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MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") – MAY 19, 2010

Overview

The following discussion and analysis is a review of the financial condition and results of operations of Just Energy Income Fund ("Just Energy" or the "Fund") for the year ended March 31, 2010, and has been prepared with all information available up to and including May 19, 2010. This analysis should be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2010. The financial information contained herein has been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). All dollar amounts are expressed in Canadian dollars. Quarterly reports, the annual report and supplementary information can be found under "reports and filings" on our corporate website at www.justenergy.com. Additional information can be found on SEDAR at www.sedar.com.

Just Energy is an open-ended, limited-purpose trust established under the laws of the Province of Ontario to hold securities and to distribute the income of its directly or indirectly owned operating subsidiaries and affiliates: Just Energy Ontario L.P. ("JE Ontario"), Just Energy Manitoba L.P. ("JE Manitoba"), Just Energy Quebec L.P. ("JE Quebec"), Just Energy (B.C.) Limited Partnership ("JE B.C."), Just Energy Alberta L.P. ("JE Alberta"), Alberta Energy Savings L.P. ("AESLP"), Just Energy Illinois Corp. ("JEIC"), Just Energy New York Corp. ("JENYC"), Just Energy Indiana Corp. ("JE Indiana"), Just Energy Texas L.P. ("JE Texas"), Just Energy Exchange Corp. ("JEEC"), Universal Energy Corp. ("UEC"), Universal Gas and Electric Corporation ("UG&E"), Commerce Energy, Inc. ("Commerce"), National Energy Corp. ("NEC") operating under the trade name of National Home Services ("NHS"), and Terra Grain Fuels Inc. ("TGF"), collectively, the "Just Energy Group".

Just Energy's business primarily involves the sale of natural gas and/or electricity to residential and commercial customers under long-term fixed-price and price-protected contracts. By fixing the price of natural gas or electricity under its fixed-price or price-protected program contracts for a period of up to five years, Just Energy's customers offset their exposure to changes in the price of these essential commodities. Just Energy, which commenced business in 1997, derives its margin or gross profit from the difference between the fixed price at which it is able to sell the commodities to its customers and the fixed price at which it purchases the associated volumes from its suppliers. In addition, through NHS, the Fund sells and rents high efficiency and tankless water heaters. TGF, an ethanol producer, operates an ethanol facility in Belle Plaine, Saskatchewan. Subsequent to year-end, Just Energy acquired Hudson Energy Services, LLC ("Hudson"), a marketer of natural gas and electricity who sells primarily to commercial customers in New York, New Jersey, Illinois and Texas.

The Fund also offers green products through its JustGreen program, formerly known as the Green Energy Option or "GEO". The electricity JustGreen product offers customers the option of having all or a portion of their electricity sourced from renewable green sources such as wind, run of the river hydro or biomass. The gas JustGreen product offers carbon offset credits, which will allow customers to reduce or eliminate the carbon footprint of their home or business. Management believes that these new products will not only add to profits but will also increase sales receptivity and improve renewal rates.

Forward-looking information

This MD&A contains certain forward-looking information pertaining to customer additions and renewals, customer consumption levels, distributable cash and treatment under governmental regulatory regimes. These statements are based on current expectations that involve a number of risks and uncertainties which could cause actual results to differ from those anticipated. These risks include, but are not limited to, levels of customer natural gas and electricity consumption, rates of customer additions and renewals, fluctuations in natural gas and electricity prices, changes in regulatory regimes and decisions by regulatory authorities, competition and dependence on certain suppliers. Additional information on these and other factors that could affect the Fund's operations, financial results or distribution levels are included in the Fund's Annual Information Form and other reports on file with Canadian security regulatory authorities which can be accessed on our corporate website at www.justenergy.com or through the SEDAR website at www.sedar.com.

Key terms

"Attrition" means customers whose contracts were terminated primarily due to relocation or death, or cancelled by Just Energy due to delinquent accounts.

"Delivered volume" represents the actual volume of gas or electricity provided on behalf of customers to the LDCs for the period.

"Failed to renew" means customers who did not renew expiring contracts at the end of their term.

"Gross margin per RCE" represents the gross margin realized on Just Energy's customer base, including both low margin customers acquired through various acquisitions and gains/losses from the sale of excess commodity supply.

"LDC" means a local distribution company, the natural gas or electricity distributor for a regulatory or governmentally defined geographic area.

"RCE" means residential customer equivalent or the "customer", which is a unit of measurement equivalent to a customer using, as regards natural gas, 2,815 m^3 (or 106 GJs or 1,000 Therms or 1,025 CCFs) of natural gas on an annual basis and, as regards electricity, 10 MWh (or 10,000 kWh) of electricity on an annual basis, which represents the approximate amount of gas and electricity, respectively, used by a typical household in Ontario.

Non-GAAP financial measures

All non-GAAP financial measures do not have standardized meanings prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

Seasonally adjusted sales and seasonally adjusted gross margin

Management believes the best basis for analyzing both the Fund's results and the amount available for distribution is to focus on amounts actually received ("seasonally adjusted") because this figure provides the margin earned on all deliveries to the utilities. Seasonally adjusted sales and gross margin are not defined performance measures under Canadian GAAP. Seasonally adjusted analysis applies solely to the gas markets and specifically to Ontario, Quebec, Manitoba and Michigan.

No seasonal adjustment is required for electricity as the supply is balanced daily. In the other gas markets, payments for supply by the LDCs are aligned with customer consumption.

Cash Available for Distribution

"Distributable cash after marketing expense" refers to the net Cash Available for Distribution to Unitholders. Seasonally adjusted gross margin is the principal contributor to Cash Available for Distribution. Distributable cash is calculated by the Fund as seasonally adjusted gross margin, adjusted for cash items including general and administrative expenses, marketing expenses, bad debt expense, interest expense, corporate taxes, capital taxes and other items. This non-GAAP measure may not be comparable to other income funds.

"Distributable cash after gross margin replacement" represents the net Cash Available for Distribution to Unitholders as defined above. However, only the marketing expenses associated with maintaining the Fund's gross margin at a stable level equal to that in place at the beginning of the period are deducted. Management believes that this is more representative of the ongoing operating performance of the Fund because it includes all expenditures necessary for the retention of existing customers and the addition of new margin to replace those of customers that have not been renewed. This non-GAAP measure may not be comparable to other income funds.

For reconciliation to cash from operating activities, please refer to the "Cash Available for Distribution and distributions" analysis on page 22.

EBITDA

"EBITDA" represents earnings before interest, taxes, depreciation and amortization. This is a non-GAAP measure which reflects the pre-tax profitability of the business.

Adjusted net income (loss)

"Adjusted net income (loss)" represents the net income (loss) excluding the impact of mark to market gains (losses) arising from derivative financial instruments on our future supply. Just Energy ensures that customer margins are protected by entering into fixed-price supply contracts. In accordance with GAAP, the associated customer contracts are not marked to market, but there is a requirement to mark to market the future supply contracts. This creates unrealized gains (losses) that are not offset by the related customer gains (losses).

Management believes that these short-term mark to market non-cash gains (losses) do not impact the long-term financial performance of the Fund. The related future supply has been sold under long-term customer contracts at fixed prices; therefore, the annual movement in the theoretical value of this future supply is not an appropriate measure of current or future operating performance.

Embedded gross margin

Embedded gross margin is a rolling five-year measure of management's estimate of future contracted gross margin. It is the difference between existing customer contract prices and the cost of supply for the remainder of term, with appropriate assumptions for customer attrition and renewals. It is assumed that expiring contracts will be renewed at target margin and renewal rates.

Standardized Distributable Cash

Standardized Distributable Cash is a non-GAAP measure developed to provide a consistent and comparable measurement of distributable cash across entities and is defined as cash flows from operating activities, as reported in accordance with GAAP, less an adjustment for total capital expenditures as reported in accordance with GAAP and restrictions on distributions arising from compliance with financial covenants restrictive at the date of the calculation of Standardized Distributable Cash.

For reconciliation to cash from operating activities, please refer to the "Standardized Distributable Cash and Cash Available for Distribution" analysis on page 24.

Financial highlights

For the years ended March 31
(thousands of dollars except where indicated and per unit amounts)

	Fiscal 2010			Fiscal 2009			Fiscal 2008	
	$	Per unit[4]	Per unit change[4]	$	Per unit[4]	Per unit change[4]	$	Per unit[4]
Sales	2,299,231	$ 17.77	4%	1,899,213	$ 17.03	9%	1,738,690	$ 16.04
Net income (loss)[1]	231,496	$ 1.79	NMF[5]	(1,107,473)	$(10.03)	NMF[5]	152,761	$ 1.41
Gross margin (seasonally adjusted)[2]	425,882	$ 3.29	16%	315,193	$ 2.83	16%	272,180	$ 2.51
Distributable cash								
After gross margin replacement	230,000	$ 1.78	2%	195,520	$ 1.75	15%	169,997	$ 1.57
After marketing expense	197,033	$ 1.52	0%	169,353	$ 1.52	11%	152,834	$ 1.41
Distributions (including Special Distribution)[6]	187,418	$ 1.45	4%	156,604	$ 1.40	(10)%	173,531	$ 1.60
Distributions (excluding Special Distribution)	160,722	$ 1.24	0%	138,030	$ 1.24	7%	128,840	$ 1.19
General and administrative	88,423	$ 0.68	28%	59,586	$ 0.53	15%	51,638	$ 0.48
Distributable cash payout ratio								
(including Special Distribution)								
After gross margin replacement	81%			80%			102%	
After marketing expense	95%			92%			114%	
Distributable cash payout ratio[3]								
(excluding Special Distribution)								
After gross margin replacement	70%			71%			76%	
After marketing expense	82%			82%			84%	

[1] Net income (loss) includes the impact of unrealized gains (losses) which represent the mark to market of future commodity supply acquired to cover future customer demand. The supply has been sold to customers at fixed prices minimizing any impact of quarter-end mark to market gains and losses.

[2] See discussion of non-GAAP financial measures on page 18.

[3] Management targets an annual payout ratio after all marketing expenses, excluding any Special Distribution, of less than 100%.

[4] The per unit calculation reflects a fully diluted basis. Year over year change is calculated on a per unit basis. The diluted weighted average number of units is 129.4 million for fiscal 2010, 111.5 million for fiscal 2009 and 108.4 million for fiscal 2008, with the exception of net income for fiscal 2009 which was calculated using an anti-dilutive unit figure of 110.5 million.

[5] Not a meaningful number.

[6] In calendar 2009, 2008 and 2007, the Fund under-distributed its taxable income and the Board of Directors concluded that a Special Distribution be paid to ensure that all taxable income would be distributed. Refer to "Special Distribution" on page 35 for further information.

Reconciliation of net income (loss) to adjusted net income

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Net income (loss)	$ 231,496	$(1,107,473)	$ 152,761
Change in fair value of derivative instruments	1,282	1,336,976	831
Tax impact on change in fair value of derivative instruments	(47,511)	(59,574)	3,130
Adjusted net income	$ 185,267	$ 169,929	$ 156,722

Acquisition of Universal Energy Group

On July 1, 2009, Just Energy completed the acquisition of all of the outstanding common shares of Universal Energy Group Ltd. ("UEG" or "Universal") pursuant to a plan of arrangement (the "Arrangement"). Under the Arrangement, UEG shareholders received 0.58 of an exchangeable share ("Exchangeable Share") of JEEC, a subsidiary of Just Energy, for each UEG common share held. In aggregate, 21,271,804 Exchangeable Shares were issued pursuant to the Arrangement. Each Exchangeable Share is exchangeable for a trust unit on a one-for-one basis at any time at the option of the holder and entitles the holder to a monthly dividend equal to 66⅔% of the monthly distribution and/or Special Distribution paid by Just Energy on a trust unit. JEEC also assumed all the covenants and obligations of UEG in respect of UEG's outstanding 6% convertible unsecured subordinated debentures (the "Debentures"). On conversion of the Debentures, holders will be entitled to receive 0.58 of an Exchangeable Share in lieu of each UEG common share that the holder was previously entitled to receive on conversion.

The acquisition of UEG was accounted for using the purchase method of accounting. The Fund allocated the purchase price to the identified assets and liabilities acquired based on their fair values at the time of acquisition as follows (thousands of dollars):

Net assets acquired:	
Working capital (including cash of $10,319)	$ 74,314
Electricity contracts and customer relationships	229,586
Gas contracts and customer relationships	243,346
Water heater contracts and customer relationships	22,700
Other intangible assets	2,721
Goodwill	66,794
Property, plant and equipment	171,693
Future tax liabilities	(60,475)
Other liabilities – current	(164,148)
Other liabilities – long-term	(140,857)
Long-term debt	(183,079)
Non-controlling interest	(22,697)
	$ 249,898
Consideration:	
Transaction costs	$ 9,952
Exchangeable Shares	239,946
	$ 249,898

All contracts, customer relationships and intangible assets are amortized over the average remaining life at the time of acquisition. The gas and electricity contracts, including customer relationships, acquired are amortized over periods ranging from eight to 57 months. The water heater contracts and customer relationships are amortized over 174 months and the other intangible assets are amortized over six months. The non-controlling interest represents 33.3% ownership of TGF held by Ellis Don Corporation. The purchase price allocation is considered preliminary and as a result may be adjusted during the 12-month period following the acquisition.

Operations

Gas

In each of the markets that Just Energy operates, it is required to deliver gas to the LDCs for its customers throughout the year. Gas customers are charged a fixed price for the full term of their contract. Just Energy purchases gas supply in advance of marketing for residential customers and generally, concurrently, with the execution of a contract for commercial customers. The LDC provides historical customer usage to enable Just Energy to purchase an approximation of estimated supply. Furthermore, in many markets, Just Energy mitigates exposure to customer usage by purchasing options that cover potential differences in customer consumption due to weather variations. The cost of this strategy is incorporated in the price to the customer. To the extent that balancing requirements are outside the options purchased, Just Energy bears the financial responsibility for fluctuations in customer usage. Volume variances may result in either excess or short supply. Excess supply is sold in the spot market resulting in either a gain or loss compared to the weighted average cost of supply. In the case of greater than expected gas consumption, Just Energy must purchase the short supply at the market price, which may reduce or increase the customer gross margin typically realized. Under some commercial contract terms, this balancing may be passed on to the customer.

Ontario, Quebec, British Columbia and Michigan
In Ontario, Quebec, British Columbia and Michigan, the volumes delivered for a customer typically remain constant throughout the year. Just Energy does not recognize sales until the customer actually consumes the gas. During the winter months, gas is consumed at a rate which is greater than delivery and in the summer months, deliveries to LDCs exceed customer consumption. Just Energy receives cash from the LDCs as the gas is delivered, which is even throughout the year.

Manitoba and Alberta
In Manitoba and Alberta, the volume of gas delivered is based on the estimated consumption for each month; therefore, the amount of gas delivered in winter months is higher than in the spring and summer months. Consequently, cash received from customers and LDCs will be higher in the winter months.

New York, Illinois, Indiana, Ohio and California
In New York, Illinois, Indiana, Ohio and California, the volume of gas delivered is based on the estimated consumption and storage requirements for each month. Therefore, the amount of gas delivered in winter months is higher than in the spring and summer months. Consequently, cash flow received from these states is normally greatest during the third and fourth (winter) quarter as cash is received from the LDCs in the same period as customer consumption.

Electricity
Ontario, Alberta, New York, Texas, Pennsylvania, New Jersey, Maryland, Michigan and California
Just Energy does not bear the risk for variations in residential customer consumption in any of the electricity markets in which it operates other than for certain customers in Texas and Alberta and the customers acquired in the Universal acquisition (customers located in Pennsylvania, New Jersey, Maryland, Michigan and California). In Ontario and New York, Just Energy provides customers with price protection for the majority of their electricity requirements. The customers experience either a small balancing charge or credit on each bill due to fluctuations in prices applicable to their volume requirements not covered by a fixed price. To the extent possible given the competitive nature and market knowledge of customers, future offerings for Texas customers will be a load balanced product, and Just Energy will not bear the risk for variations in customer consumption.

Cash flow from electricity operations is greatest during the second and fourth quarters (summer and winter), as electricity consumption is typically highest during these periods.

Home services division
NEC began operations in April 2008 and operates under the trade name of National Home Services ("NHS"). Newten Home Comfort L.P. ("NHCLP"), a partnership between Just Energy and Newten Home Comfort Inc., an arm's length third party holding 20% of the partnership, commenced providing Ontario residential customers with a long-term water heater rental program in the summer of 2008. The products offered included high efficiency conventional and power vented tanks and tankless water heaters. On July 2, 2009, NEC, a wholly owned home services subsidiary of UEG, acquired Newten Home Comfort Inc. Accordingly, NHCLP became a wholly owned subsidiary of Just Energy. On September 30, 2009, NEC acquired substantially all of the assets of NHCLP, including all of NHCLP's customer water heater rental agreements. NHCLP and Newten Home Comfort Inc. were subsequently wound up. NEC began offering the rental of air conditioners and furnaces to Ontario residents in the fourth quarter of fiscal 2010. See page 32 for additional information on NHS.

Ethanol division
Just Energy also owns a 66.7% interest in TGF, a 150-million-litre capacity wheat-based ethanol plant located in Belle Plaine, Saskatchewan. The plant produces wheat-based ethanol and high protein distillers dried grain ("DDG"). See page 33 for additional information on TGF.

Cash Available for Distribution and distributions

For the years ended March 31
(thousands of dollars, except per unit amounts)

	Fiscal 2010	Per unit	Fiscal 2009	Per unit	Fiscal 2008	Per unit
Reconciliation to statements of cash flow						
Cash inflow from operations	$ 158,273		$ 172,767		$ 136,007	
Add:						
Increase (decrease) in non-cash working capital	35,523		(6,181)		11,879	
Tax adjustments	3,237		2,767		4,948	
Cash Available for Distribution	$ 197,033		$ 169,353		$ 152,834	
Cash Available for Distribution						
Gross margin per financial statements	$ 415,333	$ 3.21	$ 322,816	$ 2.90	$ 274,800	$ 2.53
Adjustments required to reflect net cash receipts from gas sales	10,549		(7,623)		(2,620)	
Seasonally adjusted gross margin	$ 425,882	$ 3.29	$ 315,193	$ 2.83	$ 272,180	$ 2.51
Less:						
General and administrative	(88,423)		(59,586)		(51,638)	
Capital tax expense	(522)		(220)		(827)	
Bad debt expense	(17,940)		(13,887)		(6,951)	
Income tax recovery (expense)	(18,517)		(3,861)		757	
Interest expense	(16,134)		(3,857)		(5,346)	
Other items	8,447		3,664		780	
	(133,089)		(77,747)		(63,225)	
Distributable cash before marketing expenses	292,793	$ 2.27	237,446	$ 2.13	208,955	$ 1.93
Marketing expenses to maintain gross margin	(62,793)		(41,926)		(38,958)	
Distributable cash after gross margin replacement	230,000	$ 1.78	195,520	$ 1.75	169,997	$ 1.57
Marketing expenses to add new gross margin	(32,967)		(26,167)		(17,163)	
Cash Available for Distribution	$ 197,033	$ 1.52	$ 169,353	$ 1.52	$ 152,884	$ 1.41
Distributions (includes Special Distribution)						
Unitholder distributions	$ 177,733		$ 147,399		$ 158,511	
Class A preference share distributions	7,579		7,660		13,699	
Unit appreciation rights and deferred unit grants distributions	2,106		1,545		1,321	
Total distributions	$ 187,418	$ 1.45	$ 156,604	$ 1.40	$ 173,531	$ 1.60
Distributions (excludes Special Distribution)						
Unitholder distributions	$ 152,386		$ 129,872		$ 117,720	
Class A preference share distributions	6,526		6,791		10,190	
Unit appreciation rights and deferred unit grants distributions	1,810		1,367		990	
Total distributions	$ 160,722	$ 1.24	$ 138,030	$ 1.24	$ 128,840	$ 1.19
Diluted average number of units outstanding		129.4m		111.5m		108.4m

Distributable cash

Distributable cash after gross margin replacement for the current year ended March 31, 2010, was $230.0 million ($1.78 per unit), up 18% from $195.5 million ($1.75 per unit) in fiscal 2009. The growth reflects a 35% increase in seasonally adjusted gross margin. Factors contributing to margin growth include a 28% year over year increase in total customers, which was a result of a record 505,000 new customer additions and 430,000 acquired customers from Universal. Increased distributable cash was the result of the acquired Universal customers, higher margin per customer due to opportunistic pricing, and continued strong acceptance of the JustGreen product as well as improved supply management, particularly in Texas. This growth was offset by a 4% year over year decline in the U.S. dollar, higher income taxes and interest expenses. On a per unit basis (reflecting the additional units issued to acquire Universal), distributable cash after gross margin replacement was up 2% and seasonally adjusted gross margin increased by 16%, reflecting higher gross margin per customer offset by the anticipated drop in margin from customers acquired from Universal that were not expected to renew as well as non-recurring costs of the Universal merger. The largest contributor in the disparity between distributable cash and gross margin growth was an increase in general and administrative costs versus fiscal 2009 due to the inclusion of costs associated with the start-up phase at TGF and NHS. These businesses did not generate distributable cash in fiscal 2010 but added $14.9 million to general and administrative costs. Both businesses are expected to contribute to distributable cash in fiscal 2011.

The fiscal 2010 costs reflect general and administrative levels which do not reflect the full synergies that will be realized in the Universal acquisition. Management initially estimated that these savings would be $10 million per year and actual savings will exceed this amount. The benefit will be reflected in lower general and administrative cost growth in future years.

In addition, higher general and administrative costs reflect increased staffing expenses to support future growth, increased collection costs and professional fee expenditures on review of potential acquisitions and the Fund's conversion plan, International Financial Reporting Standards ("IFRS") and other corporate development activities. Bad debt expense increased in fiscal 2010 compared to fiscal 2009 primarily due to the higher volumes in those markets where the Fund bears the credit risk as well as continued weak economic conditions in the U.S. markets. Income tax expense was up in fiscal 2010 due to the Universal entities and tax liabilities in the U.S. In the distributable cash calculation, a current tax provision of $0.7 million has been deducted as it relates to a reserve amount which, in management's view, will not likely be paid in the next year. Interest expense also increased by $12.3 million over the prior year due to the Universal debentures and TGF credit facilities.

Just Energy spent $62.8 million in marketing expenses to maintain its current level of gross margin, which represents 66% of the total marketing expense for the year. A further $33.0 million was spent to generate gross margin growth in future years, which, combined with expenditures to maintain gross margin, resulted in a record 505,000 gross RCE additions and 73,000 net RCE additions in the current year.

Management's estimate of the future embedded gross margin is as follows:

(in millions of dollars)

	March 31, 2010	March 31, 2009	Increase
Canada (CAD$)	$ 783.1	$ 697.1	12%
United States (US$)	414.6	278.5	49%
Total (CAD$)	$ 1,204.3	$ 1,020.3	18%

Excluding the Special Distribution, the payout ratio after deduction of all marketing expenses for the current year was 82% for the current and prior year.

For further information on the changes in the gross margin, please refer to "Sales and gross margin – Seasonally adjusted" on page 28 and "General and administrative expenses", "Marketing expenses", "Bad debt expense" and "Interest expense" are further clarified on pages 34 to 35.

Discussion of distributions

For the years ended March 31
(thousands of dollars)

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Cash flow from operations[1] (A)	$ 158,273	$ 172,767	$ 136,007
Net income (loss) (B)	231,496	(1,107,473)	152,761
Total distributions[2] (C)	187,418	156,604	173,531
Excess (shortfall) of cash flows from operating activities over distributions paid (A–C)	(29,145)	16,163	(37,524)
Excess (shortfall) of net income over distributions paid (B–C)	44,078	(1,264,077)	(20,770)

[1] Includes non-cash working capital balances.

[2] Includes Special Distributions of $26.7 million in fiscal 2010, $18.6 million in fiscal 2009 and $44.7 million in fiscal 2008.

Net income (loss) includes non-cash gains and losses associated with the changes in the current market value of Just Energy's derivative instruments. These instruments form part of the Fund's requirement to purchase commodity according to estimated demand and, as such, changes in value do not impact the distribution policy or the long-term financial performance of the Fund. Effective July 1, 2008, Just Energy elected to discontinue the practice of hedge accounting and all gains and losses on derivative instruments have been recorded in the change in fair value of derivative instruments.

The change in fair value associated with these derivatives included in the net income for the 2010 fiscal year was a loss of $1.3 million versus a loss of $1.3 billion last year. In fiscal 2009, Just Energy moved away from hedge accounting during a time of significant commodity market price movement; the combination of these events resulted in a $1.3 billion loss reported in the statement of profit and loss. In fiscal 2010, there was no change in policy and although there has been volatility in commodity prices during the year, the year over year change in these prices was not nearly as significant to the portfolio. In fiscal 2008, the change in fair value for the year was $76.9 million, of which $0.8 million was reported in the Statement of Operations. The remaining amount was reported in the statement of comprehensive income.

The Fund has, in the past, paid out distributions that were higher than both financial statement net income and operating cash flow. In the view of management, distributable cash, the non-GAAP measure, is an appropriate measure of the Fund's ability to distribute funds, as the cost of carrying incremental working capital necessary for the growth of the business has been deducted in the distributable cash calculation. Further, investment in the addition of new customers intended to increase cash flow is expensed in the financial statements while the original customer base was capitalized. Capital expenses at NEC are related to the growth of productive capacity of that business in that the capital cost will be more than offset by the rental contract margins in future periods. NEC has reached a new agreement with Home Trust Company to separately finance its water heaters. See page 39 for further discussion on this financing. In addition, the capital expenditures for TGF are funded through its credit facility and debt instruments. Management believes that the current $1.24 per unit annual level of distributions is sustainable in the foreseeable future both as a trust and, subsequently, as a dividend following conversion to a corporate structure.

The timing differences between distributions and cash flow from operations created by the cost of carrying incremental working capital due to business seasonality and expansion are funded by the operating credit facility.

Standardized Distributable Cash and Cash Available for Distribution

For the years ended March 31
(thousands of dollars, except per unit amounts)

	Fiscal 2010	Fiscal 2009	Fiscal 2008
Reconciliation to statements of cash flow			
Cash inflow from operations	$ 158,273	$ 172,767	$ 136,007
Capital expenditures[1]	(41,207)	(6,345)	(7,842)
Standardized Distributable Cash	117,066	166,422	128,165
Adjustments to Standardized Distributable Cash			
Change in non-cash working capital[2]	35,523	(6,181)	11,879
Tax adjustments[3]	3,237	2,767	4,948
Capital expenditures[1]	41,207	6,345	7,842
Cash Available for Distribution	$ 197,033	$ 169,353	$ 152,834
Standardized Distributable Cash – per unit basic	0.91	1.51	1.19
Standardized Distributable Cash – per unit diluted	0.90	1.49	1.18
Payout ratio based on Standardized Distributable Cash (includes Special Distribution)[4]	160%	94%	135%
Payout ratio based on Standardized Distributable Cash (excludes Special Distribution)	137%	83%	100%

[1] Capital expenditures incurred in the year were effectively funded out of the credit facility. The vast majority of capital expenditures relate to the purchase of water heaters for subsequent rental. These expenditures expand the productive capacity of the business. Effective January 2010, water heater capital purchases are now financed through a separate financing secured by the water heaters and associated contracts.

[2] Change in non-cash working capital is excluded from the calculation of Cash Available for Distribution as the Fund has a $250.0 million credit facility which is available for use to fund working capital requirements. This eliminates the potential impact of timing distortions relating to the respective items.

[3] The amount includes payments to the holders of Class A preference shares and is equivalent to distributions. The number of Class A preference shares outstanding is included in the denominator of any per unit calculation. Also includes a current tax provision amount of $0.7 million related to a reserve that will not likely be paid in the next fiscal year.

[4] The Special Distribution relating to calendar 2009, 2008 and 2007 has increased the payout ratios for both comparable periods. Refer to "Special Distribution" on page 35 for further details.

In accordance with the Canadian Institute of Chartered Accountants ("CICA") July 2007 interpretive release, Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities, the Fund has presented the distributable cash calculation to conform to this guidance. In summary, for the purposes of the Fund, Standardized Distributable Cash is defined as the periodic cash flows from operating activities, including the effects of changes in non-cash working capital less total capital expenditures as reported in the GAAP financial statements.

Financing strategy

The Fund's $250.0 million credit facility will be sufficient to meet the Fund's short-term working capital and capital expenditure requirements for the gas and electricity businesses. As part of the acquisition of Universal, additional credit facilities and debt were recorded and are explained further on page 38. *Working capital requirements can vary widely due to seasonal fluctuations and planned U.S.-related* growth. In the long term, the Fund may be required to access the equity or debt markets in order to fund significant acquisitions. NEC has reached a new agreement with Home Trust Company to separately finance its water heaters. See page 39 for further discussion on this financing. TGF has a separate credit facility, debenture and a term loan for their funding requirements which are detailed on page 38.

Productive capacity

Just Energy's business involves the sale of natural gas and/or electricity to residential and commercial customers under long-term, fixed-price and price-protected contracts. In addition, through NHS, the Fund sells and rents high efficiency and tankless water heaters. TGF, an ethanol producer, operates an ethanol facility in Belle Plaine, Saskatchewan. As such, the Fund's productive capacity is determined by the gross margin earned from the contract price and the related supply cost on energy contracts. Also included would be the gross margin earned on water heater rentals and ethanol sales after deducting production-related costs.

The productive capacity of Just Energy is achieved through the retention of existing customers and the addition of new customers to replace those that have not been renewed. The productive capacity is maintained and grows through independent contractors, call centre renewal efforts, Internet marketing and various mail campaigns. The Fund has entered into an agreement with Momentis Canada Corporation and Momentis U.S. Corporation under which their independent representatives will market natural gas and electricity contracts on behalf of Just Energy. Management believes that this arrangement will further expand the productive capacity of the energy business.

Effectively all of the marketing costs related to energy customer contracts are expensed immediately but fall into two categories. The first represents marketing expenses to maintain gross margin at pre-existing levels, and by definition, maintain productive capacity. The second category is marketing expenditures to add new margin, which therefore expands productive capacity.

The vast majority of capital expenditures incurred by Just Energy relate to the purchase of water heaters which are subsequently rented on a long-term basis under customer contracts. These capital expenditures are funded by non-recourse borrowings which have as security the water heaters and the contracts. As such, these capital expenditures increase the productive capacity of the Fund.

Selected consolidated financial data

(thousands of dollars, except where indicated and per unit amounts)

The consolidated financial statements of the Fund are prepared in accordance with Canadian GAAP and are expressed in Canadian dollars. The following table provides selected financial information for the last three fiscal years.

Statements of operations data
For the years ended March 31

	2010	2009	2008
Sales (seasonally adjusted)	$ 2,344,172	$ 1,888,733	$ 1,730,605
Gross margin (seasonally adjusted)	425,882	315,193	272,180
Net income (loss)	231,496	(1,107,473)	152,761
Net income (loss) per unit – basic	1.81	(10.03)	1.42
Net income (loss) per unit – diluted	1.79	(10.03)	1.41

Balance sheet data
As at March 31

	2010	2009	2008
Total assets	$ 1,353,095	$ 535,755	$ 709,115
Long-term liabilities	824,393	480,602	246,248

2010 compared with 2009

Sales increased by 24% in fiscal 2010 due to a 28% net increase in customers as a result of record new additions and the acquisition of Universal. On July 1, 2009, the Fund completed the acquisition of 430,000 Universal customers in consideration for JEEC Exchangeable Shares valued at $239.9 million. For further information on the acquisition, see page 20. Seasonally adjusted gross margin increased to $425.9 million, or 35%, over fiscal 2009 due to higher margin per customer, continued strong acceptance of the JustGreen product as well as improved supply management.

