARTERLY RESULTS

(000's)	**Q3/14**	Q2/14	Q1/14	Q4/13	Q3/13	Q2/13	Q1/13	Q4/12
Total revenues	**$50,090**	$50,159	$49,530	$48,719	$48,138	$48,182	$48,210	$47,184
Net earnings/(loss)	**4,031**	7,078	6,480	5,230	6,291	6,397	(11,133)	(2,316)
Dividends declared	**$ 8,486**	$10,600	$10,312	$10,161	$10,019	$ 6,632	$ 6,502	$ 9,745

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 September 30, 2014:

Period (000's)	Principal Payments	Interest Payments
Due in 2014	$ -	$ 5,720
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	$96,390

As at September 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 Previous Term Loan of $60,000 then due January 28, 2016 bore interest at a variable rate based upon the banker's acceptance rate or prime rate plus an interest spread which was 2.44% at September 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 Previous 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 September 30, 2014, no amounts were drawn on the Previous Revolver. The Previous Revolver bore a standby fee of 0.21%, which has not been included in the above schedule.

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 September 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 September 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:

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, Adjusted EBITDA and Acquisition Adjusted EBITDA*" in this MD&A.

Adjusted EBITDA

This measure is comprised of net earnings plus income taxes, interest expense, amortization expense, impairment losses, loss on disposal of equipment, less investment income. It is one metric that can be used to determine EnerCare 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, Adjusted EBITDA and Acquisition Adjusted EBITDA*" in this MD&A.

Acquisition Adjusted EBITDA

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

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 September 30, 2014, EnerCare Solutions was in compliance with all covenants under the 2012 Notes, 2013 Notes, Previous Revolver and Previous Term Loan. A summary of the financial covenants in respect of such debt, together with those of the New Debt Financing, can be found in "*Liquidity and Capital Resources – Debt Financing*" 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.

As a result of the Acquisition, there are no further disputes to resolve.

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 September 30, 2014. There have been no changes to our ICFR during the quarter and year to date ended September 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

Risks Related to the Acquisition and Integration

Continued Reliance on DE Following the Acquisition

Under the Asset Purchase Agreement, EnerCare Solutions did not acquire certain assets owned by DE that were used in both OHCS and in DE’s other business segments. As a result, EnerCare Solutions and DE entered into the Transition Services Agreement on the closing of the Acquisition that provides for, among other things, the continuing provision by DE of information technology and other “back office” services and support to EnerCare Solutions in respect of OHCS for up to a 21-month transition period. In addition, the Transition Services Agreement requires DE and EnerCare Solutions to agree to a definitive 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 continues to be reliant on DE’s personnel, good faith, expertise, historical performance, technical resources and information systems, proprietary information and judgment in providing the services under the Transition Services Agreement. Accordingly, EnerCare 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 decoupling plan contemplated by the Transition Services Agreement is not yet fully negotiated, no assurance can be given as to the terms of such plan or the financial or operational impact that such plan will have on OHCS or

EnerCare 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 decoupling plan 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 definitive decoupling plan, will require continued focus and investment by both DE and EnerCare Solutions. 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 depended in large part on DE's corporate information technology services and, pursuant to the Transition Services Agreement, certain information technology and other related assets will continue to be utilized by OHCS and other DE lines of business. Although under the Asset Purchase Agreement and Transition Services Agreement many of those shared assets are to be replaced by EnerCare Solutions at an appropriate time at the cost of DE, other shared assets are to be replaced at EnerCare Solutions' cost. There is a risk, therefore, that not all of the assets utilized by DE in operating OHCS can or will be replaced by EnerCare 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 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. 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. 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

OHCS is in the process of being 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.

Assumption of Liabilities

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

Indemnities in the Asset Purchase Agreement

The representations and warranties provided by DE pursuant to the Asset Purchase Agreement are customary for a transaction of this nature. There can be no assurance, however, of adequate recovery by EnerCare 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.

Risks Related to the Rentals Business and Industry

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 EHCS 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, 2002* (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 EnerCare Solutions' business, including its compliance costs. There can be no assurance that EnerCare Solutions will be able to comply with any future laws, rules, regulations and policies or, if it does so comply, what the impact may be on its costs to so comply. Failure by EnerCare Solutions to comply with applicable laws, rules, regulations and policies may subject it to civil or regulatory proceedings, including fines, injunctions, recalls or seizures, which may have a material adverse effect on EnerCare Solutions' financial condition and results of operations and on its ability to satisfy its debt service obligations.

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

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 annualized Attrition rate for the third quarter of 2014 and year-to-date was 4.0% and 3.6%, 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 EnerCare Solutions 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.

EnerCare Solutions' business exposes it to potential product liability and product defect risks that are inherent in the ownership and servicing of water heaters and HVAC equipment rentals. While EnerCare Solutions currently maintains what it believes to be suitable product liability insurance, there can be no assurance that EnerCare Solutions will be able to maintain such insurance on acceptable terms or that any such insurance will provide adequate protection against potential liabilities. In the event of a successful claim against EnerCare Solutions, 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 EnerCare Solutions 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 provides various services to the licensed franchisees to assist with management of their operations and dedicated personnel 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 full funding of that new pension plan on a solvency basis at the time of establishment.