The change in net income relates primarily to the change in fair value of the derivative instruments, which has improved substantially from the $1.3 billion loss recorded last year. Also, an increase in the income tax recovery of $42.8 million relates to the Fund's conversion to a taxable Canadian corporation in late calendar 2010 and the future tax benefits of the mark to market losses expected to be realized post conversion. This increase is partially offset by higher current tax provision related to the Universal entities.

Total assets increased by 153% to $1.4 billion in fiscal 2010. The largest components of this change relate to the property, plant and equipment, intangible assets and goodwill recorded as part of the Universal acquisition. The TGF ethanol plant was acquired totalling over $155.2 million in capital assets on July 1, 2009. Also, future income tax assets of $114.3 million have been recorded related primarily to the conversion of the Fund expected to happen late in calendar 2010.

Total long-term liabilities of $824.4 million represent a 72% increase over the prior fiscal year. On July 1, 2009, in connection with the acquisition of UEG, Just Energy increased its credit facility from $170.0 million to $250.0 million. Also, as part of the Universal acquisition, the Fund acquired the debt obligations of TGF which comprises three separate facilities noted on page 38. Long-term liabilities have also increased in fiscal 2010 primarily due to the change in mark to market valuation of our derivative instruments.

2009 compared with 2008

The increase in sales and gross margin is primarily a result of the increase in the customer base, mainly in Texas and New York, and improved contract prices. In addition, on August 14, 2008, Just Energy purchased substantially all of the commercial and residential customer contracts (46,000 RCEs) of CEG Energy Options Inc. ("CEG") in British Columbia which contributed to Canadian sales and margin.

The change in net income from a gain of $152.8 million to a loss of $1.1 billion relates primarily to the $1.3 billion loss representing the change in fair value of the derivative instruments. These instruments reflect the Fund's requirement to purchase commodity according to estimated demand and, as such, changes in value do not impact the long-term financial performance of the Fund. Effective July 1, 2008, Just Energy elected to discontinue the practice of hedge accounting, and all gains and losses on derivative instruments have been recorded in "Change in fair value of derivative instruments" on the Statement of Operations. In fiscal 2008, Just Energy had elected to use hedge accounting and thus was able to book the changes in fair value predominantly to other comprehensive income.

The increase in gross margin is due to an increase in number of customers and higher gross margin per customer. This was offset by increases in general and administrative costs, bad debt expenses and marketing expenses. General and administrative expenses increases were primarily staffing costs in our corporate office to support our current and future growth, U.S. exchange rates, impact on U.S. dollar denominated costs, an increase in collection costs, full year rent for our new customer service call centre and legal fees with respect to business operations in the U.S. Bad debt costs increased primarily due to the large increase in total revenues for the year in the markets where Just Energy assumes the risk for accounts receivable collections. In addition, the increase in the U.S. exchange rate and higher default rates noted in the U.S. markets due to the recessionary conditions led to higher bad debt expense this fiscal year. During fiscal 2008, improved collection procedures had resulted in a significant excess reserve for bad debt, which was released in that fiscal year lowering the bad debt expense. Marketing costs were up due to the impact of the growth in customer additions, higher U.S. exchange on our U.S.-based marketing costs and increased recruiting and corporate marketing overhead required to build our commercial sales team.

Total assets decreased by 24% primarily as a result of the change in the other assets – long term. There had been a significant drop in the forward gas and power prices related to our derivative instruments noted above. As a result, far more commodity contracts with counterparties would have resulted in a gain in the prior year, if sold on the open market. In fiscal 2009, the situation is the opposite whereby there are far more contracts with counterparties that would result in a loss if sold on the open market. Therefore, the other assets – long term amount has decreased and the other liabilities – long term amount has increased. Long-term liabilities increased in fiscal 2009 primarily due to the change in mark to market valuation of our derivative instruments explained above.

Summary of quarterly results

(thousands of dollars, except per unit amounts)

Fiscal 2010	Q1	Q2	Q3	Q4	Total
Sales (seasonally adjusted)	$ 432,565	$ 562,133	$ 654,686	$ 694,788	$ 2,344,172
Gross margin (seasonally adjusted)	74,769	107,519	121,722	121,872	425,882
General and administrative expense	15,617	25,634	24,767	22,405	88,423
Net income (loss)	102,627	110,690	97,390	(79,211)	231,496
Net income (loss) per unit – basic	0.92	0.83	0.73	(0.59)	1.81
Net income (loss) per unit – diluted	0.91	0.82	0.73	(0.59)	1.79
Amount available for distribution					
After gross margin replacement	42,219	52,303	69,455	66,023	230,000
After marketing expense	36,087	41,345	61,242	58,359	197,033
Payout ratio[1]					
After gross margin replacement	83%	82%	98%[1]	63%	81%
After marketing expense	97%	104%	111%[1]	71%	95%

Fiscal 2009	Q1	Q2	Q3	Q4	Total
Sales (seasonally adjusted)	$ 401,826	$ 386,158	$ 510,801	$ 589,948	$ 1,888,733
Gross margin (seasonally adjusted)	59,703	61,793	87,554	106,143	315,193
General and administrative expense	13,447	13,236	14,753	18,150	59,586
Net income (loss)	34,232	(923,990)	(49,094)	(168,621)	(1,107,473)
Net income (loss) per unit – basic	0.31	(8.33)	(0.44)	(1.57)	(10.03)
Net income (loss) per unit – diluted	0.31	(8.33)	(0.44)	(1.57)	(10.03)
Amount available for distribution					
After gross margin replacement	31,046	34,755	57,475	72,244	195,520
After marketing expense	30,282	28,394	48,162	62,515	169,353
Payout ratio[1]					
After gross margin replacement	108%	100%	93%[1]	48%	80%
After marketing expense	111%	122%	111%[1]	56%	92%

[1] Includes a one-time Special Distribution of $26.7 million in fiscal 2010 and $18.6 million in fiscal 2009.

The Fund's results reflect seasonality as consumption is greatest during the third and fourth quarters (winter quarters). While year over year quarterly comparisons are relevant, sequential quarters will vary materially. The main impact of this will be higher distributable cash with a lower payout ratio in the third and fourth quarters and lower distributable cash with a higher payout ratio in the first and second quarters excluding any Special Distribution.

Analysis of the fourth quarter

Sales are typically higher in the third and fourth quarters because gas and electricity consumption are both high during this time period. The overall customer base is currently 50% gas and 50% electricity. The fourth quarter increase in seasonally adjusted sales of 18% compared to the prior year comparable quarter is primarily attributable to record customer additions through marketing (particularly in the United States) and the acquisition of Universal. Seasonally adjusted gross margin increased by 15%, or $15.7 million, in the fourth quarter of fiscal 2010 as compared to the same period last year. Total customers were up 54% in the fourth quarter of fiscal 2010 versus the same period last year. However, the growth of both sales and margin was dampened by a 21% decline in the U.S. dollar quarter over quarter. In the quarter, 42% of Just Energy's sales and 51% of margin were from the United States. The distributable cash after customer gross margin replacement was $66.0 million, down 9% from $72.2 million in the prior comparable quarter. The increase in gross margin from customers acquired with Universal, net customer additions through marketing and higher per customer margins were more than offset by the gas consumption effects of a record warm winter in Just Energy's key gas markets. The fourth quarter of fiscal 2010 was over 15% warmer in Canada and 5% warmer in the U.S. than fiscal 2009. Also, the 21% drop in the exchange rate on the U.S. dollar impacted gross margins negatively during the current quarter. In addition, the Fund saw higher general and administrative costs due largely to the inclusion of the costs of TGF and NHS in fiscal 2010, as well as higher tax provisions and interest expense.

Distributable cash after marketing expenses was $58.4 million, a decrease of 7% from $62.5 million in the prior comparable quarter. Distributions for the quarter were $41.5 million, up 19% over the same period last year reflecting a higher number of units due to the Universal acquisition and the maintenance of annual $1.24 distributions per unit in both periods. The payout ratio for the fourth quarter of fiscal 2010 after all marketing expenses was 71%, up from 56% in the prior year comparable period.

Gas and electricity marketing

Sales and gross margin – Per financial statements
For the years ended March 31
(thousands of dollars)

Sales	Canada	United States	Fiscal 2010 Total	Canada	United States	Fiscal 2009 Total
Gas	$ 788,661	$ 425,975	$ 1,214,636	$ 814,275	$ 343,889	$ 1,158,164
Electricity	637,580	381,674	1,019,254	518,388	222,661	741,049
	$ 1,426,241	$ 807,649	$ 2,233,890	$ 1,332,663	$ 566,550	$ 1,899,213
Increase	7%	43%	18%			

Gross margin	Canada	United States	Fiscal 2010 Total	Canada	United States	Fiscal 2009 Total
Gas	$ 124,105	$ 81,520	$ 205,625	$ 154,171	$ 64,118	$ 218,289
Electricity	107,042	91,107	198,149	77,549	26,978	104,527
	$ 231,147	$ 172,627	$ 403,774	$ 231,720	$ 91,096	$ 322,816
Increase	–	90%	25%			

Canada

Sales amounted to $1.4 billion for the year ended March 31, 2010, up 7% from the same period in fiscal 2009. Gross margin was $231.1 million for fiscal 2010, effectively unchanged from $231.7 million in the prior comparable year.

United States

Sales and gross margin in the U.S. were $807.6 million and $172.6 million for the current year, an increase of 43% and 90%, respectively, from fiscal 2009.

Sales and gross margin – Seasonally adjusted[1]
For the years ended March 31
(thousands of dollars)

Sales	Canada	United States	Fiscal 2010 Total	Canada	United States	Fiscal 2009 Total
Gas	$ 788,661	$ 425,975	$ 1,214,636	$ 814,275	$ 343,889	$ 1,158,164
Adjustments[1]	40,935	4,005	44,940	(10,480)	–	(10,480)
	829,596	429,980	1,259,576	803,795	343,889	1,147,684
Electricity	637,580	381,674	1,019,254	518,388	222,661	741,049
	$ 1,467,176	$ 811,654	$ 2,278,830	$ 1,322,183	$ 566,550	$ 1,888,733
Increase	11%	43%	21%			

Gross margin	Canada	United States	Fiscal 2010 Total	Canada	United States	Fiscal 2009 Total
Gas	$ 124,105	$ 81,520	$ 205,625	$ 154,171	$ 64,118	$ 218,289
Adjustments[1]	10,804	(255)	10,549	(7,623)	–	(7,623)
	134,909	81,265	216,174	146,548	64,118	210,666
Electricity	107,042	91,107	198,149	77,549	26,978	104,527
	$ 241,951	$ 172,372	$ 414,323	$ 224,097	$ 91,096	$ 315,193
Increase	8%	89%	31%			

[1] For Ontario, Manitoba, Quebec and Michigan gas markets.

On a seasonally adjusted basis, total sales and gross margin increased by 21% and 31%, respectively, to $2.3 billion and $414.3 million for the year ended March 31, 2010, over the same period last year. The 21% increase in seasonally adjusted sales was due to a 28% increase in customers due to record customer aggregation and the acquisition of Universal offset by a 4% year over year decline in the U.S. dollar and unfavourable weather-based reduced gas consumption in all significant provinces and states. Gross margin increased at a greater rate than sales due to higher realized margin per customer, particularly in the U.S.

Canada

Seasonally adjusted sales were $1.5 billion for the year, up 11% from $1.3 billion for the year ended March 31, 2009. Seasonally adjusted gross margins were $242.0 million for the year of fiscal 2010, an increase of 8% from $224.1 million in fiscal 2009.

Gas

Seasonally adjusted gas sales increased by 3% in fiscal 2010 to $829.6 million and seasonally adjusted gross margin decreased by 8% to $134.9 million versus the prior year. The lower margin was due to record warm winter conditions in Just Energy's key gas markets compared to a colder than average winter in fiscal 2009. The excess gas supply was sold into very weak spot prices reducing margin from expected levels. In fiscal 2009, the shortfall of supply was purchased at low spot prices and sold for full margin to customers. After allowance for balancing, average gross margin per customer ("GM/RCE") for the year ended March 31, 2010, amounted to $191/RCE, down 9% compared to $210/RCE from the prior comparable year. The GM/RCE value includes an appropriate allowance for the bad debt expense in Alberta.

Electricity

Electricity sales were $637.6 million for the current year, an increase of 23% from fiscal 2009. The increased sales are attributable to a 31% increase in customers. Gross margin increased by 38% from the prior year to $107.0 million due to the increase in customers and increased margin per customer, resulting from steady increases in new customer contract margins in past periods, and the fact that the electricity customers acquired from Universal had generally higher margins, after excluding the JustGreen product, than those of Just Energy. As well, new customers under the higher margin JustGreen program are making up a higher proportion of the overall electricity book.

Average gross margin per customer after all balancing for the year ended March 31, 2010, in Canada amounted to $149/RCE compared to $131/RCE from the prior comparable year. The GM/RCE value includes an appropriate allowance for the bad debt expense in Alberta.

United States

Seasonally adjusted sales for the year ended March 31, 2010, were $811.7 million, an increase of 43% from $566.6 million in the prior year. Seasonally adjusted gross margin was $172.4 million, up 89% from $91.1 million from fiscal 2009.

Gas

Seasonally adjusted gas sales in the U.S. increased by 25% from $343.9 million to $430.0 million for the 2010 fiscal year. The seasonally adjusted sales increase reflects record customer additions through marketing of 171,000 (up from 90,000 in fiscal 2009) and the addition of 120,000 customers acquired as part of the Universal transaction offset by a 4% decline in the U.S. dollar and lower selling prices. Seasonally adjusted gas margin increased 27% for the current year to $81.3 million from $64.1 million. U.S. gas margins per customer were down for three reasons: the customers acquired from Universal were at lower margins than those of Just Energy; there was a 4% decline in the U.S. dollar; and warmer than normal weather in the northern U.S. required the sale of excess supply into a low-price spot market. In addition, there were Universal customers which were not expected to renew (and therefore not included in long-term customer numbers) that expired during the third and fourth quarters. The negative impact of this lost margin on the third and fourth quarters was anticipated at the time of the Universal acquisition and discussed in the MD&A for the second quarter of fiscal 2010.

Average gross margin after all balancing costs for the year ended March 31, 2010, was $212/RCE, down from $259/RCE noted in the prior year comparable period. The GM/RCE value includes an appropriate allowance for bad debt expense in Illinois.

Electricity

Electricity sales and gross margin for the current year were $381.7 million and $91.1 million, respectively, versus the comparable period of fiscal 2009 in which sales and gross margin amounted to $222.7 million and $27.0 million, respectively. Electricity customers increased by 67% with a record 216,000 customers added (up from 168,000 in fiscal 2009), driving the 71% sales growth. Unlike other markets, the Universal acquisition contributed only 2,000 of the 127,000 year over year net additions.

The adjusted gross margin increase of 238% reflects the growth in customers and higher margins per customer. U.S. electricity is where the largest impact of the growing consumption of JustGreen is evident. Since the overall book is relatively small, high take-up of JustGreen at higher margins has a greater impact on the overall margin per customer. In addition, Texas benefited from high consumption supplied with low cost commodity while New York profitability rose due to continued improvements in our supply management.

Average gross margin per customer for electricity during the current year was $238/RCE compared to $133/RCE from the prior comparable year. The GM/RCE value for Texas includes an appropriate allowance for the bad debt expense.

Customer aggregation

Long-term customers

	April 1, 2009	Additions	Acquired	Attrition	Failed to renew	March 31, 2010	% increase (decrease)
Natural gas							
Canada	743,000	46,000	93,000	(81,000)	(67,000)	734,000	(1)%
United States	235,000	171,000	120,000	(110,000)	(8,000)	408,000	74%
Total gas	978,000	217,000	213,000	(191,000)	(75,000)	1,142,000	17%
Electricity							
Canada	578,000	72,000	215,000	(94,000)	(11,000)	760,000	31%
United States	234,000	216,000	2,000	(52,000)	(9,000)	391,000	67%
Total electricity	812,000	288,000	217,000	(146,000)	(20,000)	1,151,000	42%
Combined	1,790,000	505,000	430,000	(337,000)	(95,000)	2,293,000	28%

Gross customer additions through marketing for the year were 505,000, up 21% from the 418,000 customers added through marketing during fiscal 2009. Total net customer additions for the year ended March 31, 2010, were 73,000, down from 103,000 net customer additions last year due to higher attrition noted on the larger customer base. Record additions through marketing were offset by the continuing effects of the weak U.S. economy. The high customer loss in the U.S. market reflects continued high foreclosure rates and credit cut-offs.

Including the Universal acquisition, there was a 28% net increase in total customers at March 31, 2010, versus the same period last year. As part of the Universal acquisition, Just Energy acquired 430,000 customers and also gained a further 145,000 customers that were unlikely to renew as they were variable in nature or located in regions that were not in Just Energy's current expansion plans. As at March 31, 2010, 50,000 of these customers remain under contract.

The fourth quarter also saw a substantial increase in customer additions compared to the prior year. On an RCE basis, 131,000 gross customers were added in the quarter, up 54% from the fourth quarter additions of 85,000 in fiscal 2009. Net customer additions in the fourth quarter of fiscal 2010 were 13,000 compared to 15,000 in the same period in fiscal 2009, again reflecting the impact of the weak U.S. economy on customer attrition.

Just Energy's major marketing challenge remains in the Canadian markets where the disparity between spot prices and the five-year prices continues to impact sales. This has hurt both new customer additions and renewals. Under these conditions, Just Energy's marketing force has concentrated on the sale of JustGreen and related products. Acceptance of these products was strong but combining their premium price with a continued generally weak economy, created sales that were insufficient to offset attrition in the Canadian gas and electricty business. The recent upward movement in energy prices has begun to slow attrition in some markets. Solid customer additions were seen across the U.S., with Texas and New York electricity being particularly strong.

JustGreen

Sales of the JustGreen products continue to support and reaffirm the strong demand for the green energy products in all markets. The JustGreen program allows customers to choose to purchase units of green energy in the form of renewable energy or carbon offsets, in an effort to reduce greenhouse gas emissions. When a customer purchases a unit of green energy, it creates a contractual obligation for Just Energy to purchase a supply of green energy at least equal to the demand created by the customer's purchase. A review was conducted by Grant Thornton LLP of Just Energy's *Renewable Energy and Carbon Offsets Sales and Purchases* report for the period from January 1, 2009 through December 31, 2009, validating the Fund's renewables and carbon offset purchases.

The Fund currently sells JustGreen gas in Ontario, British Columbia, Alberta, Michigan, New York, Ohio and Illinois and JustGreen electricity in Ontario, Alberta, New York and Texas. JustGreen sales are expanding into the remaining markets over the coming quarters. Of all customers who contracted with Just Energy in the year, 39% took JustGreen for some or all of their energy needs. On average, these customers elected to purchase 81% of their consumption as green supply.

Overall, green supply now makes up 2% of our overall gas portfolio, up from 1% a year ago. JustGreen supply makes up 5% of our electricity portfolio, up from 2% from the same period last year. For this reason, the margins on new customer additions continued to exceed target levels despite certain focused price discounts to stimulate sales in markets with very low utility prices resulting in high five-year premiums.

Attrition

Natural gas

The trailing 12-month natural gas attrition in Canada was 10% for the year, consistent with management's target of 10%. In the U.S., gas attrition for the trailing 12 months was 30%, above management's annual target of 20%. High U.S. gas attrition is an effect of the continued North American recession leading to home foreclosures and the necessary aggressive customer cut-off or forced return to default services policies utilized by Just Energy.

Electricity

The trailing 12-month electricity attrition rate in Canada for the year was 13%, above management's target of 10%. Higher than targeted attrition was a function of a clean-up of the acquired Universal book of customers which resulted in a stronger, higher margin book of customers going forward. Electricity attrition in the United States was 16% over the last year, below management's target of 20%.

Failed to renew

The Just Energy renewal process is a multi-faceted program and aims to maximize the number of customers who choose to sign a new contract prior to the end of their existing contract term. Efforts begin up to 15 months in advance allowing a customer to re-contract for an additional four or five years.

The trailing 12-month renewal rate for all Canadian gas customers was 61%. In the Ontario gas market, customers who do not positively elect to renew or terminate their contract receive a one-year fixed price for the ensuing year. Of the total Canadian gas customers renewed in fiscal 2010, 16% were renewed for a one-year term. Canadian gas was the only market in which renewals lagged the 2010 target of 70%. This was due to the high spread between the Just Energy five-year price and the utility spot price. Management anticipates continued focus in this area and a return to rising market pricing should result in an improvement in Canadian gas renewal rates to target levels.

The electricity renewal rate for Canadian customers was 73% for the trailing 12 months. In the Ontario electricity market, there is no opportunity to renew a residential or small volume customer for a one-year term should the customer fail to positively renew or terminate his or her contract. There has been solid take-up of JustGreen products within Canadian electricity renewals leading to higher than target renewal rates. Management targets a renewal rate for electricity customers of 65%.

In the U.S. markets, Just Energy currently only has Illinois gas and Texas electricity customers up for renewal. Gas renewals for the U.S. were 67%, above our target of 50%. The Texas electricity renewal rate was 79%, significantly better than our target rate of 60%.

In the table below, management outlines the expected annualized attrition and renewal rates for fiscal 2011. The high U.S. attrition rates reflect an expectation of continued economic weakness in those markets.

Targets for fiscal 2011:

	Attrition fiscal 2011	Renewals fiscal 2011
Natural gas		
Canada	10%	70%
United States	30%	75%
Electricity		
Canada	10%	70%
United States	20%	75%

Gas and electricity contract renewals

This table shows the percentage of customers up for renewal in each of the following years.

	Canada – gas	Canada – electricity	U.S. – gas	U.S. – electricity
2011	29%	19%	14%	9%
2012	21%	24%	17%	8%
2013	21%	26%	28%	11%
2014	14%	16%	14%	27%
Beyond 2014	15%	15%	27%	45%
Total	100%	100%	100%	100%

Just Energy continuously monitors its customer renewal rates and continues to modify its offering to existing customers in order to maximize the number of customers who renew their contracts.

Gross margin earned through new marketing efforts

Annual gross margin per customer for new and renewed customers (includes JustGreen impact)

During fiscal 2010, the Fund continued to see the positive impact of continued efforts to maintain strong margin per customer during challenging marketing periods. Overall, average gross margin per RCE increased by 5% year over year primarily due to the compound impact of higher per customer margins on new contracts in past quarters offset by a lower U.S. dollar reducing the margin on existing U.S. contracts. These higher margins on past contracts have been a function of strong JustGreen program sales, opportunistic pricing in a falling market and improved supply management.

The table below depicts the annual margins on contracts of customers signed and renewed in the year. This table reflects the combined margins on both "brown" energy purchased by customers and the JustGreen program. Sales of the JustGreen products have been very strong with approximately 39% of all customers added in the past year taking some or all green energy supply. Those who purchased the green products elect on average to purchase 81% of their consumption as green supply.

Annual gross margin per customer[1]

	Fiscal 2010	Annual target fiscal 2010
Customers added in the year		
Canada – gas	$ 175	$ 170
Canada – electricity	136	143
United States – gas	208	170
United States – electricity	229	143
Customers lost in the year		
Canada – gas	191	
Canada – electricity	120	
United States – gas	247	
United States – electricity	120	

[1] Customer sales price less cost of associated supply and allowance for bad debt and U.S. working capital.

Annual margin on 505,000 new customers added in the year including the impact of JustGreen was $208 and margin earned on 166,000 renewing customers was $168. Annual margin on customers lost during the year was $179.

National Home Services division

NHS was acquired on July 1, 2009, as part of the Universal acquisition. On July 2, 2009, NHS acquired Newten Home Comfort Inc. and on September 30, 2009, acquired substantially all of the assets of NHCLP (see page 20 for additional information). NHS provides Ontario residential customers long-term water heater rental programs offering conventional tanks, power vented tanks and tankless water heaters in a variety of sizes, in addition to now offering furnaces and air conditioners. The combined installed water heater base on July 1, 2009 was 38,000. NHS continues to ramp up its operations and, as at March 31, 2010, had a cumulative installed base of 77,000 water heaters in residential homes. NHS earns revenue from its installed base.

Because NHS is a high-growth, relatively capital-intensive business, Just Energy's management believes that, in order to maintain stability of distributions, separate non-recourse financing of this capital was appropriate. On January 18, 2010, NEC entered into a long-term financing agreement with Home Trust Company for the funding of the water heaters for NHS. Under the agreement, NHS will receive an amount equal to the five-year cash flow of the water heater contract discounted at an agreed upon rate. Home Trust Company will then in return receive the customer payments on the water heaters for the next five years. The initial funding received up to March 31, 2010, was $65.4 million and total funding is expected to be approximately $90 million over the next year.

Selected financial information
(thousands of dollars)

	Date of acquisition (July 1, 2009) to March 31, 2010
Sales per financial statements	$ 8,886
Cost of sales	1,837
Gross margin	7,049
Selling expenses	2,824
General and administrative expense	5,789
Interest expense	818
Capital expenditures	24,544
Amortization	1,975
Total number of water heaters installed	77,000

Results of operations

Just Energy has owned NHS since July 1, 2009, and therefore, results reflect only the nine months of operation ending March 31, 2010. For the nine months ended March 31, 2010, NHS had sales of $8.9 million and gross margin of $7.1 million. The cost of sales for the year was $1.8 million and represents the amortization of the installed water heaters for the customer contracts signed to date. Selling expenses for fiscal 2010 were $2.8 million and include the amortization of commission costs paid to the independent agents, automobile fleet costs, advertising and promotion, and telecom and office supplies expenses. General and administrative costs, which relate primarily to administrative staff compensation and warehouse expenses, amounted to $5.8 million for the year ended March 31, 2010. Capital expenditures, including installation costs, amounted to $24.5 million. Amortization costs were $2.0 million for the current year and include not only the depreciation on capital assets noted above but also the amortization of the water heater contracts and customer relationships acquired in the purchases of Universal and Newten Home Comfort Inc.

The growth of NHS has been rapid and, combined with the Home Trust Company financing, is expected to be self-sustaining on a cash flow basis. A number of independent sales contractors, previously marketing gas and electricity, have been redeployed to water heaters resulting in lower Ontario customer additions in energy marketing. Overall, management believes this is the best utilization of the sales force in the Ontario market given the existing gas and electricity market conditions.

Ethanol division (TGF)

TGF continues to improve plant production and run time of the Belle Plaine wheat-based ethanol facility. For the year ended March 31, 2010, the plant had achieved an average production capacity of 62% with capacity expected to rise upon completion of the grain-milling upgrade discussed below.

The ethanol division has separate non-recourse financing in place such that capital requirements and operating losses will not impact distributable cash from Just Energy's core business.

Selected financial information
(thousands of dollars)

	Date of acquisition (July 1, 2009) to March 31, 2010
Sales per financial statements	$ 56,455
Cost of sales	51,945
Gross margin	4,510
General and administrative expense	9,089
Interest expense	5,107
Capital expenditures	4,599
Amortization	1,079

Results of operations

Just Energy has owned 66.7% of TGF since July 1, 2009, and therefore results reflect only the nine months of operations to March 31, 2010. During fiscal 2010, TGF had sales of $56.5 million and realized gross margin of $4.5 million. During the current year, the plant produced 69.4 million litres of ethanol and 66,487 metric tonnes of distillers dried grain. For the nine months ended March 31, 2010, TGF incurred $9.1 million in general and administrative expenses and $5.1 million in interest charges. Production levels were below the 150-million-litre annual plant design capacity as a result of production bottlenecks primarily in grain milling until late in the fourth quarter. The first phase of the installation of the new grain milling equipment was completed on March 1, 2010, to address this bottleneck and enable production to achieve the design capacity. For the months of March and April 2010, production capacity increased to 73%. Capital expenditures, including installation costs, for the year amounted to $4.6 million and include the assets related to the grain-milling project.

TGF receives a federal subsidy related to an agreement signed on February 17, 2009, based on the volume of ethanol produced. During the nine months ended March 31, 2010, the subsidy was 10 cents per litre on ethanol produced. Through fiscal 2011, this subsidy will be 9 cents per litre on ethanol produced. This amount declines through time to 5 cents per litre of ethanol produced in fiscal 2015, the last year of the agreement.

Overall consolidated results

General and administrative expenses

General and administrative costs were $88.4 million for the year ended March 31, 2010, representing a 48% increase from $59.6 million in fiscal 2009. This was primarily due to the inclusion of administrative costs for NHS and TGF as well as the addition of a portion of Universal's energy marketing administrative costs.

	Fiscal 2010	Fiscal 2009	Variance
Energy marketing	$ 73,545	$ 59,586	$ 13,959
NHS	5,789	–	5,789
TGF	9,089	–	9,089
Total general and administrative expenses	$ 88,423	$ 59,586	$ 28,837

Overall, energy marketing general and administrative costs were up 23% in fiscal 2010 versus last year to support the 28% increase in total customers. The increased costs include additional collection costs, staff and professional fee expenditures on review of potential acquisitions and the Fund's conversion plan, IFRS and other corporate development activities. Total corporate headcount increased by 28% to a total of 900 full-time employees. Both NHS and TGF are in the start-up phase and management is confident that they both will offset their start-up costs with distributable cash in future periods. Overall, after integrating Universal, management expected to reduce combined Just Energy and Universal general and administrative costs by $10 million per year on an ongoing basis. This target has been exceeded on a current run rate basis and the rate of growth in general and administrative costs should slow in fiscal 2011 through achieved synergies.

Marketing expenses

Marketing expenses, which consist of commissions paid to independent sales contractors for signing new customers, expenses to operate the regional sales offices and an allocation of corporate marketing costs, were $95.8 million, an increase of 41% from $68.1 million in fiscal 2009.

This reflects increased customer additions of 28% versus the same period last year and increased recruiting costs resulting in 52% more active independent sales contractors. In addition, higher sales office expenses resulting from expansion and further development of the commercial product offerings, increased the costs in fiscal 2010.

Marketing expenses to maintain gross margin are allocated based on the ratio of gross margin lost from attrition as compared to the gross margin signed from new and renewed customers during the year. Marketing expenses to maintain gross margin increased by 50% to $62.8 million in fiscal 2010, as compared to $41.9 million last year. The increase resulted from higher customer attrition driven by a continued weak U.S. economy and a greater number of renewals and associated costs versus last year.

Marketing expenses to add new gross margin are allocated based on the ratio of net new gross margin earned on the customers signed, less attrition, as compared to the gross margin signed from new and renewed customers during the year. Marketing expenses to add new gross margin in fiscal 2010 totalled $33.0 million, an increase of 26% from $26.2 million in the prior year.

The actual aggregation costs per customer added were as follows:

	Fiscal 2010	Fiscal 2009
Natural gas		
Canada	$ 215/RCE	
United States	174/RCE	
Total gas	182/RCE	$ 194/RCE
Electricity		
Canada	$ 188/RCE	
United States	161/RCE	
Total electricity	168/RCE	$ 156/RCE

Actual total aggregation costs for gas and electricity customers for fiscal 2010 were $182 per customer for gas and $168 per customer for electricity. The main contributor to lower costs in the U.S. was the 4% decline in the U.S. dollar versus the Canadian dollar year over year. The increase in per customer aggregation cost in Canada is due to two reasons: a JustGreen customer generates a higher commission commensurate with its higher margin, and secondly, increased commission rates stimulate sales in heavily penetrated Canadian markets.

Unit based compensation

Compensation in the form of units (non-cash) granted by the Fund to the directors, officers, full-time employees and service providers of its subsidiaries and affiliates pursuant to the 2001 unit option plan, the 2004 unit appreciation rights plan and the directors' deferred compensation plan amounted to $4.8 million, an increase of 16% from the $4.1 million paid in fiscal 2009. The increased expense is a result of the increase in the number of fully paid unit appreciation rights awarded to employees in fiscal 2010.

Bad debt expense

In Illinois, Alberta, Texas, Pennsylvania, Maryland and California, Just Energy assumes the credit risk associated with the collection of all customer accounts. In addition, for large direct-billed accounts in B.C. and Ontario, the Fund is responsible for the bad debt risk. Credit review processes have been established to manage the customer default rate. Management factors default from credit risk into its margin expectations for all of the above-noted markets.

Bad debt expense for fiscal 2010 was $17.9 million, up 29% from $13.9 million expensed last year. The bad debt expense increase was mainly due to the 19% increase in total revenues where Just Energy assumes the risk for accounts receivable collections and higher percentage losses in Texas. For the year ended March 31, 2010, the bad debt expense of $17.9 million represents approximately 2.8% of $649.3 million in revenues. In fiscal 2009, the total bad debt expense was $13.9 million, or 2.6%, of $543.5 million in revenue.

Management integrates its default rate for bad debts within its margin targets and continuously reviews and monitors the credit approval process to mitigate customer delinquency.

Overall, bad debt expense is expected to remain near the upper end of the 2% to 3% target until there is a sustained residential real estate recovery in the U.S. As discussed earlier, management has taken an aggressive position with regards to returning customers to utility default services or disconnecting delinquent customers to ensure that bad debt expense is managed through the heavy heating season. Bad debt as a percentage of revenue has declined from 3.3% in the third quarter to 2.8% in the fourth quarter of fiscal 2010.

For each of Just Energy's other markets, the LDCs provide collection services and assume the risk of any bad debt owing from Just Energy's customers for a fee.

Interest expense

Total interest expense for the year ended March 31, 2010, amounted to $16.1 million, up from $3.9 million in fiscal 2009. The large increase noted in the year primarily relates to the $5.0 million in interest expense relating to the Universal convertible debenture and interest payments of $5.1 million made on debt associated with TGF.

Foreign exchange

Just Energy has an exposure to U.S. dollar exchange rates as a result of its U.S. operations and any changes in the applicable exchange rate may result in a decrease or increase in other comprehensive income (loss) for fiscal 2010. For the year, a foreign exchange unrealized gain of $26.6 million was reported in other comprehensive income (loss) versus a $1.9 million unrealized loss reported in the prior year. In the first quarter of fiscal 2010, a total of $23.0 million in U.S. funds was repatriated back to Canada.

The Fund retains sufficient funds in the U.S. to support ongoing growth and surplus cash is repatriated to Canada. U.S. cross border cash flow is forecasted annually, and hedges for cross border cash flow are entered into when it is determined that any surplus U.S. cash is not required for new acquisition opportunities. Overall, a weak U.S. dollar decreases sales and gross margin but this is partially offset by lower operating costs denominated in U.S. dollars.

Class A preference share distributions

The remaining holder of the Just Energy Corp. ("JEC") Class A preference shares (which are exchangeable into units on a 1:1 basis) is entitled to receive, on a quarterly basis, a payment equal to the amount paid or payable to a Unitholder on an equal number of units. The total amount paid for the year ended March 31, 2010, including tax and the Special Distribution amounted to $7.6 million versus $7.7 million paid in fiscal 2009. These distributions on the Class A preference shares are reflected in the Statement of Unitholders' Equity of the Fund's consolidated financial statements, net of tax.

Special Distribution

The Fund under-distributed its taxable income in calendar 2009 and 2008 and would have been subject to tax at 46% for any undistributed taxable income. In order to ensure that all of the taxable income is distributed to its Unitholders, the Board of Directors concluded that it would be preferable to pay out a Special Distribution to effectively allocate all of the taxable income to the Unitholders. The Special Distribution was $26.7 million ($0.20 per unit) and was paid as 100% cash to the holders of units, unit appreciation rights ("UARs"), deferred unit grants ("DUGs"), Class A preference shares and JEEC Exchangeable Shares. The amount was funded by operating cash flow and the Fund's credit facility and was paid on January 30, 2010. In fiscal 2009, a Special Distribution of $18.6 million ($0.165 per unit) was declared in the third quarter.

Recovery of income tax
For the years ended March 31
(thousands of dollars)

	Fiscal 2010	Fiscal 2009
Current income tax expense	$ 19,253	$ 3,861
Amount credited to Unitholders' equity	2,501	2,767
Future tax recovery	(122,014)	(64,088)
Recovery of income tax	$ (100,260)	$ (57,460)

The Fund recorded a current income tax expense of $19.3 million for the year versus $3.9 million of expense in fiscal 2009. The change is due to income tax expense incurred by the Universal entities.

Also included in the income tax provision is an amount relating to the tax impact of the distributions paid to the Class A preference shareholder of JEC. In accordance with EIC 151, Exchangeable Securities Issued by Subsidiaries of Income Trusts, all Class A preference shares are included as part of Unitholders' equity and the distributions paid to the shareholders are included as distributions on the Statement of Unitholders' equity, net of tax. For the year ended March 31, 2010, the tax impact of these distributions, based on a tax rate of 33%, amounted to $2.5 million as compared to $2.8 million in fiscal 2009. During the current and past year, the Fund had significant temporary differences attributed to mark to market losses from financial derivatives, among which a substantial portion is expected to be realized subsequent to 2010. As the Fund will convert to a taxable Canadian corporation after 2010 (hereinafter defined as the "Conversion"), as per its announcement in January 2010, it is now recording the future tax benefits of these mark to market losses which are expected to be realized post Conversion. As a result, a future tax recovery of $122.0 million has been recorded in fiscal 2010.

After the Conversion during the fourth quarter of calendar 2010, the Fund will be taxed as a taxable Canadian corporation from that date onwards. Therefore, the future tax asset or liability associated with Canadian liabilities and assets recorded on the balance sheet as at that date will be realized over time as the temporary differences between the carrying value of assets in the consolidated financial statements and their respective tax bases are realized. Current Canadian income taxes will be accrued at that time to the extent that there is taxable income in the Fund or its underlying operating entities.

The U.S.-based corporate subsidiaries are subject to U.S. income taxes on their taxable income determined under U.S. income tax rules and regulations. During the year, the U.S. subsidiaries (other than the newly acquired UG&E and Commerce) had fully utilized their combined operating losses for tax purposes carried over from prior years, and after taking these tax losses into effect, recorded a $0.9 million current U.S. federal income tax for the year. These U.S. entities had also recorded a combined U.S. state income tax of $2.0 million for the year. Both UG&E and Commerce had no operating losses carried forward and generated taxable income during the year, and as a result, income tax expense of $1.4 million and $2.8 million were recorded for these entities respectively during the year, which have been included in the current income tax expense amounts as noted above.

The Fund follows the liability method of accounting for income taxes. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to the temporary differences between the carrying value of the assets and liabilities on the consolidated financial statements and their respective tax bases, using substantively enacted income tax rates. A valuation allowance is recorded against a future income tax asset if it is not more likely than not that the asset will be realized in the foreseeable future. The effect of a change in the income tax rates used in calculating future income tax liabilities and assets is recognized in income during the period that the change occurs.

Liquidity and capital resources

Summary of cash flows
For the years ended March 31
(thousands of dollars)

	Fiscal 2010	Fiscal 2009
Operating activities	$ 158,273	$ 172,767
Investing activities	(37,466)	(8,187)
Financing activities, excluding distributions	46,666	2,330
Gain (loss) on foreign exchange translation	(3,861)	2,691
Increase in cash before distributions	163,612	169,601
Distributions (cash payments)	(162,574)	(137,817)
Increase (decrease) in cash	1,038	31,784
Cash – beginning of year	59,094	27,310
Cash – end of year	$ 60,132	$ 59,094

Operating activities

Cash flow from operating activities for the year ended March 31, 2010, was $158.8 million, a decrease from $172.8 million in the prior comparable year. The decrease is primarily attributable to an increase in gross margin during fiscal 2010 that was partially offset by higher amortization on the acquired customer contracts from Universal and unrealized income related to the financial instruments recorded in the year.

Investing activities

The Fund purchased capital and recorded intangible assets totalling $37.5 million during the year, an increase from $8.2 million in the prior year. Capital asset purchases and intangibles amounted to $47.6 million for fiscal 2010, compared with $6.3 million last year. During the year, a total of $24.5 million was spent on water heater purchases for NEC. During the second quarter of fiscal 2010, the Fund completed the acquisition of Universal in consideration for JEEC Exchangeable Shares valued at $239.9 million. For further information on the acquisition see page 20. On July 2, 2009, NEC acquired Newten Home Comfort Inc., an arm's length third party that held a 20% interest of NHCLP. Accordingly, NHCLP became a wholly owned subsidiary of Just Energy. NEC, which began operations in April 2008, operates under the trade name of National Home Services. In the second quarter of fiscal 2009, Just Energy purchased substantially all of the commercial and residential customer contracts of CEG in British Columbia for $1.8 million. CEG was a western Canadian marketer of natural gas wholly owned by SemCanada Energy Company, both of which filed for creditor protection under the Companies' Creditors Arrangement Act on July 30, 2008. As well, in fiscal 2009, the Fund entered into a limited partnership to form NHCLP for an investment of $0.5 million.

Financing activities

Financing activities, excluding distributions, relate primarily to the drawdown of the operating line for working capital requirements as well as borrowing requirements for TGF. See page 38 for an additional discussion on "Long-term debt and financing".

The Fund's liquidity requirements are driven by the delay from the time that a customer contract is signed until cash flow is generated. Approximately 50% of an independent sales contractor's commission payment is made following reaffirmation or verbal verification of the customer contract with most of the remaining 50% being paid after the energy commodity begins flowing to the customer.

The elapsed period between the times when a customer is signed to when the first payment is received from the customer varies with each market. The time delays per market are approximately two to nine months. These periods reflect the time required by the various LDCs to enroll, flow the commodity, bill the customer and remit the first payment to Just Energy. In Alberta and Texas, Just Energy receives payment directly from the customer.

Distributions (cash payments)

Investors should note that due to the institution of a distribution reinvestment program ("DRIP") in 2007, a portion of dividends declared are not paid in cash. Under the program, Unitholders can elect to receive their distributions in units at a 2% discount to the prevailing market price rather than the cash equivalent.

During the year, the Fund made cash distributions to its Unitholders in the amount of $162.6 million, compared to $137.8 million in the prior year, an increase of 18%. The increase in distributions is a result of the JEEC Exchangeable Shares that were converted into units during the last three quarters of the fiscal year as well as the dividends paid on the Exchangeable Shares.

Just Energy will continue to utilize its cash resources for expansion into new markets, growth in its existing customer base, and distributions to its Unitholders.

At the end of the year, the annual rate for distributions per unit was $1.24. The Fund intends to make distributions to its Unitholders, based upon cash receipts of the Fund, excluding proceeds from the issuance of additional Fund units, adjusted for costs and expenses of the Fund. The Fund's intention is for Unitholders of record on the 15th day of each month to receive distributions at the end of the month.

Balance sheet as at March 31, 2010, compared to March 31, 2009

Cash increased from $59.1 million as at March 31, 2009, to $60.1 million at March 31, 2010. Long-term debt excluding the current portion has increased to $231.8 million from $76.5 million as a result of the Universal acquisition and is detailed on page 20. The Just Energy original credit facility decreased to $57.5 million and relates to the normal injection of gas into storage and various other working capital requirements. Working capital requirements in the U.S. and Alberta result from the timing difference between customer consumption and cash receipts. For electricity, working capital is required to fund the lag between settlements with the suppliers and settlement with the LDCs. Restricted cash has increased to $18.7 million from $7.6 million as at March 31, 2009, due to additional cash collateral postings related to supply procurement and credit support for the Universal, Commerce and TGF entities.

The increase in accounts receivable from $249.5 million to $348.9 million is primarily attributable to the increase in sales during the period as a result of the Universal acquisition and customer growth. Accounts payable and accrued liabilities has also increased from $173.8 million to $227.0 million relating to added consumption as a result of the 430,000 Universal customers acquired on July 1, 2009, and current year net customer additions of 73,000.

Gas in storage has decreased from $6.7 million to $4.1 million for the year ended March 31, 2010. This balance reflects injections into storage for the Illinois, New York and Indiana customer base, which occur from April to November.

At the end of the year, customers in Ontario, Manitoba and Quebec had consumed more gas than was supplied to the LDCs for their use. Since Just Energy is paid for this gas when delivered yet recognizes revenue when the gas is consumed by the customer, the result on the balance sheet is the unbilled revenue amount of $20.8 million and accrued gas accounts payable of $15.1 million. As at March 31, 2009, Just Energy had unbilled revenues amounting to $57.8 million and accrued gas accounts payable of $41.4 million.

Prepaid expenses have increased from $2.0 million to $20.0 million for the current year. The increased balance relates to tax, rent and various prepayments from the Commerce, Universal, TGF and NEC entities.

Future income tax assets of $114.3 million recorded in fiscal 2010 primarily related to the conversion of Just Energy to a taxable Canadian corporation late in calendar 2010.

Property, plant and equipment increased to $218.6 million from $20.0 million last year primarily due to the acquisition of Universal and the inclusion of the plant assets from TGF and water heater purchases made in fiscal 2010. Intangible assets and goodwill increases in the current year again relate to the acquisition of Universal on July 1, 2009.

Long-term debt and financing

As at March 31
(thousands of dollars)

	Fiscal 2010	Fiscal 2009
Original credit facility	$ 57,500	$ 76,500
TGF credit facility	41,313	–
TGF debentures	37,001	–
TGF term loan	10,000	–
JEEC convertible debentures	83,417	–
NEC Home Trust Company financing	65,435	–

Original credit facility

On July 1, 2009, in connection with the acquisition of UEG, Just Energy increased its credit facility from $170 million to $250 million. As part of the increase in the credit facility, Société Générale and Alberta Treasury Branches joined Canadian Imperial Bank of Commerce, Royal Bank of Canada, National Bank of Canada and Bank of Nova Scotia as the syndicate of the lenders thereunder. Under the new terms of the credit facility, effective July 1, 2009, Just Energy is able to make use of Bankers' Acceptances and LIBOR advances at stamping fees of 4.0%, prime rate advances at Canadian and U.S. prime plus 3.0%, and letters of credit at 4.0%. Just Energy's obligations under the credit facility are supported by guarantees of certain subsidiaries and affiliates and secured by a pledge of the assets of Just Energy and the majority of its operating subsidiaries and affiliates. Just Energy is required to meet a number of financial covenants under the credit facility agreement. As at March 31, 2010 and 2009, all of these covenants have been met.

TGF credit facility

A credit facility of up to $50.0 million, established with a syndicate of Canadian lenders led by Conexus Credit Union, was arranged to finance the construction of the ethanol plant in 2007. The facility was further revised on March 18, 2009, and was converted to a fixed repayment term of ten years commencing March 1, 2009, which includes interest costs at a rate of prime plus 2%, with principal repayments commencing on March 1, 2010. The credit facility is secured by a demand debenture agreement, a first priority security interest on all assets and undertakings of TGF and a general security interest on all other current and acquired assets of TGF. The credit facility includes certain financial covenants, the more significant of which relate to current ratio, debt to equity ratio, debt service coverage and minimum shareholders' equity. The lenders have deferred compliance with the financial covenants until April 1, 2011. The facility was further revised on March 31, 2010, postponing the principal payments due for April 1 to June 1, 2010, and to amortize them over the six-month period commencing October 1, 2010 and ending March 31, 2011.

TGF debentures

A debenture purchase agreement with a number of private parties providing for the issuance of up to $40.0 million aggregate principal amount of debentures was entered into in 2006. The interest rate is 10.5% per annum, compounded annually and payable quarterly. Interest is to be paid quarterly with quarterly principal payments commencing October 1, 2009, in the amount of $1.0 million per quarter. The agreement includes certain financial covenants the more significant of which relate to current ratio, debt to capitalization ratio, debt service coverage, debt to EBITDA and minimum shareholders' equity. The lender has deferred compliance with the financial covenants until April 1, 2011. On March 31, 2010, TGF entered into an agreement with the holders of the debentures to defer scheduled principal payments owing under the debenture until April 1, 2011.

TGF term/Operating facilities

TGF also maintains a working capital facility for $10.0 million with a third party lender bearing interest at prime plus 1% due in full on December 31, 2010. This facility is secured by liquid investments on deposit with the lender. In addition, TGF has a working capital operating line of $7.0 million bearing interest at prime plus 1%, of which $3.2 million was drawn via overdraft and is included in bank indebtedness, and $1.6 million of letters of credit have also been issued.

JEEC convertible debentures

In conjunction with the acquisition of UEG on July 1, 2009, JEEC also assumed the obligations of the convertible unsecured subordinated debentures issued by Universal in October 2007 which have a face value of $90 million. The debentures mature on September 30, 2014, unless converted prior to that date, and bear interest at an annual rate of 6% payable semi-annually on March 31 and September 30 of each year. Each $1,000 principal amount of the debentures is convertible at any time prior to maturity or on the date fixed for redemption, at the option of the holder, into approximately 27.3 units of the Fund representing a conversion price of $36.63 per Exchangeable Share.

The debentures are not redeemable prior to October 1, 2010. On and after October 1, 2010, but prior to September 30, 2012, the debentures are redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at the Fund's sole option on not more than 60 days' and not less than 30 days' prior notice, provided that the current market price on the date on which notice of redemption is given is not less than 125% of the conversion price. On and after September 30, 2012, but prior to the maturity date, the debentures are redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at the Fund's sole option on not more than 60 days' and not less than 30 days' prior notice.

NEC Home Trust Company financing

On January 18, 2010, NEC announced that it had entered into a long-term financing agreement for the funding of new and existing rental water heater contracts for NHS. Pursuant to the agreement, NHS will receive financing equal to the net present value of the first five years of monthly rental income, discounted at the agreed upon financing rate of 7.99% and as settlement, and is required to remit all proceeds received from customers on the water heater contracts for the first five years. The financing agreement is subject to a holdback provision, whereby 3% of the outstanding balance of the funded amount is deducted and deposited into a reserve account in the event of default. Once all of the obligations of NHS are satisfied or expired, the remaining funds in the reserve account will immediately be released to NHS. NEC is required to meet a number of covenants under the agreement and as at March 31, 2010, all of these covenants have been met.

Contractual obligations

In the normal course of business, the Fund is obligated to make future payments for contracts and other commitments that are known and non-cancellable.

Payments due by period
(thousands of dollars)

	Total	Less than 1 year	1–3 years	4–5 years	After 5 years
Accounts payable and accrued liabilities and unit distribution payable	$ 240,132	$ 240,132	$ –	$ –	$ –
Bank indebtedness	8,236	8,236	–	–	–
Long-term debt	301,249	62,829	120,475	117,945	–
Interest payment	54,312	16,040	24,466	12,260	1,546
Property and equipment lease agreements	28,785	8,084	10,543	5,330	4,828
EPCOR billing, collections and supply commitments	20,220	12,132	8,088	–	–
Grain production contracts	57,893	36,059	21,438	396	–
Gas and electricity supply purchase commitments	3,533,371	1,494,003	1,621,623	415,680	2,065
	$ 4,244,198	$ 1,877,515	$ 1,806,633	$ 551,611	$ 8,439

Other obligations

The Fund is also subject to certain contingent obligations that become payable only if certain events or rulings were to occur. The inherent uncertainty surrounding the timing and financial impact of these events or rulings prevents any meaningful measurement, which is necessary to assess any material impact on future liquidity. Such obligations include potential judgments, settlements, fines and other penalties resulting from actions, claims or proceedings. In the opinion of management, the Fund has no material pending actions, claims or proceedings that have not been either included in its accrued liabilities or in the financial statements.

Transactions with related parties

The Fund does not have any material transactions with any individuals or companies that are not considered independent to the Fund or any of its subsidiaries and/or affiliates.

Critical accounting estimates

The consolidated financial statements of the Fund have been prepared in accordance with Canadian GAAP. Certain accounting policies require management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, cost of sales, marketing and general and administrative expenses. Significant areas requiring the use of management estimates include the allowance for doubtful accounts, estimates of the useful life and estimated fair value of property, plant and equipment, and impairments thereon valuation of goodwill and intangibles and the impairment thereon, valuation allowance for future tax assets, the determination of the fair value of financial instruments, as the aggregate fair value amounts represent point in time estimates only and should not be interpreted as being realizable in an immediate settlement of the supply contracts, and the determination of unit based compensation. Estimates are based on historical experience, current information and various other assumptions that are believed to be reasonable under the circumstances. The emergence of new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates.

The following assessment of critical accounting estimates is not meant to be exhaustive. The Fund might realize different results from the application of new accounting standards promulgated, from time to time, by various rule-making bodies.

Unbilled revenues/Accrued gas accounts payable

Unbilled revenues result when customers consume more gas than has been delivered by Just Energy to the LDCs. These estimates are stated at net realizable value. Accrued gas accounts payable represents Just Energy's obligation to the LDC with respect to gas consumed by customers in excess of that delivered. This obligation is also valued at net realizable value. This estimate is required for the gas business unit only, since electricity is consumed at the same time as delivery. Management uses the current average customer contract price and the current average supply cost as a basis for the valuation.

Gas delivered in excess of consumption/Deferred revenues

Gas delivered to LDCs in excess of consumption by customers is valued at the lower of cost and net realizable value. Collections from LDCs in advance of their consumption results in deferred revenues which are valued at net realizable value. This estimate is required for the gas business unit only since electricity is consumed at the same time as delivery. Management uses the current average customer contract price and the current average supply cost as a basis for the valuation.

Allowance for doubtful accounts

Just Energy assumes the credit risk associated with the collection of customers' accounts in Alberta, Illinois, Texas, Pennsylvania, Maryland and California. In addition, for large direct-billed accounts in B.C. and Ontario, the Fund is responsible for the bad debt risk. Management estimates the allowance for doubtful accounts in these markets based on the financial conditions of each jurisdiction, the aging of the receivables, customer and industry concentrations, the current business environment and historical experience.

Goodwill

In assessing the value of goodwill for potential impairment, assumptions are made regarding Just Energy's future cash flow. If the estimates change in the future, the Fund may be required to record impairment charges related to goodwill. An impairment review of goodwill was performed during fiscal 2010 and as a result of the review, it was determined that no impairment of goodwill existed at March 31, 2010.

Fair value of derivative financial instruments and risk management

The Fund has entered into a variety of derivative financial instruments effectively all related to future supply contracts as part of the business of purchasing and selling gas, electricity and the JustGreen energy option. Just Energy enters into contracts with customers to provide electricity and gas at fixed prices and to provide comfort to certain customers that a specified amount of energy will be derived from green generation. These customer contracts expose Just Energy to changes in market prices to supply these commodities. To reduce the exposure to the commodity market price changes, Just Energy uses derivative financial and physical contracts to secure fixed-price commodity supply to match its estimated delivery or green commitment obligations.

The Fund's business model's objective is to minimize commodity risk other than consumption changes, usually attributable to weather. Accordingly, it is Just Energy's policy to hedge the estimated requirements of its customers with offsetting hedges of natural gas, electricity, renewable energy certificates and carbon offsets at fixed prices for terms equal to those of the customer contracts. The cash flow from these supply contracts is expected to be effective in offsetting the Fund's price exposure and serves to fix acquisition costs of gas, electricity and renewables to be delivered under the fixed-price or price-protected customer contracts. Just Energy's policy is not to use derivative instruments for speculative purposes.

The financial statements are in compliance with Section 3855 of the CICA Handbook, which requires a determination of fair value for all derivative financial instruments. Up to June 30, 2008, the financial statements also applied Section 3865 of the CICA Handbook which permitted a further calculation for qualified and designated accounting hedges to determine the effective and ineffective portion of the hedge. This calculation permitted the change in fair value to be predominantly accounted for in the statement of other comprehensive income. As of July 1, 2008, management decided that the increasing complexity and costs of maintaining this treatment outweighed the benefits. This fair value (and when it was applicable, the ineffectiveness) is determined using market information at the end of each quarter. Management believes the Fund remains economically hedged operationally across all jurisdictions.

Preference shares of JEC and trust units

As at May 19, 2010, there were 5,263,728 Class A preference shares of JEC outstanding and 124,857,456 units of the Fund outstanding.

JEEC Exchangeable Shares

A total of 21,271,804 Exchangeable Shares of JEEC were issued on July 1, 2009, for the purchase of Universal. JEEC shareholders have voting rights equivalent to the Fund's Unitholders and their shares are exchangeable on a 1:1 basis. As at May 19, 2010, 16,966,547 shares had been converted and there were 4,305,257 Exchangeable Shares outstanding.

Taxability of distributions

Cash and unit distributions received in calendar 2009 were allocated as 100% other income. Additional information can be found on our website at www.justenergy.com. Management estimates the distributions for calendar 2010 to be allocated in a similar manner to that of 2009.

Adoption of new accounting policies

As of April 1, 2009, the Fund adopted a new accounting standard that was issued by CICA in Handbook Section 3064, Goodwill and Intangible Assets, which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Just Energy adopted this standard retroactively as required by the standards.

In June 2009, CICA amended Handbook Section 3862, Financial Instruments – Disclosures, to adopt the amendments recently made by the International Accounting Standards Board ("IASB") to IFRS 7, Financial Instruments – Disclosures. The amendments require enhanced disclosure requirements about the fair value measurement, including the relative reliability of the inputs used in those measurements and about the liquidity risk of financial instruments. The amendments are effective for annual financial statements relating to fiscal years ending after September 30, 2009; therefore, the Fund has included these additional disclosures for the year ended March 31, 2010. As this standard only addresses disclosure requirements, there is no impact on the financial position of the Fund.

Recently issued accounting standards

The following are new standards, not yet in effect, which are required to be adopted by the Fund on the effective date:

Business Combinations

In October 2008, CICA issued Handbook Section 1582, Business Combinations ("CICA 1582"), concurrently with CICA Handbook Section 1601, Consolidated Financial Statements ("CICA 1601"), and CICA Handbook Section 1602, Non-controlling Interest ("CICA 1602"). CICA 1582, which replaces CICA Handbook Section 1581, Business Combinations, establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. CICA 1601, which replaces CICA Handbook Section 1600, carries forward the existing Canadian guidance on aspects of the preparation of consolidated financial statements subsequent to acquisition other than non-controlling interests. CICA 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination. These new standards are effective for fiscal years beginning on or after January 1, 2011. The Fund has not yet determined the impact of these standards on its consolidated financial statements.

International Financial Reporting Standards

In February 2008, CICA announced that GAAP for publicly accountable enterprises will be replaced by IFRS for fiscal years beginning on or after January 1, 2011. IFRS uses a conceptual framework similar to GAAP but there are significant differences on recognition, measurement and disclosures.

Just Energy will transition to IFRS effective April 1, 2011, and intends to issue its first interim financial statements under IFRS for the three-month period ending June 30, 2011, and a complete set of financial statements under IFRS for the year ending March 31, 2012.

Based on the initial assessment of the differences between Canadian GAAP and IFRS relevant to the Fund, an internal project team was assembled and a conversion plan was developed in March 2009 to manage the transition to IFRS. Project status reporting is provided to senior executive management and to the Audit Committee on a regular basis. We have also engaged an external advisor.

Our project consists of three phases: IFRS diagnostic assessment, solution development and implementation. The diagnostic phase, which was completed in 2009, involved a high-level review and the identification of major accounting differences between current Canadian GAAP and IFRS applicable to Just Energy. The Fund has recently completed phase 2, the solution development phase, including substantial completion of all policy papers which have been discussed with the external auditors. The IFRS project team is currently engaged in the implementation phase, which is the final phase of the project. This phase involves approval of the accounting policy choices, completing the collection of data required to prepare the financial statements, implementing changes to systems and business processes relating to financial reporting, key personnel training and the monitoring of standards currently being amended by the IASB. Just Energy has also commenced analysis of IFRS financial statement presentation and disclosure requirements. These assessments will need to be further analyzed and evaluated throughout the implementation phase of the Fund's project.

The initial assessment phase determined that the areas with the highest potential to significantly impact the fund include, but are not limited to, property, plant and equipment, impairment of assets, accounting for income taxes, financial instruments, employee benefits as well as the first time adoption of IFRS ("IFRS 1").

The Fund has selected IFRS 1 elective exemptions which are practical and provide the most relevant presentation on conversion to IFRS. The primary result of the exemptions selected is to apply certain IFRS differences prospectively, minimizing adjustments to the IFRS opening balance sheet.

It is expected that several transitional adjustments and changes in accounting policies will be made on the transition to IFRS. The transitional adjustments and subsequent accounting may result in other business impacts such as impacts on the debt covenants and capital requirements disclosure. The Fund is currently determining the direction of changes and quantifying the adjustments which cannot be reasonably determined at this time.

Based on the work completed to date, the transition is expected to have minimal impact on information technology and internal controls over financial reporting of the Fund.

Risk factors

Described below are the principal risks and uncertainties that Just Energy can foresee. It is not an exhaustive list, some future risks may be as yet unknown, and other risks, currently regarded as immaterial, could turn out to be material.

Credit, commodity and other market-related risks

Availability of supply

The risk of supply default is mitigated through credit and supply diversity arrangements. The Just Energy business model is based on contracting for supply to lock in margin. There is a risk that counterparties could not deliver due to business failure, supply shortage or be otherwise unable to perform their obligations under their agreements with Just Energy, or that Just Energy could not identify alternatives to existing counterparties. Just Energy continues to investigate opportunities to identify or secure additional gas suppliers and electricity suppliers. Just Energy's commodity contracts are predominantly with Shell, BP, Bruce Power, Constellation, Société Générale, Sempra and CP Energy Marketing (formerly and also known as "EPCOR"). Other suppliers represent less than 1% of our gas and 2% of our electricity supply.

Volatility of commodity prices – Enforcement

A key risk to the Just Energy's business model is a sudden and significant drop in the market price of gas or electricity resulting in some customers renouncing their contracts. Just Energy may encounter difficulty or political resistance for enforcement of liquidated damages and/or enactment of *force majeure* provisions in such a situation and be exposed to spot prices with a material adverse impact to cash flow. Continual monitoring of margin and exposure allows management of Just Energy time to adjust strategies, pricing and communications to mitigate this risk.