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. As a result, the income generated by the Rentals business and the performance of the Rentals business will be highly sensitive to changes in economic conditions in the Province of Ontario, which may differ from those affecting other regions of Canada. Adverse changes in the economic conditions in the Province of Ontario may have a material adverse effect on EnerCare Solutions' business, cash flows, financial condition and results of operations and ability to satisfy its debt service obligations.

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 EnerCare Solutions.

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.

Risks Related to the Structure of EnerCare Solutions

Leverage Risk and Restrictive Covenants

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

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

Credit Ratings and Credit Risk

There can be no assurance that any credit ratings assigned to EnerCare 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 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 New 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.

Market Value Fluctuations

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

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.

EnerCare Solutions continues to experience improved results through increasing average monthly rental rates as a result of our HVAC strategy and improved customer retention. We continue to 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, as well as integrating the Acquisition.

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

Our priority for the first 12-months will be focused on the reunification of the two businesses, which has been successful to date. In our first week after the Acquisition, all operational and customer key performance indicators were met and sales targets exceeded. Attention now turns to implementing our 100 day plan activities with re-branding and the completion of the Transitional Services Agreement occurring in the first half of 2015.

GLOSSARY OF TERMS

Defined Term	Definition
Acquisition	The acquisition of the OHCS business of DE by EnerCare Solutions on October 20, 2014 through EHCS LP pursuant the Asset Purchase Agreement.
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
Asset Purchase Agreement	The agreement dated July 24, 2014 between EnerCare, EHCS LP and DE regarding the Acquisition.
Attrition	Termination of customer relationships, including buyouts, in the Rentals portfolio.
Bill 55	Stronger Protection for Ontario Consumers Act, 2013.
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-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 and by DE to EHCS LP on October 20, 2014, 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.
D2D	Door to door.
DBRS	DBRS Limited.
DC&P	Disclosure Controls and Procedures as defined under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings.
DE	Direct Energy Marketing Limited.
ECI	EnerCare Connections Inc. (formerly Stratacon and Enbridge Electric Connections Inc.).
EHCS LP	EnerCare Home and Commercial Services Limited Partnership, the limited partnership formed to own OHCS following the closing of the Acquisition, an indirect wholly-owned subsidiary of EnerCare Solutions.
ESLP	EnerCare Solutions Limited Partnership (formerly the Waterheater Operating Limited Partnership).
ESN	Energy Services Niagara Inc.
Enbridge	Enbridge Gas Distribution Inc.
EnerCare	EnerCare Inc., formerly the Fund.
EnerCare Solutions	EnerCare Solutions Inc., formerly the Trust.
Fund	The Consumers' Waterheater Income Fund.
GTA	The greater Toronto area.
Guarantors	Collectively, ESLP, Rentco, WGP Inc., EHCS LP and the general partner of EHCS LP.
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 Debt Financing	The debt financing of EnerCare Solutions in respect of the Acquisition consisting of an unsecured (i) 4-year variable rate, non-revolving term loan facility in the amount of $210 million and (ii) 5-year variable rate, revolving credit facility in the maximum amount of $100 million.
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.
New Revolver	The 5-year variable rate, revolving credit facility in the maximum amount of $100 million issued under the New Debt Refinancing.
New Term Loan	The 4-year variable rate, non-revolving term loan facility in the amount of $210 million issued under the New Debt Financing.
OBA	The Enbridge open bill access agreement.
OCI	Other Comprehensive Income.
Offering	The public offering of $319,931 of Subscription Receipts by EnerCare, including the Subscription Receipts issued on the exercise in full by the underwriters of their over-allotment option.
OHCS	The Ontario home and small commercial services business of DE acquired by EnerCare Solutions on October 20, 2014 pursuant to the Asset Purchase Agreement.
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, as assigned by DE to EHCS LP on October 20, 2014.
Previous Revolver	$35,000 line of credit, with a maturity date of November 15, 2014, as amended and restated as of July 6, 2011, and further amended on November 15, 2012, February 26, 2013 and July 4, 2014 and replaced on October 20, 2014 with the New Revolver.
Previous Term Loan	$60,000 single draw, variable rate, interest only, open loan with a maturity date of January 28, 2016, and repaid and terminated October 20, 2014.
Rentals Portfolio	Business division that provides rental water heaters, furnaces, air conditioners and other HVAC products and, as of October 20, 2014, also provides protection plans, HVAC sales and related services.
Rentco	4483588 Canada Inc. (formerly, Direct Waterheater Rentals Inc.).
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, and under the New Debt Financing.
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.

Defined Term	Definition
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	$319,931 (net of underwriters' fees) of subscription receipts issued by EnerCare on a bought deal basis.
Transactions	The Offering, New Debt Financing, DE private placement, Acquisition and exchange of Subscription Receipts for Shares.
Transition Services Agreement	The agreement entered into on closing of the Acquisition in respect of the provision by DE of certain ongoing information technology transitional services and information technology decoupling services.
Trust	The Consumers' Waterheater Operating Trust.
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.