Availability of credit

In several of the markets in which Just Energy operates, payment is provided by LDCs only when the customer has paid for the consumed commodity (rather than when the commodity is delivered). Also, in some markets, Just Energy must inject gas inventory into storage in advance of payment. These factors, along with the seasonality of customer consumption, create working capital requirements necessitating the use of Just Energy's available credit. In addition, some of Just Energy's subsidiaries and affiliates are required to provide credit assurance, by means of providing guarantees or posting collateral, in connection with commodity supply contracts, license obligations and obligations owed to certain LDCs. Cash flow and distributions could be impacted by the ability of Just Energy to fund such requirements or to provide other satisfactory credit assurance for such obligations. To mitigate credit availability risk and its potential impact to cash flows, Just Energy has security arrangements in place pursuant to which commodity suppliers and the lenders under the credit facility hold security over substantially all of the assets of Just Energy (other than AESLP, NEC and TGF). AESLP, in turn, has similar arrangements in place solely with EPCOR. Other commodity suppliers' security requirements are met through cash margining, guarantees and letters of credit. The most significant assets of Just Energy consist of its contracts with customers, which may not be suitable as security for some creditors and commodity suppliers. To date, the credit facility and related security agreements have met the collateral posting and operational requirements of the business. Just Energy continues to monitor its credit and security requirements. Just Energy's business may be adversely affected if it is unable to meet cash obligations for operational requirements or its collateral posting requirements.

Market risk

Market risk is the potential loss that may be incurred as a result of changes in the market or fair value of a particular instrument or commodity. Although Just Energy manages its estimated customer requirements, net of contracted commodity to zero, it is exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements or where it has not been able to exactly purchase the estimated customer requirements. Just Energy is also exposed to interest rates associated with its credit facility and foreign currency exchange rates associated with the repatriation of U.S. dollar denominated funds for Canadian dollar denominated distributions. Just Energy's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets, and the absolute and relative levels of interest rates and foreign currency exchange rates. Just Energy enters into derivative instruments in order to manage exposures to changes in commodity prices and foreign currency rates; current exposure to interest rates does not economically warrant the use of derivative instruments. The derivative instruments that are used are designed to fix the price of supply for estimated customer commodity demand and thereby fix margins such that Unitholder distributions can be appropriately established. Derivative instruments are generally transacted over the counter. The inability or failure of Just Energy to manage and monitor the above-market risks could have a material adverse effect on the operations and cash flow of Just Energy.

Market risk governance

Just Energy has adopted a corporate-wide Risk Management Policy governing its market risk management and any derivative trading activities. An internal Risk Committee, consisting of senior officers of Just Energy monitors company-wide energy risk management activities as well as foreign exchange and interest rate activities. There is also a Risk Committee of the Board that oversees management. The Risk Office and the internal Risk Committee monitor the results and ensure compliance with the Risk Management Policy. The Risk Office is responsible for ensuring that Just Energy manages the market, credit and operational risks within limitations imposed by the Board of Directors in accordance with its Risk Management Policy. Market risks are monitored by the Risk Office and internal Risk Committee utilizing industry-accepted mark to market techniques and analytical methodologies in addition to company-specific measures. The Risk Office operates and reports independently of the traders. The failure or inability of Just Energy to comply with and monitor its Risk Management Policy could have an adverse effect on the operations and cash flow of Just Energy.

Energy trading inherent risks

Energy trading subjects Just Energy to some inherent risks associated with future contractual commitments, including market and operational risks, counterparty credit risk, product location differences, market liquidity and volatility. There is continuous monitoring and reporting of the valuation of identified risks to the internal Risk Committee, Executive Committee and the Risk Committee of the Board of Directors. The failure or inability of Just Energy to monitor and address the energy trading inherent risks could have a material adverse effect on its operations and cash flow.

Customer credit risk

In Alberta, Pennsylvania, Maryland, California, Texas and Illinois, credit review processes have been implemented to manage customer default as Just Energy has credit risk in these markets. The processes are also applied to commercial customers in other jurisdictions. In addition, there is a credit policy that has been established to govern these processes. If a significant number of residential customers or a collection of larger commercial customers for which Just Energy has the credit risk were to default on their payments, it could have a material adverse affect on the operations and cash flow of Just Energy. Management factors default from credit risk in its margin expectations for all customers in Illinois, Pennsylvania and Alberta and commercial customers where Just Energy has the credit risk.

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

Counterparty credit risk

Counterparty credit risk represents the loss that Just Energy would incur if a counterparty fails to perform under its contractual obligations. This risk would manifest itself in Just Energy replacing contracted supply at prevailing market rates, thus impacting the related customer margin or replacing contracted foreign exchange at prevailing market rates impacting the related Canadian dollar denominated distributions. Counterparty limits are established within the Risk Management Policy. Any exception to these limits requires approval from the Board of Directors of JEC. The Risk Office and internal Risk Committee monitor current and potential credit exposure to individual counterparties and also monitor overall aggregate counterparty exposure. The failure of a counterparty to meet its contractual obligations could have a material adverse effect on the operations and cash flow of Just Energy.

Electricity supply – Balancing risk

It is Just Energy's policy to procure the estimated electricity requirements of its customers with offsetting electricity swaps in advance of obtaining customers. Depending on several factors, including weather, Just Energy's customers may use more or less electricity than the volume purchased by Just Energy for delivery to them. Just Energy is able to invoice some of its existing electricity customers for balancing charges or credits when the amount of energy used is greater than or less than the amount of energy that Just Energy has estimated. For certain Texas and commercial customers, Just Energy bears the risk of fluctuation in customer consumption. Just Energy monitors consumption and has a balancing and pricing strategy to accommodate the estimated associated costs. In certain circumstances, there can be balancing issues for which Just Energy is responsible when customer aggregation forecasts are not realized.

Natural gas supply – Balancing risk

It is Just Energy's policy to procure the estimated gas requirements of its customers with offsetting gas physical forwards in advance of obtaining customers. Depending on several factors including weather, Just Energy's customers may use more or less gas than the volume purchased by Just Energy for delivery to them. Just Energy does not invoice its natural gas customers for balancing and, accordingly, bears the risk of fluctuation in customer consumption. Just Energy monitors gas consumption and has an options strategy that covers forecast differences in customer consumption due to weather variations as well as forecast LDC balancing requirements. The cost of this strategy is incorporated in the price to the customer. To the extent that forecast balancing requirements are outside the options purchased, Just Energy will bear financing responsibility, be exposed to market risk and, furthermore, may also be exposed to penalties by the LDCs. The inability or failure of Just Energy to manage and monitor these balancing risks could have a material adverse effect on its operations and cash flow. In addition, for certain commercial customers, Just Energy bears the risk of fluctuation in customer consumption. Just Energy monitors consumption and has a balancing and pricing strategy to accommodate for the estimated associated costs.

Operational risks

Information technology systems

Just Energy operates in a high volume business with an extensive array of data interchanges and market requirements. Just Energy is dependent on its management information systems to track, monitor and correct or otherwise verify a high volume of data to ensure the reported financial results are accurate. Management also relies on its management information systems to provide its independent contractors with compensation information and to electronically record each customer telephone interaction. Just Energy's information systems also help management forecast new customer enrolments and their energy requirements, which help ensure that the Fund is able to supply its new customers' estimated average energy requirements without exposing the Fund to the spot market beyond the risk tolerances established by the Risk Management Policy. The failure of Just Energy to install and maintain these systems could have a material adverse effect on the operations and cash flow of Just Energy.

Reliance on third party service providers

In all jurisdictions in which Just Energy operates, the LDCs currently perform billing and collection services except as follows: in the province of Alberta and state of Texas, where Just Energy is required to invoice and receive payments directly from its customers; in Illinois, where Just Energy is responsible for collection of defaulted amounts; in British Columbia and California, where Just Energy is required to invoice and receive payments from certain commercial customers and in Ontario, where Just Energy would be responsible for collection of defaulted amounts in respect of certain large volume users in one utility territory. To date, no defaults have been experienced in this last category. In 2005, Just Energy entered into a five-year agreement with EPCOR for the provision of billing and collection services for all of Just Energy's customers in Alberta which was amended and extended in December 2008. Pursuant to the amended agreement, EPCOR will continue to provide billing and collection services for AESLP until November 30, 2011, with respect to AESLP's existing customers. In the late summer of 2009, Just Energy began billing and collection services directly for all new customers signed and renewed customers. If the LDCs cease to perform these services, Just Energy would have to seek a third party billing provider or develop internal systems to perform these functions. There is no assurance that the LDCs will continue to provide these services in the future.

Outsourcing and offshoring arrangements

Just Energy has outsource arrangements predominantly to support the call centre's requirements for business continuity plans and independence for regulatory purposes. Contract data input is also outsourced as is some business continuity and disaster recovery. Some of the outsourcing contracts are offshore. As with any contractual relationship, there are inherent risks to be mitigated and these are actively managed, predominantly through quality control measures and regular reporting.

Competition

A number of companies (including Direct Energy, Superior Energy and MX Energy) and incumbent utility subsidiaries compete with Just Energy in the residential, commercial and small industrial market. It is possible that new entrants may enter the market as marketers and compete directly for the customer base that Just Energy targets, slowing or reducing its market share. If the LDCs are permitted by changes in the current regulatory framework to sell natural gas at prices other than cost, their existing customer bases could provide them with a significant competitive advantage. This may limit the number of customers available for marketers including Just Energy.

Dependence on independent sales contractors

Just Energy must retain qualified independent sales contractors despite competition among Just Energy's competitors. If Just Energy is unable to attract a sufficient number of independent sales contractors, Just Energy's customer additions and renewals may decrease and the Fund may not be able to execute its business strategy. The continued growth of Just Energy is reliant on distribution channels, including the services of its independent sales contractors. There can be no assurance that competitive conditions will allow these independent contractors, who are not employees of Just Energy or its affiliates, to achieve these customer additions. Lack of success in these marketing programs would limit future growth of the cash flow of Just Energy.

Just Energy has consistently taken the position that its independent sales contractors act independently pursuant to their contracts for service, which provide that Just Energy does not control how, where or when they provide their services. On occasion, an independent contractor may make a claim that they are entitled to a benefit pursuant to legislation even though they have entered into a contract with Just Energy that provides that they are not entitled to benefits normally available to employees and Just Energy must respond to these claims. Just Energy's position has been confirmed by regulatory bodies in many instances, but Just Energy is currently appealing the findings of two regulatory bodies (one in Canada and one in the U.S.). Should Just Energy be unsuccessful in its appeals, Just Energy would be required to remit unpaid tax amounts plus interest and might be assessed a penalty. It could also mean that Just Energy would have to reassess its position in respect of other regulatory matters affecting its independent sales contractors such as income tax treatment. Such a decision could have a material adverse effect on the operations and cash flow of Just Energy.

Electricity and gas contract renewals and attrition rates

As at March 31, 2010, Just Energy held long-term electricity and gas contracts reflecting approximately 2,293,000 long-term RCEs, and the renewal schedule for the contracts is noted on page 31. Just Energy has experienced contract attrition rates of approximately 13% in Canada and 16% in the U.S. for electricity with rates of 10% and 30% being realized for Canada and the U.S., respectively, for gas. Management forecasts using a combination of experienced and expected attrition per year; however, there can be no assurance that these rates of annual attrition will not increase in the future or that Just Energy will be able to renew its existing electricity and gas contracts at the expiry of their terms. Changes in customer behaviour, government regulation or increased competition may affect (potentially adversely) attrition and renewal rates in the future, and these changes could adversely impact the future cash flow of Just Energy. See page 31 for further discussion on "Failed to renew". Just Energy's experience is that approximately 73% and 79% of its Canadian and U.S. electricity customers, respectively, and 61% and 67% of its Canadian and U.S. gas customers, respectively, have renewed at the expiry of the term of their contract.

Cash distributions are not guaranteed and will fluctuate with the performance of Just Energy

Although Just Energy intends to distribute the interest and other income it earns less expenses and amounts, if any, paid by Just Energy in connection with the redemption of units, there can be no assurance regarding the amounts of income to be generated by the Fund's affiliates and paid, directly or indirectly to the Fund. The ability to distribute and the actual amount distributed in respect of the units will depend upon numerous factors, including profitability, fluctuations in working capital, debt service requirements (including compliance with credit facility obligations), the sustainability of margins, the ability of Just Energy to procure, at favourable prices, its estimated commitment to supply natural gas and electricity to its customers, the ability of Just Energy to secure additional gas and electricity contracts and other factors beyond the control of Just Energy. Management of Just Energy cannot make any assurances that the Fund's affiliates will be able to pass any additional costs arising from legislative changes (or any amendments) on to customers. Cash distributions are not guaranteed and will fluctuate with the performance of the Fund's affiliates and other factors.

Earnings volatility

Just Energy's business is seasonal in nature. In addition to regular seasonal fluctuations in its earnings, there is significant volatility in its earnings associated with the requirement to mark its commodity contracts to market. The earnings volatility associated with seasonality and mark to market accounting may be misconstrued as instability, thereby impacting access to capital. Management ensures there is adequate disclosure for both the mark to market and seasonality to mitigate this risk.

Model risk

The approach to calculation of market value and customer forecasts requires data-intensive modelling used in conjunction with certain assumptions when independently verifiable information is not available. Although Just Energy uses industry standard approaches and validates its internally developed models, results could change significantly should underlying assumptions prove incorrect or an embedded modelling error goes undetected in the vetting process.

Commodity alternatives

To the extent that natural gas and electricity enjoy a price advantage over other forms of energy, such price advantage may be transitory and consumers may switch to the use of another form of energy. The inherent volatility of natural gas and electricity prices could result in these other sources of energy providing more significant competition to Just Energy.

Capital asset and replacement risk

The retail business does not invest in a significant capital asset program; however, the water heater business and the ethanol plant are more capital-intensive businesses. The risk associated with water heater replacement is considered minimal as there are several suppliers of high efficiency tanks to source replacements, and individually, the units are not material. The risk associated with the capital assets of the ethanol plant are more significant as parts are not standard, components have a significant value associated and capital asset replacements could significantly impact operations during periods of upgrade or repair. Management monitors this risk in the ethanol business to ensure continuity of operations as demonstrated through the recent hammer mill project that replaced the roller mill technology.

Credit facilities and other debt arrangements

The credit facility maintained by Just Energy L.P. and Just Energy (U.S.) Corp. ("JEUS") is in the amount of $250 million. The lenders under such credit facility together with certain of the suppliers of Just Energy and its affiliates are parties to an intercreditor agreement and related security agreements which provide for a joint security interest over all customer contracts (except for those owned by AESLP). There are various covenants pursuant to the credit facility that govern the activities of the Fund and its subsidiaries and affiliates. The borrowers are required to submit monthly reports addressing, among other things, mark to market exposure, their borrowing base and a supply/demand projection. To date, the Fund's subsidiaries have met the requirements of the credit facility; however, should those subsidiaries default under the credit facility and it becomes unavailable, it could have a significant material adverse effect on the business of those subsidiaries and on the results of operations and financial performance of the Fund if it is not able to obtain other financing on satisfactory terms.

TGF also has a credit facility of up to $50 million and a debenture purchase agreement providing for the issuance of up to $40 million associated with the Belle Plaine facility. Security for these facilities includes a first priority security interest on all assets and an undertaking of TGF. These facilities include certain financial covenants of which certain requirements have not been met within the last year and have been waived by the lenders for fiscal 2011. The lenders have also agreed to defer certain principal payments during fiscal 2011. In addition, there is a term loan for $10 million and a working capital operating line of $7 million. The term loan is secured by liquid investments on deposit with the lender. There is a risk that these credit facilities, including the debenture purchase agreement, may not continue to be available on the same terms or at all given the compliance issues that TGF experienced under the facilities in 2009, which could result in the Belle Plaine facility ceasing to operate and a loss of the security pledged by TGF as security for advances under such credit facilities.

The Fund has guaranteed JEEC's obligations under the JEEC debentures in connection with the Universal acquisition. Risks associated with these debentures include dilution to Unitholders in the event they are converted into JEEC Exchangeable Shares, or JEEC Exchangeable Shares are issued to satisfy JEEC's obligations upon maturity or redemption, and such JEEC Exchangeable Shares are subsequently exchanged for units.

NHS has also entered into a long-term financing agreement with respect to the installation of water heaters (see page 39 for more information). In the event this financing becomes unavailable, it could have a material adverse affect on the Fund's home services business.

Disruptions to infrastructure

Customers are reliant upon the LDCs to deliver their contracted commodity. LDCs are reliant upon the continuing availability of the distribution infrastructure. Any disruptions in this infrastructure would result in counterparties, and thereafter, Just Energy enacting the *force majeure* clauses of their contracts. Under such severe circumstances there would be no revenue or associated cost of sales to report for the affected areas.

Expansion strategy and future acquisitions

The Fund plans to grow its business by expansion into additional deregulated markets through organic growth and acquisitions. The expansion into additional markets is subject to a number of risks, any of which could prevent the Fund from realizing its business strategy.

Acquisitions involve numerous risks, any one of which could harm the Fund's business, including difficulties in integrating the operations, technologies, products, existing contracts, accounting processes and personnel of the target and realizing the anticipated synergies of the combined businesses; difficulties in supporting and transitioning customers, if any, or assets of the target company may exceed the value the Fund realizes, or the value it could have realized if it had allocated the purchase price or other resources to another opportunity; risks of entering new markets or areas in which Just Energy has limited or no experience or are outside its core competencies; potential loss of key employees, customers and strategic alliances from either Just Energy's current business or the business of the target; assumption of unanticipated problems or latent liabilities, such as problems with the quality of the products of the target; and inability to generate sufficient revenue to offset acquisition costs.

Future acquisitions or expansion could result in the incurrence of additional debt and related interest expense, as well as unforeseen liabilities, all of which could have a material adverse effect on the Fund's business, results of operations and financial condition. The failure to successfully evaluate and execute acquisitions or otherwise adequately address the risks associated with acquisitions could have a material adverse effect on Just Energy's business, results of operations and financial condition. Just Energy may require additional financing should an appropriate acquisition be identified and it may not have access to the funding required for the expansion of its business or such funding may not be available to Just Energy on acceptable terms. There is no assurance that Just Energy will determine to pursue any acquisition or that such an opportunity, if pursued, will be successful.

Legal, regulatory and securities risks

Legislative and regulatory environment

Just Energy operates in the highly regulated natural gas and electricity retail sales industry in the provinces of Ontario, Manitoba, Quebec, British Columbia and Alberta and in the states of Illinois, Indiana, New York, Michigan, Ohio, California, Pennsylvania, New Jersey, Maryland and Texas. It must comply with the legislation and regulations in these jurisdictions in order to maintain its licensed status and to continue its operations. There is potential for change to this legislation and these regulatory measures that may favourably or unfavourably impact Just Energy's business model. As part of doing business as a door-to-door marketing company, Just Energy receives complaints from consumers which may involve sanctions from regulatory and legal authorities including those which issue marketing licences. Similarly, changes to consumer protection legislation in those provinces and states where Just Energy markets to non-commercial customers may favourably or unfavourably impact Just Energy's business model. Just Energy has a dedicated team of in-house regulatory advisors to ensure adequate knowledge of the legislation and regulations in order that operations may be advised of regulations pursuant to which procedures are required to be implemented and monitored to maintain licence status. When new markets are entered, the team assesses the market and determines if additional expertise (internal or external) is required. There is also a team that monitors and addresses complaints with a view to mitigating underlying causes of complaints.

In addition to the complaints and class actions referenced herein and litigation in the ordinary course of business, Just Energy may in the future be subject to class actions, other litigation and other actions arising in relation to its consumer contracts and marketing practices. See the "Legal proceedings" section on page 51 of this report. This litigation is, and any such additional litigation could be, time consuming and expensive and could distract our executive team from the conduct of Just Energy's daily business. The adverse resolution of any specific lawsuit could have a material adverse effect on our ability to favourably resolve other lawsuits and could adversely affect the Fund's financial condition and liquidity.

Investment eligibility

Just Energy will endeavour to ensure that the units continue to be qualified investments for registered retirement savings plans, deferred profit sharing plans, registered retirement income funds and registered education savings plans. The Tax Act imposes penalties for the acquisition or holding of non-qualified or ineligible investments and there is no assurance that the conditions prescribed for such qualified or eligible investments will be adhered to at any particular time.

Nature of units, convertible debentures and exchangeable shares

Securities such as the units, convertible debentures and exchangeable shares are hybrids in that they share certain attributes common to both equity securities and debt instruments. The units, convertible debentures and exchangeable shares do not represent a direct investment in the natural gas or electricity wholesale business and should not be viewed by investors as shares or securities in any of the Fund's affiliates. As holders of units, subject to the Trust Beneficiaries' Liability Act, 2004, Unitholders do not have the statutory rights normally associated with ownership of shares of a company including, for example, the right to bring "oppressive" or "derivative" actions. The units represent a fractional interest in the Fund. The Fund's primary assets are its direct and indirect interests in the securities of its affiliates. The price per unit is, among other things, a function of anticipated distributable income.

Redemption right

It is anticipated that the redemption right will not be the primary mechanism for Unitholders to liquidate their investments. JEC notes, notes of OESC Exchangeco II Inc. ("Exchangeco II"), a wholly owned subsidiary of the Fund, and the Fund notes (of which none are outstanding) may be distributed *in specie* to Unitholders in connection with a redemption and will not be listed on any stock exchange and no established market is expected to develop for such JEC notes, Exchangeco II notes and the Fund notes. Cash redemptions are subject to limitations.

Unitholder limited liability

The Declaration of Trust provides that no Unitholder will be subject to any liability in connection with the Fund or its assets or obligations, and in the event that a court determines that Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of, the Unitholders' share of the Fund's assets.

The Declaration of Trust further provides that the trustee and the Fund shall make all reasonable efforts to include, as a specific term of any obligations or liabilities being incurred by the Fund or the trustee on behalf of the Fund, a contractual provision to the effect that neither the Unitholders nor the trustee have any personal liability or obligations in respect thereof. The Administration Agreement contains such provisions. Personal liability may also arise in respect of claims against the Fund that do not arise under contracts, including claims in tort, claims for taxes and possibly certain other statutory liabilities. As the Fund's activities are generally limited to investing in securities issued by its affiliates, the possibility of any personal liability of this nature arising is considered remote.

On December 16, 2004, the Government of Ontario passed the Trust Beneficiaries' Liability Act, 2004, which limits the liability of holders of trust units, in a manner similar to that afforded to holders of shares of Ontario incorporated limited liability corporations. The legislation provides that the beneficiaries of a trust are not as beneficiaries, liable for any act, default, obligation or liability of the trust or any of its trustees that arises after the act became law if, when the act or default occurs or the obligation or liability arises: (a) the trust is a reporting issuer under the Securities Act (Ontario); and (b) the trust is governed by the laws of Ontario. The Fund is a reporting issuer under the Securities Act (Ontario) and is governed by the laws of Ontario. However, the courts have not yet had an opportunity to consider this legislation.

The operations of the Fund will be conducted, upon the advice of counsel, in such a way and in such jurisdictions as to avoid as far as possible any material risk of liability on the Unitholders for claims against the Fund.

Distribution of common shares and notes on termination of the Fund

Upon termination of the Fund, the trustee may distribute the common shares, Exchangeco common shares, JEC notes, Exchangeco II notes and the Fund notes directly to the Unitholders, subject to obtaining all required regulatory approvals. There is currently no market for the common shares, Exchangeco common shares, Exchangeco II notes, JEC notes, or the Fund notes. In addition, the common shares, Exchangeco common shares, Exchangeco II notes, JEC notes and the Fund notes are not freely tradable and are not currently listed on any stock exchange.

The Fund may issue additional units diluting existing Unitholders' interests

The Declaration of Trust authorizes JEC as administrator to cause the Fund to issue an unlimited number of units for such consideration and on such terms and conditions as shall be established by the Administrator without the approval of any Unitholders. Additional units have been and will be issued by the Fund on the exercise of the Exchangeco II Exchange Rights relating to the Class A preference shares.

Restrictions on potential growth

The payout by the Fund's affiliates of the vast majority of all of their operating cash flow will make additional capital and operating expenditures dependent on increased cash flow or additional financing in the future. Lack of such funds could limit the future growth of Just Energy and its cash flow.

Changes in securities legislation

There can be no assurance that the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders. If the Fund ceases to qualify as a "mutual fund trust" under the Tax Act, the units will cease to be qualified investments for registered retirement savings plans, deferred profit sharing plans, registered retirement income funds and registered education savings plans.

Risks relating to certain of the Fund's subsidiaries

The following risk factors relate to the respective businesses conducted by TGF and NHS, subsidiaries of the Fund acquired pursuant to the Universal acquisition, and are in addition to the risk factors set forth above and in the Annual Information Circular. The Fund's subsidiaries are immaterial to the total result of the business. TGF and NHS had a net loss of $9.7 million versus the total net income of $231.5 million realized by the Fund for the year ended March 31, 2010. In addition, TGF and NHS generated 2.8% of the gross margin for the year ended March 31, 2010, and held 19% of the total assets.

Leverage and restrictive covenants

TGF's use of debt financing makes it more difficult for it to operate because it must make principal and interest payments on the indebtedness and abide by covenants contained in its debt financing agreements. The level of TGF's debt may have implications on TGF's operations, including, among other things: (i) limiting TGF's ability to obtain additional debt financing; (ii) making TGF vulnerable to increases in prevailing interest rates; (iii) requiring TGF to dedicate a substantial portion of its cash flow from operations to interest and principal payments in respect of its indebtedness, thereby reducing the availability of cash flow for working capital, capital expenditures and other general corporate expenditures; (iv) placing TGF at a competitive disadvantage because it may be substantially more leveraged than some of its competitors; (v) subjecting all or substantially all of TGF's assets to liens, which means that there may be no assets left for the Fund in the event of a liquidation; (vi) limiting TGF's ability to adjust to changing market conditions, which could make it more vulnerable to a downturn in the general economic conditions of its business; and (vii) limiting TGF's ability to make business and operational decisions, including, without limitation, limiting TGF's ability to pay dividends, make capital improvements, sell or purchase assets or engage in transactions TGF deems to be appropriate and in its best interest.

TGF's ability to make payments on and refinance its indebtedness will depend on its ability to generate cash from its future operations. TGF's ability to generate cash from future operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond TGF's control. If TGF is unable to comply with applicable restrictive covenants or service its debt, TGF may lose control of its business and be forced to reduce or delay planned capital expenditures, sell assets, restructure its indebtedness or submit to foreclosure proceedings, all of which could result in a material adverse effect upon TGF's business, results of operations and financial condition. TGF's future debt arrangements may also include subordinated debt, which may contain even more restrictions and be on less favourable terms than TGF's existing senior debt and subordinated debt.

Reliance on proprietary technology; risk of claims for infringement

The ability of TGF to operate its Belle Plaine facility and for it to be economically viable depend on intellectual property and proprietary technology (collectively, "proprietary technology") licensed from third parties. No assurance can be given that the proprietary technology may not be circumvented, misappropriated, disclosed, infringed or required to be licensed to others. TGF's rights are non-exclusive and accordingly others may use the proprietary technology to conduct a competitive ethanol production business. Third parties may claim that the use of the proprietary technology has infringed their rights or may directly or indirectly challenge TGF's right to the proprietary technology. It is possible that litigation by TGF or others may be required to protect the proprietary technology or TGF's right to use it, or to determine the validity or scope of the rights of others. Such litigation can be time consuming and expensive, cause delays in TGF's operations or require TGF to enter into licensing arrangements that may require the payment of license fees or royalties to others. Such royalty or licensing arrangements, if required, may not be available on terms acceptable to TGF.

Dependence on commodity prices

TGF's results of operations, financial position and business outlook are substantially dependent on commodity prices, especially prices for wheat, natural gas, ethanol and distillers grains. Prices for these commodities are generally subject to significant volatility and uncertainty. As a result, TGF's results may fluctuate substantially, and TGF may experience periods of declining prices for TGF's products and increasing costs for TGF's raw materials, which could result in operating losses. TGF may attempt to offset a portion of the effects of such fluctuations by entering into forward contracts to supply ethanol or to purchase wheat, natural gas or other items or by engaging in other hedging transactions; however, the amount and duration of these hedging and other risk mitigation activities may vary substantially over time. In addition, these activities involve substantial costs and substantial risks and may be ineffective to mitigate these fluctuations.

Sensitivity to gasoline prices and demand

Ethanol is marketed both as a fuel additive to reduce vehicle emissions from gasoline and as an octane enhancer to improve the octane rating of gasoline with which it is blended. As a result, ethanol prices are influenced by the supply and demand for gasoline (which is itself influenced by the supply and demand for crude oil).

Sensitivity to wheat prices and supply

Wheat is the principal raw material TGF will use to produce ethanol and distillers grains. As a result, changes in the price of wheat can significantly affect TGF's business. At certain levels, wheat prices would make ethanol uneconomical to use in fuel markets. The price of wheat is influenced by local and international weather conditions (including droughts) and other factors affecting crop yields, farmer planting decisions and general economic, market and regulatory factors, including government policies and subsidies with respect to agriculture and international trade, and global and local supply and demand. The significance and relative effect of these factors on the price of wheat is difficult to predict. Any event that tends to negatively affect the supply of wheat, such as adverse weather or crop disease, could increase wheat prices and potentially harm TGF's business. The price of wheat has fluctuated significantly in the past and may fluctuate significantly in the future.

TGF may also have difficulty from time to time in purchasing wheat on economic terms due to supply shortages. Any supply shortage could require TGF to suspend operations until wheat became available on economic terms.

Sensitivity to natural gas prices and supply

TGF relies upon third parties for TGF's supply of natural gas, which is consumed in the manufacture of ethanol. The prices for and availability of natural gas are subject to volatile market conditions. These market conditions are affected by factors beyond TGF's control such as weather conditions (including hurricanes), overall economic conditions and foreign and domestic governmental regulation and relations. Significant disruptions in the supply of natural gas could impair TGF's ability to manufacture ethanol for TGF's customers.

Sensitivity of distillers grain prices to the price of other commodity products

Distillers grains compete with other protein-based animal feed products. The price of distillers grains may decrease when the price of competing feed products decrease. The prices of competing animal feed products are based in part on the prices of the commodities from which they are derived. Downward pressure on commodity prices, such as soybeans, will generally cause the price of competing animal feed products to decline, resulting in downward pressure on the price of distillers grains. Because the price of distillers grains is not tied to production costs, decreases in the price of distillers grains will result in TGF generating less revenue and lower profit margins.

Dependence on federal and provincial legislation and regulation

Various laws, regulations and programs of the United States federal government and certain provincial and state governments are intended to lead to increased use of ethanol in gasoline. For example, certain existing and proposed laws, regulations and programs provide (or if implemented will provide) economic incentives to ethanol producers and users; however, existing and proposed laws may be influenced by those who believe that the use of ethanol does not create the benefits suggested by proponents of increased ethanol usage. These existing and proposed laws, regulations and programs are constantly changing. In both the U.S. and Canada, legislators and environmental regulators could adopt or modify existing or proposed laws, regulations or programs that could adversely affect the use of ethanol.

There can be no assurance that existing laws, regulations or programs will continue in the future, or that proposed laws, regulations or programs will be adopted or implemented as currently anticipated or at all. In addition, certain jurisdictional governments may oppose the use of ethanol because those jurisdictions might have to acquire ethanol from other jurisdictions, which could increase gasoline prices in those jurisdictions.

Environmental, health and safety laws, regulations and liabilities

TGF owns the land on which it has built the Belle Plaine facility. TGF is subject to various federal, provincial and local environmental laws and regulations, including those relating to the discharge of materials into the air, water and ground, the generation, storage, handling, use, transportation and disposal of hazardous materials, and the health and safety of TGF's employees. These laws and regulations require TGF to maintain and comply with numerous environmental permits to operate its Belle Plaine facility. These laws, regulations and permits can often require expensive pollution control equipment or operational changes to limit actual or potential impacts on the environment. A violation of these laws, regulations or permit conditions can result in substantial fines, natural resource damages, criminal sanctions, permit revocations and/or facility shutdowns.

Environmental issues, such as contamination and compliance with applicable environmental standards could arise at any time during the operation of the Belle Plaine facility. If this occurs, it could require TGF to spend significant resources to remedy the issues and may have a material adverse impact on the operation of the Belle Plaine facility.

There is a risk of liability for the investigation and cleanup of environmental contamination at each of the properties that TGF owns or operates. If hazardous substances have been or are disposed of or released at sites that undergo investigation and/or remediation by regulatory agencies, TGF may be responsible under environmental laws for all or part of the costs of investigation and/or remediation, and for damages to natural resources. TGF may also be subject to related claims by private parties, including TGF's employees and property owners or residents near the Belle Plaine facility, alleging property damage and personal injury due to exposure to hazardous or other materials at or from its Belle Plaine facility. Additionally, employees, property owners or residents near the Belle Plaine facility could object to the air emissions or water discharges from the Belle Plaine facility. Ethanol production has been known to produce an unpleasant odour. Environmental and public nuisance claims or toxic tort claims could be brought against TGF as a result of this odour or TGF's other releases to the air or water. Some of these matters may require TGF to expend significant resources for investigation, cleanup, installation of control technologies or other compliance-related items, or other costs.

In addition, new laws, new interpretations of existing laws, increased governmental enforcement of environmental laws or other developments could require TGF to make additional significant expenditures. Continued government and public emphasis on environmental issues may result in increased future investments for environmental controls at the Belle Plaine facility. For example, federal and state environmental authorities have recently been investigating alleged excess volatile organic compounds and other air emissions from certain U.S. ethanol plants, which could also occur in Canada. Present and future environmental laws and regulations (and interpretations thereof) applicable to TGF's operations, more vigorous enforcement policies and discovery of currently unknown conditions may require substantial capital and other expenditures.

The hazards and risks associated with producing and transporting TGF's products (such as fires, natural disasters, explosions, and abnormal pressures and blowouts) may also result in personal injury claims by employees, third parties or damage to property owned by TGF or by third parties. As protection against operating hazards, TGF maintains insurance coverage against some, but not all, potential losses. However, TGF could sustain losses for uninsurable or uninsured events, or in amounts in excess of existing insurance coverage.

Disruptions to infrastructure or in the supply of fuel or natural gas

TGF's business depends on the continuing availability of rail, road, storage and distribution infrastructure. Any disruption in this infrastructure network, whether caused by rail car shortages, earthquakes, storms, other natural disasters or human error or malfeasance, could have a material adverse effect on TGF's business. TGF relies upon third parties to maintain the rail lines from the Belle Plaine facility to the national rail network, and any failure on their part to provide rail cars or maintain the lines could impede TGF's delivery of productions, impose additional costs on TGF and could have a material adverse effect on TGF's business, results of operations and financial condition.

TGF's business also depends on the continuing availability of raw materials, including fuel and natural gas. The production of ethanol, from the planting of wheat to the distribution of ethanol to refiners, is highly energy intensive. Significant amounts of fuel and natural gas are required for the growing, fertilizing and harvesting of wheat, as well as for the fermentation, distillation and transportation of ethanol and the drying of distillers grains. A serious disruption in supplies of fuel or natural gas, or significant increases in the prices of fuel or natural gas could significantly reduce the availability of raw materials at the Belle Plaine facility and increase TGF's production costs.

Technological advances

TGF expects that technological advances in the processes and procedures for processing ethanol will continue to occur. It is possible that those advances could make the processes and procedures that TGF intends to utilize at the Belle Plaine facility less efficient or obsolete, or cause the ethanol TGF intends to produce to be of a lesser quality. These advances could also allow TGF's competitors to produce ethanol at a lower cost than TGF. If TGF is unable to adopt or incorporate technological advances, TGF's ethanol production methods and processes could be less efficient than those of its competitors, which could cause the Belle Plaine facility to become less competitive.

Ethanol production methods are also constantly advancing. A current trend in ethanol production research is to develop an efficient method of producing ethanol from cellulose-based biomass such as agricultural waste, forest residue and municipal solid waste. Another trend in ethanol production research is to produce ethanol through a chemical process rather than a fermentation process, thereby significantly increasing the ethanol yield per pound of feedstock. Although current technology does not allow these production methods to be competitive, new technologies may develop that would allow these methods to become viable means of ethanol production in the future. If TGF is unable to adopt or incorporate these advances into its operations, TGF's cost of producing ethanol could be significantly higher than those of its competitors, which could make the Belle Plaine facility less competitive.

In addition, alternative fuels, additives and oxygenates are continually under development. Alternative fuel additives that can replace ethanol may be developed, which may decrease the demand for ethanol. It is also possible that technological advances in engine and exhaust system design and performance could reduce the use of oxygenates, which would lower the demand for ethanol, in which case TGF's business, results of operations and financial condition may be materially adversely affected.

Buyouts and returns of water heaters

Just Energy's customers are permitted to purchase their rented water heaters at a price determined with reference to the price of the water heater at the time of installation or may terminate their rental agreement with NHS at any time. If customers choose to buy their installed water heaters or terminate their rental agreement, the number of installed water heaters and the composition of the portfolio of installed water heaters could change.

Social or technological changes affecting the water heater market

Within Canada, the Ontario marketplace is unique in that the vast majority of homeowners rent their water heaters; however, there can be no assurance that NHS' customers will continue to rent their water heaters. 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.

Concentration of water heater suppliers and product faults

Although there are a number of manufacturers of water heaters, NHS relies principally on GSW Inc. ("GSW") for its supply of water heaters. Should this supplier fail to deliver in a timely manner, delays or disruptions in the supply and installation of water heaters could result.

In addition, 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. Although NHS maintains what it believes to be suitable product liability insurance, there can be no assurance that NHS will be able to maintain such insurance on acceptable terms or that any such insurance will provide adequate protection against potential liabilities, including product recalls.

Geographic concentration of the Canadian water heater market

The Canadian water heater rental market is primarily limited to the province of Ontario. A prolonged downturn in the Ontario economy and a corresponding slowdown in new home construction could have an adverse effect on the demand for additional water heaters in Ontario.

Legal proceedings

On March 3, 2008, the Citizen's Utility Board, AARP and Citizen Action/Illinois filed a complaint before the Illinois Commerce Commission ("ICC") alleging that independent sales agents used deceptive practices in the sale of Just Energy contracts to Illinois customers. On October 14, 2009, the complaint proceeded to a hearing by the ICC. On April 14, 2010, the ICC released its order finding that Just Energy had committed ten violations and imposed a penalty of $0.1 million. Pursuant to the order, Just Energy is required to undertake an independent audit to confirm its compliance with the regulations and to change certain sales and marketing processes.

The State of California has filed a number of complaints to the Federal Regulatory Energy Commission ("FREC") against many suppliers of electricity, including Commerce, a subsidiary of the Fund, with respect to events stemming from the 2001 energy crises in California. Pursuant to the complaints, the State of California is challenging FREC's enforcement of its market-based rate system. Although CEI did not own generation, the State of California is claiming that CEI was unjustly enriched by the run-up caused by the alleged market manipulation by other market participants. The proceedings are currently ongoing. On March 18, 2010, the Administrative Law Judge granted the motion to strike for all parties in one of the complaints holding that California did not prove that the reporting errors masked the accumulation of market power. California has appealed the decision.

Just Energy will resolve or vigorously contest the claims in these matters and in any other non-material litigation matters. Management believes that the pending legal actions against JEIC and Commerce are not expected to have a material impact on the financial condition of the Fund at this time.

Controls and procedures

Disclosure controls and procedures

Except for the limitation on scope of design of disclosure, controls and procedures as noted below, Just Energy maintains appropriate systems, procedures and controls to ensure that information disclosed externally is complete, reliable and timely. Just Energy's Chief Executive Officer and Chief Financial Officer evaluated, or caused an evaluation under their direct supervision of, the design and operating effectiveness of the Fund's disclosure controls and procedures (as defined in National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings) as at March 31, 2010, and have concluded that such disclosure controls and procedures were appropriately designed and were operating effectively.

Internal control over financial reporting

Except for the limitation on scope of the internal controls over financial reporting as noted below, Just Energy has established adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Fund's financial reporting and the preparation of the financial statements for external purposes in accordance with GAAP. Just Energy's Chief Executive Officer and Chief Financial Officer assessed, or caused an assessment under their direct supervision of the design and operating effectiveness of the Fund's internal controls over financial reporting (as defined in National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings) as at March 31, 2010, using the Internal Control over Financial Reporting – Guidance for Smaller Public Companies published by The Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on the assessment they concluded that Just Energy's internal controls over financial reporting were appropriately designed and were operating effectively.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, among other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; (ii) the impact of any undetected errors; and (iii) controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override.

The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Changes in internal control over financial reporting

There have been no changes in the Fund's policies and procedures that comprise its internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Fund's internal control over financial reporting during the year ended March 31, 2010.

Limitation on scope of design

Section 3.3(1) of National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings, states that the Fund may limit its design of disclosure controls and procedures and internal controls over financial reporting for a business that it acquired not more than 365 days before the end of the financial period to which the certificate relates. Under this section, the Fund's CEO and CFO have limited the scope of the design, and subsequent evaluation, of disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of the subsidiaries TGF and NHS acquired on July 1, 2009 as part of the UEG acquisition.

Summary financial information pertaining to the UEG acquisition that was included in the consolidated financial statements of the Fund is as follows:

(thousands of dollars)

	TGF	NHS	Total
Revenue[1]	$ 56,455	$ 8,886	$ 65,341
Net loss[1]	(6,861)	(2,887)	(9,748)
Current assets[2]	10,792	6,579	17,371
Non-current assets[2]	150,236	84,913	235,149
Current liabilities[2]	67,351	12,574	79,925
Non-current liabilities[2]	37,358	53,920	91,278

[1] Results from July 2, 2009 to March 31, 2010.

[2] Balance sheet as at March 31, 2010.

Corporate governance

Just Energy is committed to transparency in our operations and our approach to governance meets all recommended standards. Full disclosure of our compliance with existing corporate governance rules is available on our website at www.justenergy.com and is included in the Fund's May 23, 2010 management proxy circular. Just Energy actively monitors the corporate governance and disclosure environment to ensure timely compliance with current and future requirements.

Outlook

On April 19, 2010, Just Energy announced the intent to purchase all of the shares of Hudson, a privately held commercial energy marketing company operating in New York, New Jersey, Illinois and Texas. The funding for the acquisition totalling $330 million was completed through the sale of 6% convertible debentures to a syndicate of underwriters. The transaction closed on May 7, 2010.

Just Energy believes that Hudson is a strong strategic fit and will significantly accelerate Just Energy's development as a leading North American energy marketing business. Hudson will add significant depth and focus to Just Energy's growing commercial marketing business. Eighty-five per cent of Hudson's customers are commercial while 65% of Just Energy customers are residential. Hudson generates sales through its independent broker and contractor marketing channels. Just Energy has not meaningfully utilized the broker channel as an aggregation tool. With its Sales Portal technology, Hudson also has technology that enables more efficient selling of Hudson's products to commercial customers through the broker channel and through direct sales. Just Energy's management believes that this technology can be used in all of the jurisdictions in North America where Just Energy currently operates.

The Hudson acquisition on a pro forma basis was materially accretive to the combined company's EBITDA for the year ended March 31, 2010. Management anticipates that this accretion will continue under combined operations. There will be some one-time transition costs in the second and third quarters of fiscal 2011 but the transaction is expected to be accretive in fiscal 2011 after these expenses.

Just Energy Income Fund has announced that it plans to reorganize its income trust structure into a high-dividend-paying corporation. Unitholders will be asked to approve by way of a plan of arrangement (the "Arrangement") the reorganization at the Fund's Annual and Special Meeting of Unitholders scheduled for June 29, 2010.

Upon completion of the reorganization, the Board intends to implement a dividend policy where monthly dividends will be initially set at $0.1033 per share ($1.24 annually) equal to the current distributions paid to Just Energy Unitholders.

The federal government's announcement on October 31, 2006, of the pending imposition of a tax on income trusts effective January 1, 2011, caused Just Energy to analyze options which would maximize Unitholder value for the long term. The conclusion of the analysis was that conversion to a high-dividend corporation was the optimal option available to the Fund. The proposed reorganization offers a number of benefits:

- The conversion to a corporation will result in a lower overall tax burden versus payment of the trust tax after January 1, 2011.
- The unique nature of Just Energy as a growth company with high return on invested capital allows it to pay both a substantial yield and continue to grow. This remains true regardless of whether Just Energy is an income fund or a corporation.
- The receipt of $1.24 per year in dividends will result in a substantially higher after-tax cash yield to shareholders than that of $1.24 in distributions for most taxable Canadian Unitholders.
- As a corporation, Just Energy will have greater access to capital markets to the extent that issuance of equity should be required for growth through acquisition.
- Limitations under the proposed tax on undue expansion of trusts and foreign ownership limitations on trusts will no longer apply to Just Energy.
- The high-dividend yield as a corporation combined with Just Energy's growth prospects will focus market attention on the value of Just Energy shares.

In anticipation of need for conversion, the Fund has not increased its rate of distribution since early 2008 despite substantial growth in its business. Distributions have been maintained by Just Energy at $0.1033 per month ($1.24 annually) supplemented by annual Special Distributions ($0.20 payable January 31, 2010, being the most recent). The decision not to continue distribution increases and the continued growth of Just Energy have given the Fund the flexibility to continue to pay a dividend equal to the current monthly distributions following the reorganization. This ability makes full allowance for the payment of tax by Just Energy and does not rely on a merger with tax-loss-bearing companies.

Management believes that Just Energy will again grow its key operating measures during fiscal 2011. Overall, management believes that a return to targeted attrition rates as the U.S. economy recovers is a key factor in the level of Just Energy's growth going forward. Customer additions are at record levels but the benefit of this is absorbed by high attrition rates in the United States. Company growth expectations are predicated on some recovery in the U.S. but not full recovery to pre-recession levels. The addition of Hudson will be accretive to the Fund's growth on a fully diluted per unit basis, although this growth will be offset to a degree by one-time transition costs.

Management's best expectation is that distributable cash after gross margin replacement will grow by approximately 5% to 10%, including the acquisition from Hudson. Total RCEs are expected to grow after all attrition and failure to renew over and above the customers brought with Hudson. However, management is not in a position to provide guidance on the level of customer growth pending acquisition of the Hudson sales force and its integration into Just Energy. Investors will be updated in future quarters on the customer growth expectations.

Sales of the JustGreen products have been very strong with approximately 39% of all customers added in the current year taking 81% of green energy supply. Although currently a small component of the overall customer book (2% of gas customers and 5% of electricity customers), continued sales of JustGreen products at these levels will alter the economics of Just Energy as green customers generate higher per customer margins than the past five-year fixed-rate customers. As these new green customers become a higher and higher percentage of the overall Just Energy customer base, the results should be higher margins per customer and improved renewal rates.

The Fund intends to continue its geographic expansion into new markets in the United States both through organic growth and focused acquisitions. The Fund intends to enter Massachusetts in the first quarter and Pennsylvania in the third quarter of fiscal 2011. The Fund is actively reviewing a number of further possible acquisitions. Just Energy continues to monitor the progress of the deregulated markets in various jurisdictions. In addition, Just Energy is pursuing the development of alternative sales channels to enhance its continued growth in customer additions.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Just Energy Income Fund and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles. The consolidated financial statements include some amounts that are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects. Financial information presented elsewhere in this annual report has been prepared on a consistent basis with that in the consolidated financial statements.

Just Energy Income Fund maintains systems of internal accounting and administrative controls. These systems are designated to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Fund's assets are properly accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and is comprised entirely of non-management directors. The Audit Committee meets periodically with management and the external auditors, to discuss auditing, internal controls, accounting policy and financial reporting matters. The committee reviews the consolidated financial statements with both management and the external auditors and reports its findings to the Board of Directors before such statements are approved by the Board.

The consolidated financial statements have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Unitholders. The external auditors have full and free access to the Audit Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of the financial reporting and the effectiveness of the system of internal controls.

On behalf of Just Energy Income Fund by Just Energy Corp., as administrator.

(signed)

Ken Hartwick
Chief Executive Officer and President

(signed)

Beth Summers
Chief Financial Officer

AUDITORS' REPORT TO THE UNITHOLDERS

We have audited the consolidated balance sheets of Just Energy Income Fund as at March 31, 2010 and 2009 and the consolidated statement of operations, unitholders' equity, comprehensive income and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(signed)

Chartered Accountants, Licensed Public Accountants
Toronto, Canada

May 19, 2010

CONSOLIDATED BALANCE SHEETS

As at March 31
(thousands of dollars)

	2010	2009
ASSETS		
CURRENT		
Cash	$ 60,132	$ 59,094
Restricted cash *(Note 4)*	18,650	7,609
Accounts receivable	348,892	249,480
Gas delivered in excess of consumption	7,410	–
Gas in storage	4,058	6,690
Inventory	6,323	257
Unbilled revenues	20,793	57,779
Prepaid expenses and deposits	20,038	2,020
Current portion of future income tax assets (Note 9)	29,139	–
Other assets – current *(Note 13a)*	2,703	5,544
	518,138	388,473
FUTURE INCOME TAX ASSETS *(Note 9)*	85,197	–
PROPERTY, PLANT AND EQUIPMENT *(Note 6)*	218,616	19,971
INTANGIBLE ASSETS *(Note 7)*	346,216	5,097
GOODWILL	177,887	117,061
LONG-TERM RECEIVABLE	2,014	–
OTHER ASSETS – LONG TERM *(Note 13a)*	5,027	5,153
	$ 1,353,095	$ 535,755
LIABILITIES		
CURRENT		
Bank indebtedness *(Note 8b iv)*	$ 8,236	$ –
Accounts payable and accrued liabilities	226,950	173,833
Unit distribution payable	13,182	10,977
Corporate taxes payable	6,410	1,906
Current portion of future income tax liabilities *(Note 9)*	6,776	–
Deferred revenue	7,202	–
Accrued gas accounts payable	15,093	41,379
Current portion of long-term debt (Note 8)	62,829	–
Other liabilities – current *(Note 13a)*	685,200	519,352
	1,031,878	747,447
LONG-TERM DEBT *(Note 8)*	231,837	76,500
DEFERRED LEASE INDUCEMENTS	1,984	2,382
OTHER LIABILITIES – LONG TERM *(Note 13a)*	590,572	401,720
	1,856,271	1,228,049
NON-CONTROLLING INTEREST	20,603	292
UNITHOLDERS' EQUITY (DEFICIENCY)		
Deficit	$(1,423,698)	$(1,470,277)
Accumulated other comprehensive income *(Note 10)*	221,969	364,566
	(1,201,729)	(1,105,711)
Unitholders' capital	659,118	398,454
Contributed surplus	18,832	14,671
Unitholders' deficit	(523,779)	(692,586)
	$ 1,353,095	$ 535,755

Guarantees (Note 17) Commitments (Note 18) *Contingencies (Note 19) Subsequent event (Note 23)*

See accompanying notes to consolidated financial statements

Approved on behalf of Just Energy Income Fund by Just Energy Corp., as administrator.

(signed)
Rebecca MacDonald, Executive Chair

(signed)
Michael Kirby, Corporate Director

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended March 31
(thousands of dollars, except per unit amount)

	2010	2009
SALES	$ 2,299,231	$ 1,899,213
COST OF SALES	1,883,898	1,576,397
GROSS MARGIN	415,333	322,816
EXPENSES		
General and administrative expenses	88,423	59,586
Marketing expenses	95,760	68,093
Bad debt expense	17,940	13,887
Amortization of intangible assets and related supply contracts	58,548	3,594
Amortization of property, plant and equipment	7,897	5,100
Unit based compensation	4,754	4,098
Capital tax expense	522	220
	273,844	154,578
INCOME BEFORE THE UNDERNOTED	141,489	168,238
INTEREST EXPENSE *(Note 8)*	16,134	3,857
CHANGE IN FAIR VALUE OF DERIVATIVE INSTRUMENTS *(Note 13a)*	1,282	1,336,976
OTHER INCOME	(3,515)	(7,604)
INCOME (LOSS) BEFORE INCOME TAX	127,588	(1,164,991)
RECOVERY OF INCOME TAX *(Note 9)*	(100,260)	(57,460)
NON-CONTROLLING INTEREST	(3,648)	(58)
NET INCOME (LOSS)	$ 231,496	$(1,107,473)

See accompanying notes to consolidated financial statements

Income (loss) per unit *(Note 15)*		
Basic	$ 1.81	$ (10.03)
Diluted	$ 1.79	$ (10.03)

CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY (DEFICIT)

For the years ended March 31
(thousands of dollars)

	2010	2009
ACCUMULATED EARNINGS (DEFICIT)		
Accumulated earnings (deficit), beginning of year	$ (712,427)	$ 392,082
Adjustment for change in accounting policy	–	2,964
Net income (loss)	231,496	(1,107,473)
Accumulated deficit, end of year	(480,931)	(712,427)
DISTRIBUTIONS		
Distributions, beginning of year	(757,850)	(604,013)
Distributions and dividends on Exchangeable Shares	(179,839)	(148,944)
Class A preference share distributions – net of income taxes of $2,501 (2009 – $2,767)	(5,078)	(4,893)
Distributions, end of year	(942,767)	(757,850)
DEFICIT	(1,423,698)	(1,470,277)
ACCUMULATED OTHER COMPREHENSIVE INCOME *(Note 10)*		
Accumulated other comprehensive income, beginning of year	364,566	40,789
Other comprehensive income (loss)	(142,597)	323,777
Accumulated other comprehensive income, end of year	221,969	364,566
UNITHOLDERS' CAPITAL *(Note 11)*		
Unitholders' capital, beginning of year	398,454	358,103
Trust units exchanged	187,063	3,606
Trust units issued on exercise/exchange of unit compensation *(Note 12d)*	682	5,778
Trust units issued	20,036	41,176
Exchangeable Shares issued	239,946	–
Exchangeable Shares exchanged	(187,063)	–
Repurchase and cancellation of units	–	(6,603)
Class A preference shares exchanged	–	(3,606)
Unitholders' capital, end of year	659,118	398,454
CONTRIBUTED SURPLUS *(Note 12d)*	18,832	14,671
Unitholders' deficit, end of year	$ (523,779)	$ (692,586)

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the years ended March 31
(thousands of dollars)

	2010	2009
NET INCOME (LOSS)	$ 231,496	$(1,107,473)
Unrealized gain (loss) on translation of self-sustaining operations	26,626	(1,906)
Unrealized and realized gain on derivative instruments designated as cash flow hedges prior to July 1, 2008, net of income taxes of $89,256 *(Note 13a)*	–	498,654
Amortization of deferred unrealized gain of discontinued hedges, net of income taxes of $34,339 (2009 – $38,805) *(Note 13a)*	(169,223)	(172,971)
OTHER COMPREHENSIVE INCOME (LOSS)	(142,597)	323,777
COMPREHENSIVE INCOME (LOSS)	$ 88,899	$ (783,696)

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31
(thousands of dollars)

	2010	2009
Net inflow (outflow) of cash related to the following activities		
OPERATING		
Net income (loss)	$ 231,496	$(1,107,473)
Items not affecting cash		
Amortization of intangible assets and related supply contracts	58,548	3,594
Amortization of property, plant and equipment	7,897	5,100
Unit based compensation	4,754	4,098
Non-controlling interest	(3,648)	(58)
Future income taxes	(122,014)	(64,088)
Financing charges, non-cash portion	902	–
Other	4,030	(3,940)
Change in fair value of derivative instruments	1,282	1,336,976
	(48,249)	1,281,682
Adjustments required to reflect net cash receipts from gas sales *(Note 20)*	10,549	(7,623)
Changes in non-cash working capital *(Note 21)*	(35,523)	6,181
Cash inflow from operations	158,273	172,767
FINANCING		
Exercise of trust unit options *(Note 12a)*	–	4,293
Distributions and dividends paid to Unitholders and holders of Exchangeable Shares	(157,495)	(129,357)
Distributions to Class A preference shareholders	(7,580)	(8,460)
Tax impact on distributions to Class A preference shareholders	2,501	2,767
Units purchased for cancellation	–	(6,603)
Increase in bank indebtedness	8,236	–
Issuance of long-term debt	243,797	87,726
Repayment of long-term debt	(207,493)	(85,731)
Funding from minority interest holder of TGF	1,500	–
Restricted cash	626	(122)
	(115,908)	(135,487)
INVESTING		
Purchase of capital assets	(41,207)	(6,345)
Water heater customer acquisition costs and other intangible assets	(6,348)	–
Acquisitions *(Note 5)*	9,799	(1,842)
Proceeds from sale of customer contracts	290	–
	(37,466)	(8,187)
Effect of foreign currency translation on cash balances	(3,861)	2,691
NET CASH INFLOW	1,036	31,784
CASH, BEGINNING OF YEAR	59,094	27,310
CASH, END OF YEAR	$ 60,132	$ 59,094
Supplemental information		
Interest paid	$ 14,621	$ 4,009
Income taxes paid	$ 27,886	$ 1,153

See accompanying notes to consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2010
(thousands of dollars, except where indicated and per unit amounts)

NOTE 1 **ORGANIZATION**

Just Energy Income Fund ("Just Energy" or the "Fund"), formerly known as Energy Savings Income Fund, changed its name effective June 1, 2009.

Just Energy is an open-ended, limited-purpose trust established under the laws of the Province of Ontario to hold securities and to distribute the income of its directly or indirectly owned operating subsidiaries and affiliates: Just Energy Ontario L.P. ("JE Ontario"), Just Energy Manitoba L.P. ("JE Manitoba"), Just Energy Quebec L.P. ("JE Quebec"), Just Energy (B.C.) Limited Partnership ("JE B.C."), Just Energy Alberta L.P. ("JE Alberta"), Alberta Energy Savings L.P. ("AESLP"), Just Energy Illinois Corp. ("JEIC"), Just Energy New York Corp. ("JENYC"), Just Energy Indiana Corp. ("JE Indiana"), Just Energy Texas L.P. ("JE Texas"), Just Energy Exchange Corp. ("JEEC"), Universal Energy Corp. ("UEC"), Universal Gas and Electric Corporation ("UG&E"), Commerce Energy, Inc. ("Commerce"), National Energy Corp. ("NEC") operating under the trade name of National Home Services ("NHS"), and Terra Grain Fuels Inc. ("TGF"), collectively, the "Just Energy Group".

NOTE 2 **OPERATIONS**

Just Energy's business involves the sale of natural gas and/or electricity to residential and commercial customers under long-term fixed-price and price-protected contracts. By fixing the price of natural gas or electricity under its fixed-price or price-protected program contracts for a period of up to five years, Just Energy's customers offset their exposure to changes in the price of these essential commodities. Just Energy, which commenced business in 1997, derives its margin or gross profit from the difference between the fixed price at which it is able to sell the commodities to its customers and the fixed price at which it purchases the associated volumes from its suppliers.

The Fund also offers green products through its JustGreen program. The electricity JustGreen product offers the customer the option of having all or a portion of his or her electricity sourced from renewable green sources such as wind, run of the river hydro or biomass. The gas JustGreen product offers carbon offset credits which will allow the customer to reduce or eliminate the carbon footprint for their home or business. Management believes that these products will not only add to profits but will also increase sales receptivity and improve renewal rates.

In addition, through NHS, the Fund sells and rents high efficiency and tankless water heaters, furnaces and air conditioners and produces and sells wheat-based ethanol through Terra Grain Fuels Inc.

NOTE 3(i) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(a) **Principles of consolidation**

The consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"), and include the accounts of Just Energy Income Fund and its directly or indirectly owned subsidiaries and affiliates.

(b) **Cash and cash equivalents**

All highly liquid temporary cash investments with an original maturity of three months or less when purchased are considered to be cash equivalents.

(c) **Unbilled revenues/accrued gas accounts payable or gas delivered in excess of consumption/deferred revenues**

Unbilled revenues are stated at estimated realizable value and result when customers consume more gas than has been delivered by Just Energy to local distribution companies ("LDCs"). Accrued gas accounts payable represents the obligation to the LDCs with respect to gas consumed by customers in excess of that delivered to the LDCs.

Gas delivered to LDCs in excess of consumption by customers is stated at the lower of cost and net realizable value. Collections from customers in advance of their consumption of gas result in deferred revenues.

Due to the seasonality of our operations, during the winter months, customers will have consumed more than what was delivered resulting in the recognition of unbilled revenues/accrued gas accounts payable; however, in the summer months, customers will have consumed less than what was delivered, resulting in the recognition of gas delivered in excess of consumption/deferred revenues.

These adjustments are applicable solely to the Ontario, Manitoba, Quebec and Michigan gas markets.

(d) Gas in storage

Gas in storage primarily represents the gas delivered to the LDCs in the states of Illinois, Indiana and New York. The balance will fluctuate as gas is injected or withdrawn from storage. Injections typically occur from April through November and withdrawals occur from December through March.

In addition, a portion of the gas in storage relates to operations in the Province of Alberta. In Alberta, there is a month to month carryover, which represents the difference between the gas delivered to the LDC within a month and customer consumption. The delivery volumes in the following month are adjusted accordingly.

Gas in storage is stated at the lower of cost and net realizable value.

(e) Inventory

Inventory consists of water heaters as well as ethanol, ethanol in process and grain inventory. Water heaters are stated at the lower of cost and net realizable value with cost being determined on a weighted average basis. Ethanol, ethanol in process and grain inventory are valued at the lower of cost and net realizable value with cost being determined on a weighted average basis.

(f) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization. Cost for water heaters, furnaces and air conditioners includes the cost of installation. Amortization is provided over the estimated useful lives of the assets, with the half year rule applied to additions, as follows:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Office equipment	Declining balance	20%
Computer equipment	Declining balance	30%
Computer software	Declining balance	100%
Ethanol plant and equipment	Straight line	25 years
Commodity billing and settlement systems	Straight line	5 years
Water heaters	Straight line	15 years
Furnaces and air conditioners	Straight line	15 years
Leasehold improvements	Straight line	Term of lease
Vehicles	Straight line	5 years

(g) Goodwill

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the tangible and intangible assets acquired, less liability assumed, based on their fair values. Goodwill is allocated as of the date of the business combination to the Fund's reporting units that are expected to benefit from the synergies of the business combination.

Goodwill is not amortized and tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test is carried out in two steps; in the first step, the carrying amount of the reporting unit including goodwill is compared with its fair value. When the fair value of a reporting unit including goodwill exceeds its carrying amount, goodwill of the reporting unit is not considered to be impaired and the second step of the impairment test is unnecessary. The second step is carried out when the carrying amount of a reporting unit exceeds its fair value, in which case the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination.

Effective April 1, 2009, the Fund adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, Goodwill and Intangible Assets, as described in Note 3(ii).

(h) Gas contracts and customer relationships

Gas contracts represent the original fair value of existing sales and supply contracts acquired by Just Energy on the acquisition of various gas contracts and expected renewals. These contracts are amortized over their average estimated remaining life of up to five years on a straight line basis which approximates the life of the assets.

(i) Electricity contracts and customer relationships

Electricity contracts represent the original fair value of existing sales and supply contracts acquired by Just Energy on the acquisition of various electricity contracts and expected renewals. These contracts are amortized over their average estimated remaining life of up to six years on a straight line basis which approximates the life of the assets.

(j) Water heater contracts and customer relationships

Water heater contracts represent the fair value of rental contracts on the acquisition of various water heater contracts and expected renewals. These contracts are operating leases and are amortized over their average estimated remaining life of up to 15 years on a straight line basis which approximates the life of the assets.

(k) Impairment of long-lived assets

Just Energy reviews long-lived assets, which include property, plant and equipment and intangible assets with finite lives, whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset, through use and eventual disposition. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(l) Other assets (liabilities) – current/long term, change in fair value of derivative instruments and other comprehensive income (loss)

Just Energy's various derivative instruments have been accounted for using CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement. Effective July 1, 2008, the Fund ceased the utilization of hedge accounting. In accordance with CICA Handbook Section 3865, Hedges, the Fund is amortizing the accumulated gains and losses to June 30, 2008, from other comprehensive income in the same period in which the original hedged item affects the Statement of Operations. No retrospective restatement is required for this change. The derivatives are measured at fair value and booked to the consolidated balance sheets. Effective July 1, 2008, all changes in fair value between periods are booked to change in fair value of derivative instruments on the consolidated statements of operations.

Prior to July 1, 2008, financial instruments that met hedging requirements were accounted for under CICA Handbook Section 3865, Hedges. For derivative instruments accounted for under CICA Handbook Section 3865, Just Energy formally documented the relationship between hedging instruments and the hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process included linking all derivative financial instruments to anticipated transactions. Just Energy also formally assessed, both at the hedge's inception and on an ongoing basis, whether the derivative financial instruments that were used in hedging transactions were highly effective in offsetting changes in cash flows of the hedged items. The derivatives were measured at fair value and booked to the consolidated balance sheets. Changes in fair value between periods were booked to other comprehensive income for the effective portion of the hedge with the remaining change being booked to change in fair value of derivative instruments on the consolidated statements of operations.

Just Energy enters into hedges of its cost of sales relating to its fixed-price electricity and JustGreen electricity sales by entering into fixed-for-floating electricity swap contracts and physical forward contracts, unforced capacity contracts, heat rate swap contracts, heat rate options, renewable energy certificates and financial and physical forward gas contracts (to fulfill obligations under the heat rate swaps) with electricity and natural gas suppliers. These swaps and forwards are accounted for in accordance with CICA Handbook Section 3855. Prior to July 1, 2008, they were accounted for in accordance with CICA Handbook Section 3865 and, in some limited circumstances, CICA Handbook Section 3855.

Just Energy enters into hedges of its cost of sales relating to its fixed-price gas and JustGreen gas contracts by entering into a combination of physical gas forwards, financial gas forwards, physical transportation forwards, carbon offset contracts and option contracts. Physical gas forwards and transportation forwards are accounted for in accordance with CICA Handbook Section 3855. Prior to July 1, 2008, they were accounted for in accordance with CICA Handbook Section 3865. Option contracts and financial gas forwards are accounted for in accordance with CICA Handbook Section 3855.

Just Energy enters into hedges for its foreign exchange risk relating to its anticipated repatriation of U.S. denominated currency by entering into foreign exchange forward contracts with its lender. Since April 1, 2007, Just Energy has accounted for these forward contracts in accordance with CICA Handbook Section 3855 by recording them on the consolidated balance sheet as either other assets or other liabilities measured at fair value, with changes in fair value booked to change in fair value of derivative instruments.

(m) Financial Instruments

Financial instruments are classified into a defined category, namely, held-for-trading financial assets or financial liabilities, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or other financial liabilities. Financial instruments are included on the Fund's balance sheet and measured at fair value, except for loans and receivables, held-to-maturity financial assets and other financial liabilities which are measured at cost or amortized cost. Financial assets and financial liabilities have been initially remeasured as at April 1, 2009, to take into account the appropriate credit risk and counterparty credit risk (see Note 13c). Gains and losses on held-for-trading financial assets and financial liabilities are recognized in net earnings in the period in which they arise. Unrealized gains and losses, including those related to changes in foreign exchange rates on available-for-sale financial assets, are recognized in accumulated other comprehensive loss until the financial asset is derecognized or determined to be impaired, at which time any unrealized gains or losses are recorded in net earnings. Transaction costs other than those related to financial instruments classified as held-for-trading, which are expensed as incurred, are amortized using the effective interest method. The following classifications have been applied:

- cash and restricted cash as held-for-trading, which is measured at fair value;
- accounts receivable are classified as loans and receivables, which are measured at amortized cost; and
- long-term debt, accounts payable and accrued liabilities, unit distribution payable and bank indebtedness are classified as other financial liabilities, which are measured at amortized cost.

Electricity:
Just Energy has entered into contracts with customers to provide electricity and renewable energy at fixed prices ("customer electricity contracts"). Customer electricity contracts include requirements contracts and contracts with fixed or variable volumes at fixed prices. The customer electricity contracts expose Just Energy to changes in market prices of electricity, renewable energy certificates and consumption. To reduce its exposure to movements in commodity prices arising from the acquisition of electricity and renewable energy certificates at floating rates, Just Energy uses electricity derivative contracts ("electricity derivative contracts"). These electricity derivative contracts are fixed-for-floating swaps, physical electricity forward contracts, unforced capacity contracts, renewable energy certificates or a combination of heat rate swaps, heat rate options and physical or financial forward gas contracts.

Just Energy agrees to exchange the difference between the variable or indexed price and the fixed price on a notional quantity of electricity for a specified time frame in the fixed-for-floating contract arrangements. Just Energy takes title to the renewable energy certificate volumes to satisfy customer contracts. Just Energy takes title to electricity at a fixed price for scheduling into the power grid under the forward contracts. Just Energy agrees to pay for certain quantities of power based on the floating price of natural gas under heat rate swaps. In order to cover the floating price of gas under these arrangements, prices for gas are fixed through either physical or financial forward gas contracts, with a protection against weather variation achieved through the purchase of heat rate options. These contracts are expected to be effective as economic hedges of the electricity price exposure.

The premiums and settlements for these derivative instruments are recognized in cost of sales, when incurred.

The fair value of the electricity derivative contracts is recorded in the consolidated balance sheet with changes in the fair value being recorded in change in fair value of derivative instruments on the consolidated statements of operations. Prior to July 1, 2008, Just Energy monitored its effective hedging relationship between retail consumption and supply contracts and evaluated the effectiveness of the relationships on a quarterly basis to meet criteria for hedge accounting. The changes in the fair value were recorded in other comprehensive income to the extent that the hedge measurement was effective with the remainder recorded in change in fair value of derivative instruments. Any electricity derivative contracts that did not qualify for hedge accounting or were de-designated as a hedge were recorded at fair market value with the changes in fair value recorded in current period income as a component of change in fair value of derivative instruments. After July 1, 2008, the Fund ceased the utilization of hedge accounting.

Any gains or losses accumulated up to the date that the electricity derivative contract was terminated or de-designated as a hedge were deferred in accumulated other comprehensive income ("AOCI") then recorded in cost of sales when the hedged customer electricity contract affected income.

Gas:
Just Energy has entered into contracts with customers to provide gas and carbon offsets at fixed prices ("customer gas contracts"). Customer gas contracts include requirements contracts and contracts with fixed or variable volumes at fixed prices. The customer gas contracts expose Just Energy to changes in market prices of gas and consumption. To reduce its exposure to movements in commodity prices and usage, Just Energy uses carbon offset, options and gas physical and financial contracts ("gas supply contracts"). These gas supply contracts are expected to be effective as economic hedges of the gas price exposure.

Just Energy uses physical forwards, carbon offset transportation forwards (together "physical gas supply contracts") and other gas financial instruments to fix the price of its gas supply. Under the physical gas supply contracts, Just Energy agrees to pay a specified price per volume of gas or transportation. Other financial instruments are comprised of financial puts and calls that fix the price of gas in jurisdictions where Just Energy has scheduling responsibilities and therefore is exposed to commodity price risk on volumes above or below its base supply.

The fair value of physical gas contracts is recorded in the consolidated balance sheet with changes in the fair value being recorded in change in fair value of derivative instruments on the consolidated statements of operations. Prior to July 1, 2008, Just Energy monitored its effective hedging relationship between retail consumption and its supply contracts and evaluated the effectiveness of these relationships on a quarterly basis to meet the criteria of hedge accounting. The changes were recorded in other comprehensive income to the extent that the hedge measurement was effective with the remainder recorded in change in fair value of derivative instruments. Any physical gas contract that did not qualify for hedge accounting or was de-designated as an accounting hedge together with the gas financial instruments were valued at fair market value with the changes in fair value recorded in current period income as a component of change in fair value of derivative instruments. Any gains or losses accumulated up to the date that the physical gas supply contract was terminated or de-designated as a hedge were deferred in AOCI then recorded in cost of sales when the hedged customer gas contract affected income. After July 1, 2008, the Fund ceased the utilization of hedge accounting.

Foreign exchange:

To reduce its exposure to movements in foreign exchange rates, Just Energy uses foreign exchange forwards ("foreign exchange contracts"). These foreign exchange contracts were expected to be effective as hedges of the anticipated cross border cash flow but were found to be not effective under GAAP accounting requirements during fiscal 2007.

Up until September 30, 2006, unrealized gains on foreign exchange contracts up to the date of de-designation of the hedging relationship were deferred to be recognized over the term of the contract based on the timing of the underlying hedged transactions. As of October 1, 2006, these derivative financial instruments have been recorded on the balance sheet as either other assets or other liabilities measured at fair value, with changes in fair value recognized in income as other income (expense). The deferred gain was reclassified to AOCI as of April 1, 2007.

(n) Revenue recognition

Just Energy delivers gas and/or electricity to end-use customers who have entered into long-term fixed-price contracts. Revenue is recognized when the commodity is consumed by the end-use customer or sold to third parties. The Fund assumes credit risk in Illinois, Alberta, Texas, Pennsylvania, Maryland and California, and for large volume customers in British Columbia and Ontario. In these markets, the Fund ensures that credit review processes are in place prior to commodity flowing to the customer.

Just Energy recognizes revenue upon delivery to customers at terminals or other locations for ethanol and dried distillers grain.

Just Energy recognizes water heater revenue from the monthly rental or sale commencing from the installation of the water heater.

(o) Marketing expenses

Commissions and various other costs related to obtaining and renewing customer contracts are charged to income in the period incurred.

(p) Foreign currency translation

The operations of the Fund's U.S.-based subsidiaries are self-sustaining. Accordingly, the assets and liabilities of foreign subsidiaries are translated into Canadian dollars at the rate of exchange at the balance sheet date. Revenues and expenses are translated at the average rate of exchange for the period. The resulting gains and losses are accumulated as a component of Unitholders' equity within AOCI.

(q) Per unit amounts

The computation of income per unit is based on the weighted average number of units outstanding during the year. Diluted earnings per unit is computed in a similar way to basic earnings per unit except that the weighted average units outstanding are increased to include additional units assuming the exercise of unit options, unit appreciation rights and deferred unit grants, exchangeable shares and conversion of convertible debentures, if dilutive.

(r) Unit based compensation plans

The Fund accounts for all of its unit based compensation awards using the fair value based method.

Awards are valued at grant date and are not subsequently adjusted for changes in the prices of the underlying unit and other measurement assumptions. Compensation for awards without performance conditions is recognized as an expense and a credit to contributed surplus over the related vesting period of the awards. Compensation for awards with performance conditions is recognized based on management's best estimate of whether the performance condition will be achieved.

When options, unit appreciation rights ("UARs") and deferred unit grants ("DUGs") are exercised or exchanged, the amounts previously credited to contributed surplus are reversed and credited to Unitholders' equity. The amount of cash, if any, received from participants is also credited to Unitholders' equity.

(s) **Employee future benefits**

Just Energy established a long-term incentive plan (the "Plan") for the permanent full-time and part-time employees (working more than 20 hours per week) of Just Energy Corp. ("JEC"), JE BC, JE Alberta, JE Manitoba and JE Quebec. The Plan consists of two components, a Deferred Profit Sharing Plan ("DPSP") and an Employee Profit Sharing Plan ("EPSP").

For participants of the DPSP, Just Energy contributes an amount equal to a maximum of 2% per annum of an employee's base earnings. For the EPSP, Just Energy contributes an amount up to a maximum of 2% per annum of an employee's base earnings towards the purchase of trust units of the Fund, on a matching one for one basis.

For the U.S. employees, Just Energy has established a 401(k) plan to provide employees the potential for future financial security for retirement. Employees may participate in the 401(k) plan subject to all the terms and conditions of the plan. They may join the plan on the first of any month, once they have completed six months of employment. The 401(k) savings plan is an employer matching plan. Just Energy will match an amount up to 4% of their base earnings. Employees may contribute from 1% up to 25% of their total salary with Just Energy on a beforehand-basis with a 2010 calendar year maximum of $17.

Participation in either plan in Canada or the U.S. is voluntary. The Plan has a two-year vesting period beginning from the later of the Plan's effective date and the employee's starting date. During the year, Just Energy contributed $1,096 (2009 – $739) to both plans, which was paid in full during the year and recognized as an expense in the consolidated statement of operations.

(t) **Exchangeable securities**

Just Energy follows the recommendations of the Emerging Issues Committee ("EIC") relating to the presentation of exchangeable securities, which includes the Class A preference shares, issued by subsidiaries of income funds. The recommendations require that the exchangeable securities issued by a subsidiary of an income fund be presented on the consolidated balance sheet of the income fund as a part of Unitholders' equity if the following criteria have been met:

- the holders of the exchangeable securities are entitled to receive distributions of earnings economically equivalent to distributions received on units of the income fund; and
- the exchangeable securities ultimately are required to be exchanged for units of the income fund as a result of the passage of fixed periods of time or the non-transferability to third parties of the exchangeable securities without first exchanging them for units of the income fund.

The exchangeable shares and Class A preference shares meet these criteria and have been classified as Unitholders' equity. All distributions paid to JEEC shareholders are included in Unitholders' equity. All distributions paid to the Class A preference shareholder must be recorded in Unitholders' equity, net of tax. The management incentive program, which is a bonus equal to the distribution amount received by a Unitholder, is additional compensation to senior management of JEC, a wholly owned subsidiary of the Fund.

(u) **Use of estimates**

The preparation of the financial statements, in conformity with Canadian GAAP, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and assumptions. Significant areas requiring the use of management estimates include allowance for doubtful accounts, estimate of the useful life and estimated fair value of property, plant and equipment and impairments thereon, valuation of goodwill and intangibles and the impairment thereon, valuation allowances for future tax assets, the determination of the fair values of financial instruments, as the aggregate fair value amounts represent point in time estimates only and should not be interpreted as being realizable in an immediate settlement of the supply contracts, and the determination of unit based compensation.

(v) **Income taxes**

The Fund is a taxable entity under the Income Tax Act (Canada) and is taxable on income that is not distributed or distributable to the Fund's Unitholders. Payments made between the Canadian operating entities and the Fund ultimately transfer both current and future income tax liabilities to the Unitholders. The future income tax liability associated with Canadian assets recorded on the balance sheet is recovered over time through these payments.

Effective January 1, 2011, the Fund will be subject to a Specified Investment Flow-Through ("SIFT") entity tax on distributions of Canadian taxable income that has not been subject to a Canadian corporate income tax in the Canadian operating entities. Therefore, the Fund has computed future income based on temporary differences expected to reverse after December 31, 2010 at the substantively enacted tax rates and laws expected to apply for such periods. Current Canadian income taxes will be accrued for only after December 31, 2010 to the extent that there is taxable income in the Fund or its underlying operating entities.

The U.S.-based corporate subsidiaries are subject to U.S. income taxes on its taxable income determined under U.S. income tax rules and regulations.

The Fund follows the liability method of accounting for income taxes. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to the temporary differences between the carrying value of the assets and liabilities on the consolidated financial statements and their respective tax bases, using substantively enacted income tax rates expected to apply when the asset is realized or the liability settled. A valuation allowance is recorded against a future income tax asset if it is determined that it is more likely than not that the future tax assets will not be realized in the foreseeable future. The effect of a change in the income tax rates used in calculating future income tax liabilities and assets is recognized in income during the period that the change occurs.

(ii) ADOPTION OF NEW ACCOUNTING STANDARDS

In June 2009, the CICA amended Section 3862, Financial Instruments – Disclosures, to include additional disclosure relating to the measurement of fair value for financial instruments and liquidity risk. The amendment establishes a three level hierarchy that reflects the significance of the inputs used in fair value measurements on financial instruments. The amendment is effective for annual financial statements relating to fiscal years ending after September 30, 2009, therefore, the Fund has included these additional disclosures (see Note 13) for year end March 31, 2010. As this standard only addresses disclosure requirements, there is no impact on the financial position of the Fund.

On April 1, 2009, the Fund adopted a new accounting standard that was issued by the CICA Handbook Section 3064, Goodwill and Intangible Assets, which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Just Energy adopted this standard retroactively as required by the standards with no impact on the consolidated financial statements.

(iii) RECENTLY ISSUED ACCOUNTING STANDARDS

The following are new standards, not yet in effect, which are required to be adopted by the Fund on the effective date:

Business Combinations

In October 2008, the CICA issued Handbook Section 1582, Business Combinations ("CICA 1582"), concurrently with CICA Handbook Section 1601, Consolidated Financial Statements ("CICA 1601"), and CICA Handbook Section 1602, Non-controlling Interest ("CICA 1602"). CICA 1582, which replaces CICA Handbook Section 1581, Business Combinations, establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. CICA 1601, which replaces CICA Handbook Section 1600, carries forward the existing Canadian guidance on aspects of the preparation of consolidated financial statements subsequent to acquisition other than non-controlling interests. CICA 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination. These new standards are effective for fiscal years beginning on or after January 1, 2011. The Fund has not yet determined the impact of these standards on its consolidated financial statements.

International Financial Reporting Standards

In February 2008, CICA announced that GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011.

Just Energy will transition to IFRS effective April 1, 2011, and intends to issue its first interim consolidated financial statements under IFRS for the three-month period ending June 30, 2011, and a complete set of consolidated financial statements under IFRS for the year ending March 31, 2012.

Just Energy has developed a changeover plan which includes a diagnostic assessment, solution development and an implementation phase. The Fund has completed the initial assessment and solution development phases. This included certain training initiatives, researching and documenting the significant differences between Canadian GAAP and IFRS, assessing the impact on the Fund and a preliminary assessment of the information technology systems.

Significant differences exist which may impact the Fund's financial reporting. Those areas include, but are not limited to, property, plant and equipment, impairment of assets, accounting for income taxes, financial instruments, employee benefits as well as the first-time adoption of IFRS ("IFRS 1").

As part of the conversion plan, the Fund is in the process of analyzing the detailed impacts of these identified differences and developing solutions to bridge these differences. Although the impact of the adoption of IFRS on the Fund's financial position and results of operations is not yet reasonably determinable or estimable, the Fund does expect a significant increase in financial statement disclosure requirements resulting from the adoption of IFRS. Just Energy is currently on target with its conversion plan. For additional information, please refer to the 2010 Management's Discussion and Analysis.

NOTE 4 RESTRICTED CASH

Restricted cash and customer rebates payable represent: (i) funds held as security for payment of certain monthly charges, (ii) rebate monies received from local distribution companies in Ontario as provided by the Independent Electricity System Operator ("IESO"), and (iii) funds held as security for a TGF credit facility.

(i) Certain subsidiaries are required to post collateral to counterparties including pipelines, wire owners and local distribution companies to secure payment of future expected charges. Commerce has provided cash collateral with one supplier, and this security was in place prior to the acquisition of Universal Energy Group Ltd ("UEG") by Just Energy.

(ii) JE Ontario is obligated to disperse the monies to eligible end-use customers in accordance with the Ontario Power Generation Rebate as part of Just Energy Ontario L.P.'s Retailer License conditions.

(iii) UEG provided cash collateral as security for a $10,000 term facility provided to TGF. This facility and liquid security was in place prior to the acquisition of UEG by Just Energy.

NOTE 5 ACQUISITIONS

(a) Acquisition of Universal Energy Group Ltd.

On July 1, 2009, Just Energy completed the acquisition of all of the outstanding common shares of Universal Energy Group Ltd. ("UEG") pursuant to a plan of arrangement (the "Arrangement"). Under the Arrangement, UEG shareholders received 0.58 of an exchangeable share ("Exchangeable Share") of JEEC, a subsidiary of Just Energy, for each UEG common share held. In aggregate, 21,271,804 Exchangeable Shares were issued pursuant to the Arrangement. Each Exchangeable Share is exchangeable for a trust unit on a one-for-one basis at any time at the option of the holder and entitles the holder to a monthly dividend equal to 66 ⅔% of the monthly distribution paid by Just Energy on a trust unit. JEEC also assumed all the covenants and obligations of UEG in respect of UEG's outstanding 6% convertible unsecured subordinated debentures (the "Debentures"). On conversion of the Debentures, holders will be entitled to receive 0.58 of an Exchangeable Share in lieu of each UEG common share that the holder was previously entitled to receive on conversion.

The acquisition of UEG was accounted for using the purchase method of accounting. The Fund allocated the purchase price to the identified assets and liabilities acquired based on their fair values at the time of acquisition as follows:

	CAD$
Net assets acquired:	
Working capital (including cash of $10,319)	$ 74,314
Electricity contracts and customer relationships	229,586
Gas contracts and customer relationships	243,346
Water heater contracts and customer relationships	22,700
Other intangible assets	2,721
Goodwill	66,794
Property, plant and equipment	171,693
Future tax liabilities	(50,475)
Other liabilities – current	(164,148)
Other liabilities – long-term	(140,857)
Long-term debt	(183,079)
Non-controlling interest	(22,697)
	$ 249,898
Consideration:	
Transaction costs	$ 9,952
Exchangeable Shares	239,946
	$ 249,898

Non-controlling interest represents 33.3% ownership of TGF held by Ellis Don Corporation.

All contracts and intangible assets are amortized over the average remaining life at the time of acquisition. The gas and electricity contracts and customer relationships are amortized over periods ranging from eight to 57 months. The water heater contracts and customer relationships are amortized over 174 months and the intangible assets are amortized over six months. The purchase price allocation is considered preliminary and as a result it may be adjusted prior to July 1, 2010.

(b) **Newten Home Comfort Inc.**

On July 2, 2009, NEC, a wholly owned subsidiary of the Fund, acquired Newten Home Comfort Inc., an arm's length third party that held a 20% interest in Newten Home Comfort L.P. for $3.2 million, of which $520 was paid in cash and determined to be the purchase price consideration. The purchase price consideration excludes contingent payments to the 20% interest holders that will become payable in July 2012 based on the number of completed water heater installations. Any contingent payments made will result in an increase to the balance of goodwill generated by the acquisition.

(c) **Acquisition of CEG's natural gas customers**

During the prior fiscal year, Just Energy purchased substantially all of the commercial and residential customer contracts of CEG Energy Options Inc. ("CEG") in British Columbia. CEG was a Western Canada marketer of natural gas wholly owned by SemCanada Energy Company, both of which filed for creditor protection under the Companies' Creditors Arrangement Act on July 30, 2008. The customer contracts had annualized volumes of approximately 4.9 million GJ.

The purchase price was allocated as follows:

Net assets acquired:	
Gas contracts	$ 1,842
Consideration:	
Cash	$ 1,842

The gas contracts are being amortized over the average remaining life of the contracts, which at the time of the acquisition was 20 months.

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

2010	Cost	Accumulated amortization	Net book value
Furniture and fixtures	$ 5,581	$ 2,972	$ 2,609
Office equipment	14,810	5,930	8,880
Computer equipment	6,417	3,763	2,654
Computer software	5,562	4,198	1,364
Commodity billing and settlement system	6,544	6,515	29
Water heaters	51,059	2,481	48,578
Furnaces and air conditioners	317	4	313
Leasehold improvements	8,409	4,116	4,293
Vehicle	197	46	151
Ethanol plant and equipment	159,500	10,054	149,446
Land	299	–	299
	$ 258,695	$ 40,079	$ 218,616

2009	Cost	Accumulated amortization	Net book value
Furniture and fixtures	$ 3,770	$ 1,889	$ 1,881
Office equipment	11,119	3,959	7,160
Computer equipment	5,387	2,543	2,844
Computer software	2,565	1,750	815
Commodity billing and settlement system	6,993	6,654	339
Water heaters	2,324	77	2,247
Leasehold improvements	7,603	2,918	4,685
	$ 39,761	$ 19,790	$ 19,971

NOTE 7 INTANGIBLE ASSETS

2010	Cost	Accumulated amortization	Net book value
Gas contracts and customer relationships	$ 228,827	$ 63,484	$ 165,343
Electricity contracts and customer relationships	245,617	92,779	152,838
Water heater contracts and customer relationships	23,081	1,218	21,863
Other intangible assets	8,725	2,553	6,172
	$ 506,250	$ 160,034	$ 346,216

2009	Cost	Accumulated amortization	Net book value
Gas contracts and customer relationships	$ 2,223	$ 710	$ 1,513
Electricity contracts and customer relationships	14,379	10,795	3,584
	$ 16,602	$ 11,505	$ 5,097

NOTE 8 LONG-TERM DEBT AND FINANCING

	2010	2009
Credit facility (a)	$ 57,500	$ 76,500
TGF credit facility (b)(i)	41,313	–
TGF debentures (b)(ii)	37,001	–
TGF operating facilities (b)(iii)	10,000	–
JEEC convertible debentures (c)	83,417	–
NEC Home Trust Company financing (d)	65,435	–
	294,666	76,500
Less: current portion	(62,829)	–
	$ 231,837	$ 76,500

Future annual minimum principal repayments are as follows:

	2011	2012	2013	2014	2015	Total
Credit facility (a)	–	57,500	–	–	–	57,500
TGF credit facility (b)(i)	41,313	–	–	–	–	41,313
TGF debentures (b)(ii)	–	3,998	33,003	–	–	37,001
TGF operating facilities (b)(iii)	10,000	–	–	–	–	10,000
JEEC convertible debentures (c)	–	–	–	83,417	–	83,417
NEC HTC financing (d)	11,516	12,470	13,504	14,623	13,322	65,435
	62,829	73,968	46,507	98,040	13,322	294,666

The following table details the interest expense. Interest is expensed at the effective interest rate.

	2010	2009
Credit facility (a)	$ 5,258	$ 3,857
TGF credit facility (b)(i)	1,365	–
TGF debentures (b)(ii)	3,049	–
TGF wheat production financing	10	–
TGF operating facilities (b)(iii)	683	–
JEEC convertible debentures (c)	4,952	–
NEC HTC financing (d)	817	–
	$ 16,134	$ 3,857

(a) On July 1, 2009, in connection with the acquisition of UEG, Just Energy increased its credit facility from $170 million to $250 million. The credit facility is available to Just Energy to meet working capital requirements. As part of the increase in the credit facility, Société Générale and Alberta Treasury Branches joined Canadian Imperial Bank of Commerce, Royal Bank of Canada, National Bank of Canada and Bank of Nova Scotia as the syndicate of lenders thereunder. The repayment of the facility is due on October 29, 2011.

Interest is payable on outstanding loans at rates that vary with Bankers' Acceptances, LIBOR, Canadian bank prime rate or U.S. prime rate. Under the terms of the operating credit facility, Just Energy is able to make use of Bankers' Acceptances and LIBOR advances at stamping fees of 4.0%, prime rate advances at bank prime plus 3.0%, and letters of credit at 4.0%. As at March 31, 2010, the Canadian prime rate was 2.25% and the U.S. prime rate was 3.25%. As at March 31, 2010, Just Energy had drawn $57,500 (2009 – $76,500) against the facility and total letters of credit outstanding amounted to $49,444 (2009 – $8,459). Just Energy has $143,056 of the facility remaining for future working capital and security requirements. Just Energy's obligations under the credit facility are supported by guarantees of certain subsidiaries and affiliates and secured by a pledge of the assets of Just Energy and the majority of its operating subsidiaries and affiliates. Just Energy is required to meet a number of financial covenants under the credit facility agreement. As at March 31, 2010 and 2009, all of these covenants have been met.

(b) In connection with the acquisition of UEG on July 1, 2009, the Fund acquired the debt obligations of TGF, which currently comprises three separate facilities, outlined below:

(i) TGF credit facility

A credit facility of up to $50,000 was established with a syndicate of Canadian lenders led by Conexus Credit Union and was arranged to finance the construction of the ethanol plant in 2007. The facility was revised on March 18, 2009, and was converted to a fixed repayment term of ten years commencing March 1, 2009, which includes interest costs at a rate of prime plus 2% with principal repayments scheduled to commence on March 1, 2010. The credit facility is secured by a demand debenture agreement, a first priority security interest on all assets and undertakings of TGF and a general security interest on all other current and acquired assets of TGF. As a result, the facility is fully classified as a current obligation. The credit facility includes certain financial covenants the more significant of which relates to current ratio, debt to equity ratio, debt service coverage and minimum shareholders' equity. The lenders have deferred compliance with the financial covenants until April 1, 2011. The facility was further revised on March 31, 2010, to postpone the principal payments due for April 1 to June 1, 2010, and to amortize them over the six-month period commencing October 1, 2010, and ending March 1, 2011. As at March 31, 2010, the amount owing under this facility amounted to $41,313.

(ii) TGF debentures

A debenture purchase agreement with a number of private parties providing for the issuance of up to $40,000 aggregate principal amount of debentures was entered into in 2006. The interest rate is 10.5% per annum, compounded annually and payable quarterly. Interest is to be paid quarterly with quarterly principal payments commencing October 1, 2009, in the amount of $1,000 per quarter. The agreement includes certain financial covenants the most significant of which relates to current ratio, debt to capitalization ratio, debt service coverage, debt to EBITDA, and minimum shareholders' equity. The lender has deferred compliance with the financial covenants until April 1, 2011. On March 31, 2010, TGF entered into an agreement with the holders of the debenture to defer scheduled principal payments owing under the debenture until April 1, 2011. As a result, the debentures are fully classified as a long-term obligation. As at March 31, 2010, the amount owing under this debenture agreement amounted to $37,001.

(iii) TGF term/operating facilities

TGF maintains a term loan for $10,000 with a third party lender bearing interest at prime plus 1% due in full on December 31, 2010. This facility is secured by liquid investments on deposit with the lender. As at March 31, 2010, the amount owing under the facility amounted to $10,000.

(iv) TGF has a working capital operating line of $7,000 bearing interest at rate of prime plus 1% of which $3,239 was drawn via overdraft. In addition, total letters of credit issued amounted to $1,600.

(c) In conjunction with the acquisition of UEG on July 1, 2009, JEEC also acquired the obligations of the convertible unsecured subordinated debentures issued by UEG in October 2007. These instruments have a face value of $90,000 and mature on September 30, 2014, unless converted prior to that date and bear interest at an annual rate of 6% payable semi-annually on March 31 and September 30 of each year. Each $1,000 principal amount of the debentures is convertible at any time prior to maturity or on the date fixed for redemption, at the option of the holder, into approximately 27.3 Exchangeable Shares of Just Energy Exchange Corp., representing a conversion price of $36.63 per Exchangeable Share. During the year, interest expense amounted to $4,952.

The debentures are not redeemable prior to October 1, 2010. On and after October 1, 2010, but prior to September 30, 2012, the debentures are redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at the Fund's sole option on not more than 60 days' and not less than 30 days' prior notice, provided that the current market price on the date on which notice of redemption is given is not less than 125% of the conversion price. On and after September 30, 2012, but prior to the maturity date, the debentures are redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at the Fund's sole option on not more than 60 days' and not less than 30 days' prior notice.

(d) On January 18, 2010, NEC entered into a long-term financing agreement for the funding of new and existing rental water heater contracts. Pursuant to the agreement, NEC will receive financing equal to the present value of the first five years of monthly rental income, discounted at the agreed upon financing rate of 7.99% and as settlement is required to remit all proceeds received from customers on the water heater contracts for the first five years. As security for performance of the obligation, NEC has pledged the water heaters subject to the financed rental agreement as collateral.

The financing agreement is subject to a holdback provision, whereby 3% of the outstanding balance of the funded amount is deducted and deposited to a reserve account in the event of default. Once all obligations of NEC are satisfied or expired, the remaining funds in the reserve account will immediately be released to NEC.

NEC has $65,435 owing under this agreement including $2,014 relating to the holdback provision as at March 31, 2010. The company is required to meet a number of covenants under the agreement. As at March 31, 2010, all of these covenants have been met.

NOTE 9 INCOME TAXES

The Fund is a mutual fund trust for income tax purposes. Pursuant to its announcement on February 3, 2010, it plans to reorganize its income trust structure and convert into a corporation on or before January 1, 2011 ("Conversion"). Until Conversion, the Fund is only subject to current income taxes on any taxable income not distributed to Unitholders. Subsequent to Conversion on or before January 1, 2011, the Fund will be subject to current income taxes on all of its taxable income. If the Fund's equity capital grows beyond certain dollar limits prior to January 1, 2011, the Fund would become a SIFT and would commence in that year being subject to tax on income distributed. The Fund expects that its income distributed will not be subject to tax prior to 2011 and intends to distribute all its taxable income earned prior to then. Accordingly, the Fund has not provided for future income taxes on its temporary differences, and those of its flow-through subsidiary trust and partnerships are expected to reverse prior to 2011 as it is considered tax-exempt for accounting purposes. The tax basis of the assets and liabilities of the Fund related to such temporary differences expected to reverse before 2011 exceed the financial statement carrying amounts by approximately $138,410 (2009 – $283,339), reflecting future tax deductions in excess of future taxable amounts.

The Fund has recognized future income taxes for the temporary differences between the carrying amount and tax values of assets and liabilities in respect of the proportion of the Fund's income taxed directly to the Unitholders that are expected to reverse in or after 2011. A valuation allowance has been provided against future tax assets of certain subsidiaries where the Fund has determined that it is more likely than not that those future tax assets will not be realized in the foreseeable future. The valuation allowance may be reduced in future periods if the Fund determines that it is more likely than not that all or a portion of those future tax assets will be realized.

Canadian-based corporate subsidiaries are subject to tax on their taxable income at a rate of 33% (2009 – 33%). U.S.-based corporate subsidiaries are subject to tax on their taxable income at a rate of 40% (2009 – 40%).

At March 31, 2010, the U.S. subsidiaries of Just Energy do not have operating losses carryover for tax purposes (2009 – $3,147).

The following table reconciles the difference between the income taxes that would result solely by applying statutory tax rates to the pre-tax income for Just Energy and the income tax provision in the financial statements.

	2010	2009
Income (loss) before income tax	$ 127,588	$(1,164,991)
Income tax expense at the combined basic rate of 33% (2009 – 33%)	42,104	(384,448)
Taxes on income attributable to Unitholders	(42,045)	(49,294)
Unrecognized tax benefit on mark to market losses on derivative instruments	–	385,070
Recognized tax benefit on mark to market losses on derivative instruments	–	–
Tax impact of corporate reorganization	–	(3,729)
Benefit of U.S. tax losses and other tax assets not previously recognized	(100,459)	(5,199)
Non-deductible expenses	140	140
Recovery of income tax	$ (100,260)	$ (57,460)

Components of Just Energy's income tax recovery are as follows:

	2010	2009
Income tax provision	$ 19,253	$ 3,861
Amount credited to Unitholders' equity	2,501	2,767
Current income tax provision	21,754	6,628
Future tax recovery	(122,014)	(64,088)
Recovery of income tax	$ (100,260)	$ (57,460)

Components of the Fund's net future income tax asset are as follows:

	2010	2009
Partnership income deferred for tax purposes and book carrying amount of investments in partnerships in excess of tax cost	$ (483)	$ (598)
Excess of book basis over tax basis on customer contracts	(84,840)	–
Excess of tax basis over book basis for U.S. operations	28,339	13,037
Mark to market losses on derivative instruments	245,237	140,047
	188,253	152,486
Less: valuation allowance	80,693	152,486
Future income tax assets (net)	$ 107,560	$ –

NOTE 10 ACCUMULATED OTHER COMPREHENSIVE INCOME

2010	Foreign currency translation adjustment	Cash flow hedges	Total
Balance, beginning of year	$ 1,958	$ 362,608	$ 364,566
Unrealized foreign currency translation adjustment	26,626	–	26,626
Amortization of deferred unrealized gain on discontinued hedges after July 1, 2008, net of income taxes of $34,339	–	(169,223)	(169,223)
	$ 28,584	$ 193,385	$ 221,969

2009	Foreign currency translation adjustment	Cash flow hedges	Total
Balance, beginning of year	$ 3,864	$ 36,925	$ 40,789
Unrealized foreign currency translation adjustment	(1,906)	–	(1,906)
Unrealized gains on derivative instruments designated as cash flow hedges prior to July 1, 2008, net of income taxes of $89,256	–	498,654	498,654
Amortization of deferred unrealized gain on discontinued hedges after July 1, 2008, net of income taxes of $38,805	–	(172,971)	(172,971)
	$ 1,958	$ 362,608	$ 364,566

NOTE 11 UNITHOLDERS' CAPITAL

Trust units of the Fund

An unlimited number of units may be issued. Each unit is transferable, voting and represents an equal undivided beneficial interest in any distributions from the Fund whether of net income, net realized capital gains or other amounts, and in the net assets of the Fund in the event of termination or winding-up of the Fund.

The Fund intends to make distributions to its Unitholders based on the cash receipts of the Fund, excluding proceeds from the issuance of additional Fund units, adjusted for costs and expense of the Fund, amount which may be paid by the Fund in connection with any cash redemptions or repurchases of units and any other amount that the Board of Directors considers necessary to provide for the payment of any costs which have been or will be incurred in the activities and operations of the Fund. The Fund's intention is for Unitholders of record on the 15th day of each month to receive distributions at the end of the month, excluding any Special Distributions.

Class A preference shares of Just Energy Corp. ("JEC")

The terms of the unlimited Class A preference shares of JEC are non-voting, non-cumulative and exchangeable into trust units in accordance with the JEC shareholders' agreement as restated and amended, with no priority on dissolution. Pursuant to the amended and restated Declaration of Trust which governs the Fund, the holders of Class A preference shares are entitled to vote in all votes of Unitholders as if they were the holders of the number of units that they would receive if they exercised their shareholder exchange rights. Class A preference shareholders have equal entitlement to distributions from the Fund as Unitholders.

Exchangeable Shares of JEEC

On July 1, 2009, Just Energy completed the acquisition of all of the outstanding common shares of UEG pursuant to the Arrangement. Under the Arrangement, UEG shareholders received 0.58 of an exchangeable share of JEEC, for each UEG common share held. In aggregate, 21,271,804 Exchangeable Shares were issued pursuant to the Arrangement. Each Exchangeable Share is exchangeable for a trust unit on a one-for-one basis at any time at the option of the holder and entitles the holder to a monthly dividend equal to 66 ⅔% of the monthly distribution paid by Just Energy on a trust unit.

	2010		2009	
Issued and outstanding	Units/Shares		Units/Shares	
Trust units				
Balance, beginning of year	106,138,523	$ 385,294	102,152,194	$ 341,337
Options exercised	–	–	355,000	4,840
Unit based awards exercised/exchanged	49,078	682	65,036	938
Distribution reinvestment plan	1,554,074	20,036	1,697,394	18,863
Units issued	–	–	1,336,115	22,313
Units cancelled	–	–	(909,700)	(6,603)
Exchanged from Exchangeable Shares	16,583,632	187,063	–	–
Exchanged from Class A preference shares	–	–	1,442,484	3,606
Balance, end of year	124,325,307	593,075	106,138,523	385,294
Class A preference shares				
Balance, beginning of year	5,263,728	13,160	6,706,212	16,766
Exchanged into units	–	–	(1,442,484)	(3,606)
Balance, end of year	5,263,728	13,160	5,263,728	13,160
Exchangeable Shares				
Balance, beginning of year	–	–	–	–
Exchangeable Shares issued	21,271,804	239,946	–	–
Exchanged into units	(16,583,632)	(187,063)	–	–
Balance, end of year	4,688,172	52,883	–	–
Unitholders' capital, end of year	134,277,207	$ 659,118	111,402,251	$ 398,454

Distribution reinvestment plan

Under the Fund's distribution reinvestment plan ("DRIP"), Unitholders holding a minimum of 100 units can elect to receive their distributions (both regular and special) in units rather than cash at a 2% discount to the simple average closing price of the units for five trading days preceding the applicable distribution payment date, providing the units are issued from treasury and not purchased on the open market.

Units cancelled

During the prior fiscal year, the Fund obtained approval from its Board of Directors to make a normal course issuer bid to purchase up to 9,000,000 units, for the 12-month period commencing November 21, 2008, and ending November 20, 2009. A maximum of 44,754 units could be purchased during any trading day. No units were purchased and cancelled during the year. During the prior fiscal year, the Fund purchased and cancelled 909,700 units for a cash consideration of $6,603.

Units issued

During the year ended March 31, 2010, the Fund issued 16,583,632 units relating to the exchange of Exchangeable Shares. The Exchangeable Shares were issued pursuant to Just Energy's acquisition of Universal Energy Group Ltd.

During the prior comparable year, the Fund issued 1,336,115 units relating to a portion of the Special Distribution declared on December 31, 2007, payable in units.

NOTE 12 UNIT BASED COMPENSATION PLANS

(a) Unit option plan

The Fund grants awards under its 2001 unit option plan to directors, officers, full-time employees and service providers (non-employees) of Just Energy. In accordance with the unit option plan, the Fund may grant options to a maximum of 11,300,000 units. As at March 31, 2010, there were 961,666 options still available for grant under the plan. Of the options issued, 352,500 options remain outstanding at year-end. The exercise price of the unit options equals the closing market price of the Fund's units on the last business day preceding the grant date. The unit options will vest over periods ranging from three to five years from the grant date and expire after five or ten years from the grant date.

A summary of the changes in the Fund's option plan during the year and status at March 31, 2010, is outlined below.

	Outstanding options	Range of exercise prices	Weighted average exercise price[1]
Balance, beginning of year	555,500	$11.25 – $18.70	$ 15.88
Granted	–	–	–
Forfeited/cancelled	203,000	$12.69 – $18.70	15.82
Exercised	–	–	–
Balance, end of year	352,500	$15.09 – $17.47	$ 15.92

[1] The weighted average exercise price is calculated by dividing the exercise price of options granted by the number of options granted.

2010	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
$15.09 – $15.63	267,500	0.49	$ 15.53	200,000	$ 15.63
$16.65 – $17.47	85,000	1.20	17.13	51,000	17.13
Balance, end of year	352,500	0.66	$ 15.92	251,000	$ 15.94

2009	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
$12.69 – $15.63	330,500	1.95	$ 15.05	158,700	$ 15.55
$15.90 – $18.70	225,000	1.76	17.10	154,000	17.08
Balance, end of year	555,500	1.88	$ 15.88	312,700	$ 16.30

Options available for grant	2010	2009
Balance, beginning of year	758,666	698,666
Add: Cancelled/forfeited during the year	203,000	110,000
Less: Granted during the year	–	(50,000)
Balance, end of year	961,666	758,666

The Fund uses a binomial option pricing model to estimate the fair values. The binomial model was chosen because of the yield associated with the units. Fair values of employee unit options are estimated at grant date. Fair values of non-employee unit options are estimated and revalued each reporting period until a measurement date is achieved. The following weighted average assumptions have been used in the valuation for fiscal 2009:

Risk-free rate	3.13%
Expected volatility	27.31%
Expected life	5 years
Expected distributions	$1.24 per year

(b) **Unit appreciation rights**

The Fund grants awards under its 2004 unit appreciation rights ("UARs") plan to senior officers, employees and service providers of its subsidiaries and affiliates in the form of fully paid UARs. On June 25, 2009, the Unitholders of the Fund approved a 1,000,000 increase in the number of UARs available for grant. After this increase, in accordance with the unit appreciation rights plan, the Fund may grant UARs to a maximum of 3,000,000. As at March 31, 2010, there were 74,472 (2009 – 374,668) UARs still available for grant under the plan. Of the UARs issued, 2,640,723 UARs remain outstanding at March 31, 2010. Except as otherwise provided (i) the UARs vest from one to five years from the grant date providing, in most cases, on the applicable vesting date the UAR grantee continues as a senior officer, employee or service provider of the Fund or any affiliate thereof; (ii) the UARs expire no later than ten years from the grant date; (iii) a holder of UARs is entitled to distributions as if a UAR were a unit; and (iv) when vested, the holder of a UAR may exchange one UAR for one unit.

UARs available for grant	2010	2009
Balance, beginning of year	374,668	804,170
Less: Granted during the year	(1,307,192)	(455,215)
Add: Increase in UARs available for grant	1,000,000	–
Add: Cancelled/forfeited during the year	6,996	25,713
Balance, end of year	74,472	374,668

(c) Deferred unit grants

The Fund grants awards under its 2004 Directors' deferred compensation plan to all independent directors on the basis each director is required to annually receive $15 of his or her compensation entitlement in deferred unit grants ("DUGs"), and may elect to receive all or any portion of the balance of his annual compensation in DUGs. The holders of DUGs are also granted additional DUGs on a monthly basis equal to the monthly distribution paid to Unitholders of the Fund. On June 25, 2009, the Unitholders of the Fund approved a 100,000 increase in the number of DUGs available for grant. After this increase, in accordance with the deferred compensation plan, the Fund may grant DUGs to a maximum of 200,000. The DUGs vest on the earlier of the date of the director's resignation or three years following the date of grant and expire ten years following the date of grant. As of March 31, 2010, there were 108,248 (2009 – 31,568) DUGs available for grant under the plan. Of the DUGs issued, 84,138 DUGs remain outstanding at March 31, 2010.

DUGs available for grant	2010	2009
Balance, beginning of year	31,568	56,537
Add: Increase in DUGS available for grant	100,000	–
Less: Granted during the year	(23,320)	(24,969)
Balance, end of year	108,248	31,568

(d) Contributed surplus

Amounts credited to contributed surplus include unit based compensation awards, UARs and DUGs. Amounts charged to contributed surplus are awards exercised during the year.

Contributed surplus	2010	2009
Balance, beginning of year	$ 14,671	$ 12,004
Add: Unit based compensation awards	4,754	4,098
Non-cash deferred unit grant distributions	89	55
Less: Unit based awards exercised	(682)	(1,486)
Balance, end of year	$ 18,832	$ 14,671

Total amounts credited to Unitholders' capital in respect of unit options and deferred unit grants exercised or exchanged during the year ended March 31, 2010, amounted to $682 (2009 – $5,778).

Cash received from options exercised for the year ended March 31, 2010, amounted to $nil (2009 – $4,293).

NOTE 13 FINANCIAL INSTRUMENTS

(a) Fair value

The Fund has a variety of gas and electricity supply contracts that are captured under CICA Handbook Section 3855, Financial Instruments – Measurement and Recognition. Fair value is the estimated amount that Just Energy would pay or receive to dispose of these supply contracts in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Management has estimated the value of electricity, unforced capacity, heat rates, heat rate options, renewable and gas swap and forward contracts using a discounted cash flow method, which employs market forward curves that are either directly sourced from third parties or are developed internally based on third party market data. These curves can be volatile thus leading to volatility in the mark to market with no impact to cash flows. Gas options have been valued using the Black option value model using the applicable market forward curves and the implied volatility from other market traded gas options.

Effective July 1, 2008, the Fund ceased the utilization of hedge accounting. Accordingly, all the mark to market changes on the Fund's derivative instruments are recorded on a single line on the consolidated Statements of Operations. Due to the commodity volatility and size of the Fund, the quarterly swings in mark to market on these positions will increase the volatility in the Fund's earnings.

The following tables illustrate (gains)/losses related to the Fund's derivative financial instruments classified as held-for-trading recorded against other assets and other liabilities with their offsetting values recorded in change in fair value derivative instruments for the year ended March 31, 2010:

Change in fair value of derivative instruments	For the year ended March 31, 2010	For the year ended March 31, 2010 (USD)	For the year ended March 31, 2009	For the year ended March 31, 2009 (USD)
Canada				
Fixed-for-floating electricity swaps (i)	$ 5,041	$ n/a	$ 223,191	$ n/a
Renewable energy certificates (ii)	(480)	n/a	527	n/a
Verified emission-reduction credits (iii)	(9)	n/a	–	n/a
Options (iv)	(1,593)	n/a	(4,847)	n/a
Physical gas forward contracts (v)	70,568	n/a	771,300	n/a
Transportation forward contracts (vi)	21,353	n/a	(5,059)	n/a
United States				
Fixed-for-floating electricity swaps (vii)	11,295	11,761	96,031	84,666
Physical electricity forwards (viii)	2,332	4,737	130,911	116,116
Unforced capacity forward contracts (ix)	(423)	(274)	5,249	4,730
Unforced capacity physical contracts (x)	563	544	–	–
Renewable energy certificates (xi)	1,856	1,744	(104)	(68)
Verified emission-reduction credits (xii)	644	604	8	–
Options (xiii)	1,082	879	790	1,068
Physical gas forward contracts (xiv)	(30,742)	(25,350)	336,831	299,516
Transportation forward contracts (xv)	1,303	1,287	(6,252)	(4,992)
Heat rate swaps (xvi)	(4,264)	(3,965)	(251)	(228)
Fixed financial swaps (xvii)	34,201	33,370	(242)	(191)
Foreign exchange forward contracts (xviii)	3,322	n/a	978	n/a
Other				
Amortization of deferred unrealized gains of discontinued hedges	(203,562)	n/a	(211,776)	n/a
Amortization of derivative financial instruments related to Universal acquisition	88,795	n/a	–	n/a
Change in fair value of derivative instruments	$ 1,282		$ 1,337,285	

The following table illustrates (gains)/losses representing the ineffective portion of the Fund's designated hedges prior to July 1, 2008, recorded against other assets and other liabilities with their offsetting values recorded in change in fair value of derivative instruments:

Change in fair value of derivative instruments	For the year ended March 31, 2010	For the year ended March 31, 2010 (USD)	For the year ended March 31, 2009	For the year ended March 31, 2009 (USD)
Canada				
Fixed-for-floating electricity swaps (i)	$ –	$ n/a	$ (476)	$ n/a
United States				
Fixed-for-floating electricity swaps (vii)	–	–	167	164
Change in fair value of derivative instruments	$ –		$ (309)	
Total change in fair value of derivative instruments	$ 1,282		$ 1,336,976	

The following table illustrates (gains)/losses to the Fund's designated hedges prior to July 1, 2008, recorded against other assets and other liabilities with their offsetting values recorded in other comprehensive income:

Other comprehensive income	For the year ended March 31, 2009	For the year ended March 31, 2009 (USD)
Canada		
Fixed-for-floating electricity swaps (i)	$ (75,354)	$ n/a
Renewable energy certificates (ii)	–	n/a
Verified emission-reduction credits (iii)	–	n/a
Options (iv)	–	n/a
Physical gas forward contracts (v)	(313,071)	n/a
Transportation forward contracts (vi)	(5,958)	n/a
United States		
Fixed-for-floating electricity swaps (vii)	(40,473)	(39,808)
Physical electricity forwards (viii)	(30,573)	(30,071)
Unforced capacity forward contracts (ix)	(4,743)	(4,665)
Renewable energy certificates (xi)	–	–
Verified emission-reduction credits (xii)	–	–
Options (xiii)	–	–
Physical gas forward contracts (xiv)	(124,760)	(122,711)
Transportation forward contracts (xv)	7,022	6,907
Heat rate swaps (xvi)	–	–
Fixed financial swaps (xvii)	–	–
Foreign exchange forward contracts (xviii)	–	–
Amortization of deferred unrealized gains of discontinued hedges	(4,550)	–
Other comprehensive income	$ (592,460)	

The following table summarizes certain aspects of the financial assets and liabilities recorded in the financial statements as at March 31, 2010:

	Other assets (current)	Other assets (long term)	Other liabilities (current)	Other liabilities (long term)
Canada				
Fixed-for-floating electricity swaps (i)	$ –	$ –	$ 244,563	$ 212,920
Renewable energy certificates (ii)	350	621	30	139
Verified emission-reduction credits (iii)	2	7	–	–
Options (iv)	757	416	–	–
Physical gas forward contracts (v)	–	–	237,145	203,088
Transportation forward contracts (vi)	–	–	11,060	8,439
United States				
Fixed-for-floating electricity swaps (vii)	–	–	31,291	30,464
Physical electricity forwards (viii)	–	–	38,015	39,035
Unforced capacity forward contracts (ix)	523	102	445	9
Unforced capacity physical contracts (x)	33	146	731	–
Renewable energy certificates (xi)	107	130	918	945
Verified emission-reduction credits (xii)	–	–	167	447
Options (xiii)	–	–	912	915
Physical gas forward contracts (xiv)	–	–	96,938	75,142
Transportation forward contracts (xv)	–	–	1,265	2,262
Heat rate swaps (xvi)	654	3,605	–	–
Fixed financial swaps (xvii)	–	–	21,720	16,767
Foreign exchange forward contracts (xviii)	277	–	–	–
As at March 31, 2010	$ 2,703	$ 5,027	$ 685,200	$ 590,572

The following table summarizes certain aspects of the financial assets and liabilities recorded in the financial statements as at March 31, 2009:

	Other assets (current)	Other assets (long term)	Other liabilities (current)	Other liabilities (long term)
Canada				
Fixed-for-floating electricity swaps (i)	$ –	$ –	$ 149,476	$ 158,289
Renewable energy certificates (ii)	94	251	–	23
Options (iv)	792	23	237	997
Physical gas forward contracts (v)	–	–	198,329	103,734
Transportation forward contracts (vi)	787	2,160	927	163
United States				
Fixed-for-floating electricity swaps (vii)	–	–	34,997	24,577
Physical electricity forwards (viii)	–	–	48,242	41,456
Unforced capacity forward contracts (ix)	19	213	366	–
Renewable energy certificates (xi)	57	191	19	48
Options (xiii)	395	–	204	1,349
Physical gas forward contracts (xiv)	–	–	84,010	69,627
Transportation forward contracts (xv)	4	–	961	1,457
Heat rate swaps (xvi)	72	1,171	956	–
Fixed financial swaps (xvii)	–	869	628	–
Foreign exchange forward contracts (xviii)	3,324	275	–	–
As at March 31, 2009	$ 5,544	$ 5,153	$ 519,352	$ 401,720

The following table summarizes financial instruments classified as held-for-trading as at March 31, 2010, to which the Fund has committed:

Contract type	Notional volume	Total remaining volume	Maturity date	Fixed price	Fair value favourable/ (unfavourable)	Notional value
Canada						
(i) Fixed-for-floating electricity swaps*	0.0001–50 MWh	12,873,605 MWh	April 30, 2010 – March 1, 2016	$23.00–$128.13	($457,483)	$933,845
(ii) Renewable energy certificates	10–90,000 MWh	1,210,017 MWh	December 31, 2010 – December 31, 2014	$3.00–$26.00	$802	$7,604
(iii) Verified emission-reduction credits	2,000–55,000 tonnes	505,000 tonnes	December 31, 2010 – December 31, 2014	$9.34–$11.50	$9	$5,236
(iv) Options	46–40,500 GJ/month	5,590,040 GJ	April 30, 2010 – February 28, 2014	$6.35–$12.40	$1,173	$10,234
(v) Physical gas forward contracts	5–16,862 GJ/day	145,443,234 GJ	April 30, 2010 – June 30, 2015	$3.31–$10.00	($440,233)	$1,133,277
(vi) Transportation forward contracts	11–465,000 GJ/day	69,017,645 GJ	April 30, 2010 – May 31, 2015	$0.01–$1.57	($19,499)	$52,657
United States						
(vii) Fixed-for-floating electricity swaps*	0.10–28 MWh	2,271,140 MWh	April 30, 2010 – March 31, 2015	$37.83–$138.91 (US$37.25–$136.75)	($61,755) (US($60,794))	$184,587 (US$181,716)
(viii) Physical electricity forwards	1–33 MWh	4,813,387 MWh	April 30, 2010 – January 31, 2015	$30.98–$111.99 (US$30.50–$110.25)	($77,050) (US($75,852))	$299,561 (US$294,902)
(ix) Unforced capacity forward contracts	5–35 MWCap	1,275 MWCap	April 30, 2010 – November 30, 2012	$3,047–$8,126 (US$3,000–$8,000)	$171 (US$168)	$6,806 (US$6,700)
(x) Unforced capacity physical contracts	10–60 MWCap	2,065 MWCap	April 30, 2010 – May 31, 2014	$1,016–$3,017 (US$1,000–$2,970)	($552) (US$543)	$6,028 (US$5,934)
(xi) Renewable energy certificates	2,200–110,000 MWh	2,030,265 MWh	December 31, 2010 – December 31, 2014	$1.63–$22.86 (US$1.60–$22.50)	($1,626) (US($1,601))	$14,147 (US$13,927)
(xii) Verified emission-reduction credits	10,000–50,000 tonnes	615,000 tonnes	December 31, 2010 – December 31, 2014	$6.45–$8.89 (US$6.35–$8.75)	($614) (US($604))	$4,770 (US$4,696)
(xiii) Options	5–120,000 mmBTU/month	6,236,595 mmBTU	April 30, 2010 – December 31, 2014	$6.50–$14.02 (US$6.40–$13.80)	($1,827) (US($1,799))	$9,774 (US$9,622)
(xiv) Physical gas forward contracts	5–22,970 mmBTU/day	53,078,540 mmBTU	April 1, 2010 – July 31, 2014	$3.76–$12.07 (US$3.70–$11.88)	($172,080) (US($169,403))	$458,177 (US$451,050)
(xv) Transportation forward contracts	35–9,300 mmBTU/day	41,137,356 mmBTU	April 1, 2010 – March 31, 2015	$0.01–$0.61 (US$0.01–$0.60)	($3,527) (US($3,472))	($33,738) (US$33,213)
(xvi) Heat rate swaps	1–30 MWh	2,991,002 MWh	April 30, 2010 – February 28, 2015	$26.98–$70.99 (US$26.56–$69.89)	$4,259 (US$4,193)	$133,444 (US$131,368)
(xvii) Fixed financial swap	100–7,700 mmBTU/day	36,033,542 mmBTU	April 30, 2010 – March 31, 2015	$4.00–$7.83 (US$3.94–$7.71)	($38,487) (US($37,888))	$238,550 (US$234,840)
(xviii) Foreign exchange forward contracts**	$1,981–$2,258 (US$2,000)	n/a	April 7, 2010 – April 7, 2010	$0.9905–$1.1289	$277	$4,063 (US$4,000)

* The electricity fixed-for-floating contracts related to the Province of Alberta are predominantly load-following and some contracts in Ontario, wherein the quantity of electricity contained in the supply contract "follows" the usage of customers designated by the supply contract. Notional volumes associated with these contracts are estimates and subject to change with customer usage requirements. There are also load-shaped fixed-for-floating contracts in the rest of Just Energy's electricity markets wherein the quantity of electricity is established but varies throughout the term of the contracts.

** Hedge accounting was applied to most of these forwards up to September 30, 2006. However, the hedge was de-designated and a loss of $195 for the year ended March 31, 2007, was recorded in other liabilities. As the required hedge accounting effectiveness was achieved for certain quarters of fiscal 2007, a $1,933 gain was deferred and recorded in AOCI and is being recognized in the Statement of Operations over the remaining term of each hedging relationship. The term expires in April 2010.

The following table summarizes the nature of financial assets and liabilities recorded in the financial statements for the year ended March 31, 2010.

	March 31, 2010		March 31, 2009	
	Loss on cash flow hedges transferred from Other Comprehensive Income to the Statement of Operations	Unrealized gain recorded in Other Comprehensive Income	Loss on cash flow hedges transferred from Other Comprehensive Income to the Statement of Operations	Unrealized gain recorded in Other Comprehensive Income
Canada				
Fixed-for-floating electricity swaps (i)	$ –	$ –	$ (19,208)	$ 94,562
Physical gas forward contracts and transportation forward contracts (v)	–	–	(135,808)	454,838
United States				
Fixed-for-floating electricity swaps (vii)	–	–	(13,826)	54,299
Physical electricity contracts (viii)	–	–	(30,659)	61,232
Unforced capacity forward contracts (ix)	–	–	–	4,743
Physical gas forward contracts and transportation forward contracts (xiii)	–	–	(26,184)	143,922
Amortization of deferred unrealized gains of discontinued hedges	(203,562)	–	(211,776)	–
Total realized and unrealized gains/(losses)	$ (203,562)	$ –	$ (437,461)	$ 813,596

The estimated amortization of deferred gains and losses reported in accumulated other comprehensive income that is expected to be amortized to net income within the next 12 months is a gain of $120,204.

These derivative financial instruments create a credit risk for Just Energy since they have been transacted with a limited number of counterparties. Should any counterparty be unable to fulfill its obligations under the contracts, Just Energy may not be able to realize the other asset balance recognized in the financial statements.

In Illinois, Texas, Pennsylvania, Maryland, California and Alberta, Just Energy assumes the credit risk associated with cash collection from its customers. Credit review processes have been put in place for these markets where Just Energy has credit risk to manage the customer default rate. If a significant number of customers were to default on their payments, it could have a material adverse effect on Just Energy's operations and cash flow. Management factors default from credit risk in its margin expectations for these markets.

Fair value ("FV") hierarchy

Level 1

The fair value measurements are classified as Level 1 in the FV hierarchy if the fair value is determined using quoted, unadjusted market prices. Just Energy values its cash, restricted cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, unit distributions payable and long-term debt under Level 1.

Level 2

Fair value measurements which require inputs other than quoted prices in Level 1, either directly or indirectly, are classified as Level 2 in the FV hierarchy. This could include the use of statistical techniques to derive the FV curve from observable market prices. However, in order to be classified under Level 2, inputs must be substantially observable in the market. Just Energy values its New York Mercantile Exchange ("NYMEX") financial gas fixed for floating swaps under Level 2.

Level 3

Fair value measurements which require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs are classified as Level 3 in the FV hierarchy. For the electricity supply contracts, Just Energy uses quoted market prices as per available market forward data and applies a price-shaping profile to calculate the monthly prices from annual strips and hourly prices from block strips for the purposes of mark to market calculations. The profile is based on historical settlements with counterparties or with the system operator and is considered an unobservable input. For the natural gas supply contracts, Just Energy uses three different market observable curves: 1) Commodity (predominately NYMEX), 2) Basis, and 3) Foreign exchange. NYMEX curves extend for over five years (thereby covering the length of Just Energy's contracts); however, most basis curves only extend 12 to 15 months into the future. In order to calculate basis curves for remaining years, Just Energy uses extrapolation which leads to natural gas supply contracts to be classified under Level 3.

The main cause of changes in fair value of derivative instruments is the forward curve prices used for the fair value calculations. Just Energy provides a sensitivity analysis of these forward curves under the commodity price risk section of this note. Other inputs, including volatility and correlations, are driven off historical settlements.

The following table illustrates the classification of financial assets/(liabilities) in the fair value hierarchy as at March 31, 2010:

				March 31, 2010
	Level 1	Level 2	Level 3	Total
Financial assets				
Trading assets	$ 78,782	$ –	$ –	$ 78,782
Loans and receivable	348,892	–	–	348,892
Derivative financial assets	–	–	7,730	7,730
Financial liabilities				
Derivative financial liabilities	–	(38,487)	(1,237,285)	(1,275,772)
Other financial liabilities	(543,034)	–	–	(543,034)
Total net derivative liabilities	$ (115,360)	$ (38,487)	$(1,229,555)	$(1,383,402)

The following table illustrates the changes in net fair value of financial assets/(liabilities) classified as Level 3 in the fair value hierarchy for the year ended March 31, 2010:

	March 31, 2010
Opening balance, April 1, 2009	$ (908,100)
Total gain/(losses) – Net income	(433,577)
Purchases	(402,608)
Sales	2,653
Settlements	512,077
Transfer out of Level 3	–
Closing balance, March 31, 2010	$(1,229,555)

(b) **Classification of financial assets and liabilities**

The following table represents the fair values and carrying amounts of financial assets and liabilities measured at fair value or amortized cost:

	As at March 31, 2010	
	Carrying amount	Fair value
Cash and restricted cash	$ 78,782	$ 78,782
Accounts receivable	348,892	348,892
Other assets	7,730	7,730
Bank indebtedness, accounts payable and accrued liabilities and unit distribution payable	248,368	248,368
Long-term debt	294,666	302,689
Other liabilities	1,275,772	1,275,772

	For the years ended	
	2010	2009
Interest expense on financial liabilities not held-for-trading	$ 16,134	$ 3,857

The carrying value of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities and unit distribution payable approximate their fair value due to their short-term liquidity.

The carrying value of the long-term debt approximates its fair value as the interest payable on outstanding amounts is at rates that vary with Bankers' Acceptances, LIBOR, Canadian bank prime rate or U.S. prime rate with the exception for the JEEC convertible debenture which is fair valued based on market.

(c) Management of risks arising from financial instruments

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

(i) Market risk

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

Foreign currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of investment in U.S. operations.

A portion of Just Energy's earnings is generated in U.S. dollars and is subject to currency fluctuations. The performance of the Canadian dollar relative to the U.S. dollar could positively or negatively affect Just Energy's earnings. Due to its growing operations in the U.S. and recent acquisition of UEG, Just Energy expects to have a greater exposure in the future to U.S. fluctuations than in prior years.

The Fund may, from time to time, experience losses resulting from fluctuations in the values of its foreign currency transactions, which could adversely affect operating results.

With respect to translation exposure, as at March 31, 2010, if the Canadian dollar had been 5% stronger or weaker against the U.S. dollar, assuming that all the other variables had remained constant, net income for the year ended March 31, 2010, would have been $662 lower/higher and other comprehensive income would have been $8,146 lower/higher.

Interest rate risk

Just Energy is also exposed to interest rate fluctuations associated with its floating rate credit facility. Just Energy's current exposure to interest rates does not economically warrant the use of derivative instruments. The Fund's exposure to interest rate risk is relatively immaterial and temporary in nature. As such, the Fund does not believe that this long-term debt exposes it to material financial risks and has determined that there is no need to set out parameters to actively manage this risk.

A 1% increase (decrease) in interest rates would have resulted in a decrease (increase) in income before taxes for the year ended March 31, 2010, of approximately $421.

Commodity price risk

Just Energy is exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements. Just Energy's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. Just Energy enters into derivative instruments in order to manage exposures to changes in commodity prices. The derivative instruments that are used are designed to fix the price of supply for estimated customer commodity demand in Canadian dollars and thereby fix margins such that Unitholder distributions can be appropriately established. Derivative instruments are generally transacted over the counter. The inability or failure of Just Energy to manage and monitor the above-market risks could have a material adverse effect on the operations and cash flow of Just Energy.

Commodity price sensitivity – All derivative financial instruments

As at March 31, 2010, if the energy prices including natural gas, electricity, green natural gas credits and green electricity certificates had risen (fallen) by 10%, assuming that all the other variables had remained constant, income before taxes for the year ended March 31, 2010, would have increased (decreased) by $188,537 ($187,592) primarily as a result of the change in the fair value of the Fund's derivative instruments.

Commodity price sensitivity – Level 3 derivative financial instruments

As at March 31, 2010, if the energy prices including natural gas, electricity, green natural gas credits and green electricity certificates had risen (fallen) by 10%, assuming that all the other variables had remained constant, income before taxes for the year ended March 31, 2010, would have increased (decreased) by $170,287 ($169,495) primarily as a result of the change in the fair value of the Fund's derivative instruments.

Changes in energy prices will not significantly impact the Fund's gross margin.

(ii) Credit risk

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

Customer credit risk

In Alberta, Texas, Illinois, Pennsylvania, California and Maryland, Just Energy has customer credit risk, and therefore, credit review processes have been implemented to perform credit evaluations of customers and manage customer default. If a significant number of customers were to default on their payments, it could have a material adverse effect on the operations and cash flows of Just Energy. Management factors default from credit risk in its margin expectations for all the above markets.

As at March 31, 2010, accounts receivables from the above markets with a carrying value of $20,239 (March 31, 2009 – $17,022) were past due but not impaired. As at March 31, 2010, the aging of the accounts receivables from the above markets was as follows:

Current	$ 44,531
1–30 days	13,873
31–60 days	4,598
61–90 days	1,768
Over 90 days	3,973
	$ 68,743

For the year ended March 31, 2010, changes in the allowance for doubtful accounts were as follows:

Balance, beginning of year	$ 8,657
Provision for doubtful accounts	17,939
Bad debts written off	(14,880)
Others	(1,866)
Balance, end of year	$ 9,850

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

Counterparty credit risk

Counterparty credit risk represents the loss that Just Energy would incur if a counterparty fails to perform under its contractual obligations. This risk would manifest itself in Just Energy replacing contracted supply at prevailing market rates thus impacting the related customer margin or replacing contracted foreign exchange at prevailing market rates impacting the related Canadian dollar denominated distributions. Counterparty limits are established within the Risk Management Policy. Any exceptions to these limits require approval from the Board of Directors of JEC. The Risk Office and Risk Committee monitor current and potential credit exposure to individual counterparties and also monitor overall aggregate counterparty exposure. However, the failure of a counterparty to meet its contractual obligations could have a material adverse effect on the operations and cash flows of Just Energy.

As at March 31, 2010, the maximum counterparty credit risk exposure amounted to $76,473, representing the risk relating to its derivative financial assets and accounts receivable.

(iii) Liquidity risk

Liquidity risk is the potential inability to meet financial obligations as they fall due. The Fund manages this risk by monitoring detailed weekly cash flow forecasts covering a rolling six-week period, monthly cash forecasts for the next 12 months, and quarterly forecasts for the following two-year period to ensure adequate and efficient use of cash resources and credit facilities.

The following are the contractual maturities, excluding interest payments, reflecting undiscounted disbursements of the Fund's financial liabilities at March 31, 2010:

	Carrying amount	Contractual cash flows	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Accounts payable and accrued liabilities and unit distribution payable	$ 240,132	$ 240,132	$ 240,132	$ –	$ –	$ –
Bank indebtedness	8,236	8,236	8,236	–	–	–
Long-term debt	294,666	301,249	62,829	120,475	117,945	–
Derivative instruments:						
Cash outflow	1,275,772	3,533,371	1,494,003	1,621,623	415,680	2,065
	$ 1,818,806	$ 4,082,988	$ 1,805,200	$ 1,742,098	$ 533,625	$ 2,065

In addition to the amounts noted above, at March 31, 2010, net interest payments over the life of the long-term debt and bank credit facility are:

	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Interest payments	$ 16,040	$ 24,466	$ 12,260	$ 1,546

(iv) Supplier risk

Just Energy purchases the majority of the gas and electricity delivered to its customers through long-term contracts entered into with various suppliers. Just Energy has an exposure to supplier risk as the ability to continue to deliver gas and electricity to its customers is reliant upon the ongoing operations of these suppliers and their ability to fulfill their contractual obligations. Just Energy has discounted the fair value of its financial assets by $672 to accommodate for its counterparties' risk of default.

NOTE 14 CAPITAL DISCLOSURE

Just Energy defines capital as Unitholders' equity (excluding accumulated other comprehensive income) and long-term debt. The Fund's objectives when managing capital are to maintain flexibility between:

(a) enabling it to operate efficiently;

(b) providing liquidity and access to capital for growth opportunities; and

(c) providing returns and generating predictable cash flow for distribution to Unitholders.

The Fund manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable profitable growth. The Fund's capital management objectives have remained unchanged from the prior year. The Fund is not subject to any externally imposed capital requirements other than financial covenants in its credit facilities and as at March 31, 2010 and 2009, all of these covenants had been met.

NOTE 15 INCOME (LOSS) PER UNIT

	2010	2009
Basic income (loss) per unit		
Net income (loss) available to Unitholders	$ 231,496	$ (1,107,473)
Weighted average number of units outstanding	117,674,000	104,841,000
Weighted average number of Class A preference shares	5,264,000	5,623,000
Weighted average number of Exchangeable Shares	5,028,000	–
Basic units and shares outstanding	127,966,000	110,464,000
Basic income (loss) per unit	$ 1.81	$ (10.03)
Diluted income (loss) per unit[1]		
Net income (loss) available to Unitholders	$ 231,496	$ (1,107,473)
Basic units and shares outstanding	127,966,000	110,464,000
Dilutive effect of:		
Unit options	–	–
Unit appreciation rights	1,392,000	–
Deferred unit grants	71,000	–
Convertible debentures	–	–
Units outstanding on a diluted basis	129,429,000	110,464,000
Diluted income (loss) per unit	$ 1.79	$ (10.03)

[1] Conversion of convertible debentures is anti-dilutive to income per unit for the year ended March 31, 2010. Conversion of unit options, unit appreciation rights and deferred unit grants are anti-dilutive to income (loss) for the year ended March 31, 2009.

NOTE 16 REPORTABLE BUSINESS SEGMENTS

Just Energy operates in two reportable geographic segments, Canada and the United States. Reporting by geographic region is in line with Just Energy's performance measurement parameters. The gas and electricity business segment have operations in both Canada and United States.

Just Energy evaluates segment performance based on geographic segments and operating segments.

The following tables present Just Energy's results by geographic segments and operating segments:

2010	Gas and electricity marketing Canada	Gas and electricity marketing United States	Ethanol Canada	Home services Canada	Consolidated
Sales – gas	$ 788,661	$ 425,975	$ –	$ –	$ 1,214,636
Sales – electricity	637,580	381,674	–	–	1,019,254
Ethanol	–	–	56,455	–	56,455
Home services	–	–	–	8,886	8,886
Sales	$ 1,426,241	$ 807,649	$ 56,455	$ 8,886	$ 2,299,231
Gross margin	$ 231,147	$ 172,627	$ 4,510	$ 7,049	$ 415,333
Amortization of property, plant and equipment	(5,768)	(262)	(1,079)	(788)	(7,897)
Amortization of intangible assets	(34,959)	(22,402)	–	(1,187)	(58,548)
Other operating expenses	(68,156)	(121,394)	(9,089)	(8,760)	(207,399)
Income before the undernoted	122,264	28,569	(5,658)	(3,686)	141,489
Interest expense	9,079	1,130	5,107	818	16,134
Change in fair value of derivative instruments	37,058	(35,776)	–	–	1,282
Other income	(3,122)	(82)	(311)	–	(3,515)
Non-controlling interest	–	–	(3,593)	(55)	(3,648)
Provision for (recovery of) income tax	(123,113)	24,415	–	(1,562)	(100,260)
Net income (loss)	$ 202,362	$ 38,882	$ (6,861)	$ (2,887)	$ 231,496
Additions to capital assets	$ 11,267	$ 797	$ 4,599	$ 24,544	$ 41,207
Total goodwill	$ 138,905	$ 31,053	$ –	$ 7,929	$ 177,887
Total assets	$ 727,395	$ 373,180	$ 161,028	$ 91,492	$ 1,353,095

2009	Gas and electricity marketing Canada	Gas and electricity marketing United States	Gas and electricity marketing Consolidated
Sales – gas	$ 814,275	$ 343,889	$ 1,158,164
Sales – electricity	518,388	222,661	741,049
Sales	$ 1,332,663	$ 566,550	$ 1,899,213
Gross margin	$ 231,720	$ 91,096	$ 322,816
Amortization of gas contracts	710	–	710
Amortization of electricity contracts	178	2,706	2,884
Amortization of capital assets	4,660	440	5,100
Other operating expenses	89,889	55,995	145,884
Income before the undernoted	136,283	31,955	168,238
Interest expense	2,479	1,378	3,857
Change in fair value of derivative instruments	872,402	464,574	1,336,976
Other income	(7,574)	(30)	(7,604)
Non-controlling interest	(58)	–	(58)
Recovery of income tax	(1,971)	(55,489)	(57,460)
Net loss	$ (728,995)	$ (378,478)	$(1,107,473)
Additions to capital assets	$ 6,169	$ 176	$ 6,345
Total goodwill	$ 94,576	$ 22,485	$ 117,061
Total assets	$ 368,873	$ 166,882	$ 535,755

NOTE 17 GUARANTEES

(a) Officers and directors

Corporate indemnities have been provided by the Fund to all directors and certain officers of its subsidiaries and affiliates for various items including, but not limited to, all costs to settle suits or actions due to their association with the Fund and its subsidiaries and/or affiliates, subject to certain restrictions. The Fund has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. Each indemnity, subject to certain exceptions, applies for so long as the indemnified person is a director or officer of one of the Fund's subsidiaries and/or affiliates. The maximum amount of any potential future payment cannot be reasonably estimated.

(b) Operations

In the normal course of business, the Fund and/or the Fund's subsidiaries and affiliates have entered into agreements that include guarantees in favour of third parties, such as purchase and sale agreements, leasing agreements and transportation agreements. These guarantees may require the Fund and/or its subsidiaries to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The maximum payable under these guarantees is estimated to be $69,174.

NOTE 18 COMMITMENTS

Commitments for each of the next five years and thereafter are as follows:

	Premises and equipment leasing	Grain production contracts	Master Services Agreement with EPCOR	Long-term gas and electricity contracts with various suppliers
2011	$ 8,084	$ 36,059	$ 12,132	$ 1,494,003
2012	6,186	19,720	8,088	1,001,759
2013	4,357	1,718	–	619,864
2014	3,026	396	–	323,362
2015	2,304	–	–	92,318
Thereafter	4,828	–	–	2,065
	$ 28,785	$ 57,893	$ 20,220	$ 3,533,371

Just Energy is also committed under long-term contracts with customers to supply gas and electricity. These contracts have various expiry dates and renewal options.

NOTE 19 CONTINGENCIES

The State of California has filed a number of complaints to the Federal Regulatory Energy Commission ("FREC") against many suppliers of electricity, including Commerce, a subsidiary of the Fund, with respect to events stemming from the 2001 energy crises in California. Pursuant to the complaints, the State of California is challenging the FREC's enforcement of its market-based rate system. Although Commerce did not own generation, the State of California is claiming that Commerce was unjustly enriched by the run-up caused by the alleged market manipulation by other market participants. The proceedings are currently ongoing. On March 18, 2010, the Administrative Law Judge granted the motion to strike for all parties in one of the complaints holding that California did not prove that the reporting errors masked the accumulation of market power. California has appealed the decision.

At this time, the likelihood of damages or recoveries and the ultimate amounts, if any, with respect to this litigation is not determinable; however, an estimated amount has been recorded in these consolidated financial statements as at March 31, 2010.

NOTE 20 ADJUSTMENTS REQUIRED TO REFLECT NET CASH RECEIPTS FROM GAS SALES

	2010	2009
Changes in:		
Accrued gas accounts payable	$ (26,286)	$ 2,857
Unbilled revenues	36,986	(10,480)
Gas delivered in excess of consumption	(8,508)	–
Deferred revenue	8,357	–
Other	–	–
	$ 10,549	$ (7,623)

NOTE 21 CHANGES IN NON-CASH WORKING CAPITAL

	2010	2009
Accounts receivable	$ (60,021)	$ (17,251)
Gas in storage	2,430	(1,288)
Inventory	(41)	(229)
Prepaid expenses	25,869	381
Accounts payable and accrued liabilities	5,931	18,989
Corporate taxes payable (recoverable)	(8,303)	4,447
Other	(1,388)	1,132
	$ (35,523)	$ 6,181

NOTE 22 COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

Certain figures from the comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the current year's consolidated financial statements.

NOTE 23 SUBSEQUENT EVENT

On May 7, 2010, Just Energy completed the acquisition of all of the common shares of Hudson Parent Holdings, LLC and Hudson Energy Corp. (collectively, "Hudson") with an effective date of May 1, 2010. Hudson is a privately held energy marketing company operating in New York, New Jersey, Illinois and Texas, primarily focused on the small to mid-size commercial customer market.

In order to fund the purchase for the acquisition and related costs, Just Energy has entered into an agreement to sell to a syndicate of underwriters $330 million aggregate principal amount of 6.00% Convertible Extendible Unsecured Subordinated Debentures (the "Convertible Debentures"). The Convertible Debentures will bear interest at a rate of 6.00% per annum payable semi-annually in arrears on June 30 and December 31.

The consideration for the acquisition will be approximately US$304.2 million, subject to customary working capital adjustments, payable as to US$295.0 million in cash at closing and a post-closing deferred payment of US$9.2 million, payable in four equal quarterly instalments during the first year following closing. Just Energy anticipates that associated transaction and financing costs will bring the total purchase cost to approximately $330 million.

EXHIBIT C-2
SEC FILINGS
COMMERCE ENERGY, INC. D/B/A JUST ENERGY

Please refer to Exhibit C-1 for the applicant's parent company's most recent securities filing information. Also attached is a copy of a recent press release where the applicant's parent company, Just Energy Income Fund receives court and security holder approvals for conversion from a fund to a corporation pursuant to which Just Energy's trust structure will be converted to a publicly traded corporation named Just Energy Group, Inc. The applicant's annual report is the last report filed with the Securities and Exchange Commission.

JUST ENERGY INCOME FUND RECEIVES COURT AND SECURITYHOLDER APPROVALS FOR CONVERSION TO A CORPORATION

TORONTO, July 2, 2010 - Just Energy Income Fund (TSX - JE.UN) ("Just Energy") is pleased to announce that on June 30, 2010, it obtained a final order from the Court of Queen's Bench of Alberta approving its previously announced plan of arrangement under the *Canada Business Corporations Act* pursuant to which Just Energy's trust structure will be converted to a publicly traded corporation named Just Energy Group Inc. The plan of arrangement was approved by Just Energy's voting securityholders by a majority of 99.9% at Just Energy's annual and special meeting held on June 29, 2010. The holders of the Exchangeable Shares of Just Energy Exchange Corp. also approved plan of arrangement at the meeting by a 100% majority. The conversion is expected to become effective on or about January 1, 2011.

About the Fund

Just Energy's business involves the sale of natural gas and/or electricity to residential and commercial customers under long-term fixed-price and price-protected contracts. By fixing the price of natural gas or electricity under its fixed-price or price-protected program contracts for a period of up to five years, Just Energy's customers offset their exposure to changes in the price of these essential commodities. Just Energy, which commenced business in 1997, derives its margin or gross profit from the difference between the fixed price at which it is able to sell the commodities to its customers and the fixed price at which it purchases the associated volumes from its suppliers.

Just Energy also offers "green" products through its Just Green program. The electricity Just Green product offers the customer the option of having all or a portion of his or her electricity sourced from renewable green sources such as wind, run of the river hydro or biomass. The gas Just Green product offers carbon offset credits which will allow the customer to reduce or eliminate the carbon footprint for their home or business. Management believes that these products will not only add to profits, but also increase sales receptivity and improve renewal rates.

In addition, through National Home Services, Just Energy sells and rents high efficiency and tankless waterheaters and, through Terra Grain Fuels Inc., produces and sells wheat-based ethanol.

Forward-Looking Statements

This press release may contain forward-looking statements including statements relating to the expectations of Just Energy regarding the proposed conversion including, but not limited to: timing, completion and receipt of necessary approvals. These statements are based on current expectations that involve a number of risks and uncertainties which could cause actual results to differ from those anticipated. Additional information on these and other factors that could affect Just Energy's operations, financial results or distribution levels or the timing and completion of the conversion, are included in Just Energy's annual information form and other reports on file with Canadian securities regulatory authorities including Just Energy's management information circular dated May 27, 2010 which can be accessed through the SEDAR website at www.sedar.com or through Just Energy's website at www.justenergy.com.

The Toronto Stock Exchange has neither approved nor disapproved of the contents of this release.

FOR FURTHER INFORMATION PLEASE CONTACT:

Ms. Rebecca MacDonald
Executive Chair
Phone: (416) 367-2872

Mr. Ken Hartwick, C.A.
Chief Executive Officer & President
Phone: (905) 795-3557

or

Ms. Beth Summers, C.A.
Chief Financial Officer
Phone: (905) 795-4206

EXHIBIT C-3
FINANCIAL STATEMENTS
COMMERCE ENERGY, INC. D/B/A JUST ENERGY

Please see Exhibit C-1 -Annual Reports and please refer to Page 57-90 of the applicant's 2010 Annual Report and page 53-80 of the 2009 Annual Report for the consolidated financial statements.

EXHIBIT C-4
FINANCIAL ARRANGEMENTS
COMMERCE ENERGY, INC. D/B/A JUST ENERGY

Attached please find the parent company's, Just Energy's Annual Information Form, filed on June 19, 2010 (copy enclosed) that describes credit facilities currently in place and shows that the applicant has sufficient financial arrangement in place to conduct business activities in Ohio and other markets. Also attached, please find a copy of current Letter of Credit in place with Columbia Gas of Ohio.

ANNUAL INFORMATION FORM

JUST ENERGY INCOME FUND

JUNE 19, 2010

JUST ENERGY INCOME FUND

JUNE 19, 2010

ANNUAL INFORMATION FORM [(1)]

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[(1)]Except as otherwise indicated, all information in this Annual Information Form is as at March 31, 2010.

All capitalized terms not otherwise defined in the body of this Annual Information Form, shall have the meanings ascribed to them in the Glossary of Terms attached as Schedule "A" hereto.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Information Form and documents incorporated by reference herein constitute forward-looking statements. These statements relate to future events and future performance. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "may", project", "predict", "potential", targeting", "intend", "could", "might", "should", "believe" and similar expressions. The Fund believes the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. In particular, this Annual Information Form, and the documents incorporated by reference herein, contain forward looking statements pertaining to customer revenues and margins, customer additions and renewals, customer attrition, customer consumption levels, distributable cash, the ability to compete successfully and treatment under governmental regimes. Some of the risks that could affect the Fund's future results and could cause results to differ materially from those expressed in forward-looking statements include, but are not limited to, levels of customer natural gas and electricity consumption, rates of customer additions and renewals, rates of customer attrition, fluctuation in natural gas and electricity prices, changes in regulatory regimes and decisions by regulatory authorities, competition, difficulties encountered in the integration of acquisitions, dependence on certain suppliers. See "Risk Factors" for additional information on these and other factors that could affect the Fund's operations, financial results or distribution levels. These risks include, but are not limited to, risks relating to: credit, commodity and other market-related risks including availability of supply, volatility of commodity prices, availability of credit, market risk, energy trading inherent risk, customer credit risk, counterparty credit risk, electricity supply balancing risk, and natural gas supply balancing risk; operational risks including, reliance on information technology systems, reliance on third party service providers, outsourcing and offshoring arrangements, dependence on independent sales contractors, electricity and gas contract renewals and attrition rates, cash distributions (and following the conversion transaction, dividends) are not guaranteed and will fluctuate with the performance of the Fund, earnings volatility; model risk, commodity alternatives, capital asset and replacement risk, credit facilities and other debt arrangements, disruptions to infrastructure, expansion strategy and future acquisitions; legal, regulatory and securities risks including legislative and regulatory environment, investment eligibility, nature of Units, Fund Convertible Debentures and Exchangeable Shares, redemption right, unitholder limited liability, distribution of securities on termination of the Fund, dilution from the issue additional Units; restrictions on potential growth, changes in legislation, risks relating to certain of the Fund's subsidiaries including in the case of TGF, leverage and restrictive covenants, reliance on proprietary technology, risk of claims for infringement, dependence on commodity prices, sensitivity to gasoline prices and demand, sensitivity to wheat prices and supply, natural gas prices and supply, sensitivity of distillers grain prices to the price of other commodity products, dependence on federal and provincial legislation and regulation, environmental, health and safety laws, regulations and liabilities, disruptions to infrastructure or in the supply of fuel or natural gas and technological advances, and, in the case of NHS, buyouts and returns of water heaters, social or technological changes affecting the water heater market, concentration of water heater suppliers and product faults and geographic concentration of the Canadian water heater market; possible failure to realize anticipated benefits of the Hudson Acquisition, reliance on key Hudson personnel, potential undisclosed liabilities associated with the Hudson Energy Acquisition, failure to protect Hudson's intellectual property; changes in tax laws, possible failure to realize anticipated benefits of the Conversion Transaction, certain risks inherent in an investment in the Fund Debentures Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of future results. These forward-looking statements are made as of the date of this Annual Information Form and, except as required by law, the Fund does not undertake any obligation to publicly update or revise any forward-looking statements.

STRUCTURE OF THE FUND

General

Just Energy Income Fund

The following description of the Fund and its business is provided as at the date hereof.

The Fund is an open-ended limited purpose trust governed by the Declaration of Trust and by the laws of the Province of Ontario. The Fund is administered by JEC, which is managed by the Board. The Fund was established to hold, directly and indirectly, securities of operating Subsidiaries and other Affiliates and to distribute the income of such entities. See Schedule "C" for a detailed description of the Declaration of Trust, the Units and the Fund.

The principal business of the Fund's Subsidiaries and other Affiliates involves the sale of natural gas and/or electricity to residential and small to mid-sized commercial customers of approximately 3.0 million RCEs, under long-term, fixed-price and price-protected Energy Contracts. By fixing the price of natural gas or electricity under its fixed-price or price-protected program Energy Contracts for a period of up to five years, the Fund's customers offset their exposure to changes in the price of these essential commodities. The Fund, which commenced business in 1997, derives its margin or gross profit from the difference between the fixed-price at which it is able to sell the commodities to its customers and the fixed-price at which it purchases the associated volumes from its Suppliers.

In the Province of Ontario, the Fund also sells and rents high efficiency and tankless water heaters through its Subsidiary, NHS. In addition, the Fund's two-thirds-owned Subsidiary TGF owns and operates a wheat-based ethanol facility in Belle Plaine, Saskatchewan.

The Fund also offers green products through its JustGreen program formerly known as the Green Energy Option or GEO. JustGreen is a program giving customers the option to have all or a portion of their electricity sourced from renewable green sources such as wind, run of the river hydro or biomass and/or their gas consumption offset by carbon credits, thus allowing the customer to reduce or eliminate the carbon footprint of their homes or businesses.

Just Energy has a head office staff of approximately 900 employees. Sales are undertaken through a sales team of more than 1,500 Independent Contractors who sell largely door to door and, with the Hudson Energy Acquisition effective May 1, 2010: (i) through 550 Independent Broker companies representing in excess of 1,000 individual Independent Brokers utilizing a web based sales portal, (ii) a Florida based telemarketing centre and (iii) an internal sales team. The Fund's Affiliates also market to customers via Internet sales through its partnership with Red Ventures Inc., a North Carolina Internet sales company. In April 2010, the Fund commenced marketing Energy Contracts through Momentis' multi level marketing Subsidiaries utilizing a sales team which currently consists of approximately 500 Independent Representatives. Because of a non-compete covenant, Momentis may not market in the State of Texas until at least May, 2011 and for related reasons will not market in the State of Georgia until that date.

Approximately 66% of the Fund's customers are residential customers, with the balance being commercial, and approximately 65% of the Fund's customers are located in Canada, with the remainder in the United States. The Fund's customer base is currently comprised of approximately 1.23 million natural gas RCEs and approximately 1.76 million electricity RCEs.

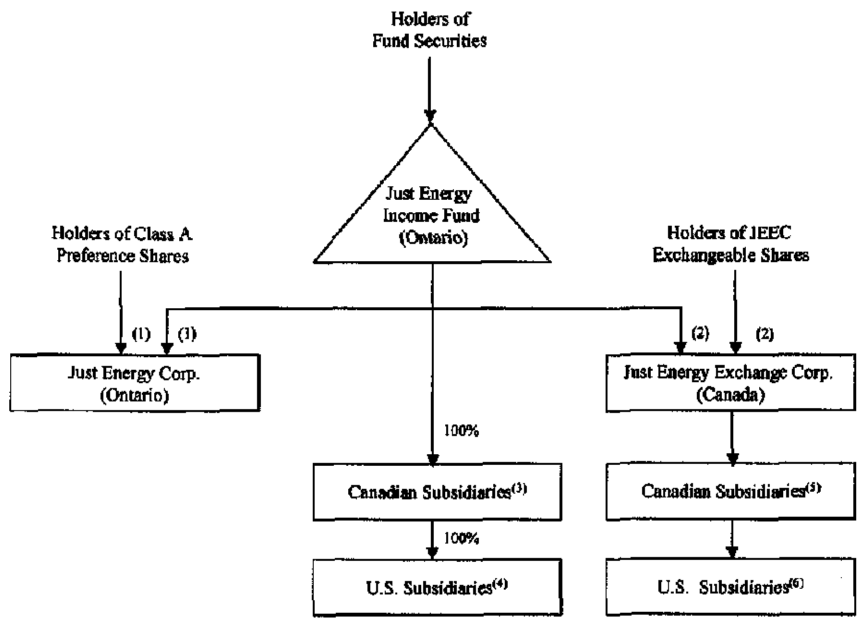
The Fund's operating Subsidiaries and other Affiliates currently carry on business in Canada in the provinces of Ontario, Manitoba, Québec, British Columbia and Alberta and in the United States in the states of Illinois, New York, Indiana, Michigan, Ohio, New Jersey, California, Maryland, Pennsylvania, Massachusetts and Texas. As and to the extent that natural gas and electricity utility deregulation extends into new jurisdictions in the United States, the Fund intends to expand into new markets to meet customer demand for retail natural gas and electricity products.

The head office of the Fund and JEC is located at Suite 200, 6345 Dixie Road, Mississauga, Ontario L5T 2E6.

For further information regarding the Fund and its Subsidiaries (including JEEC) and other Affiliates, and their respective business activities, see "General Development of the Fund" and "Business of Just Energy" herein and in the other documents incorporated by reference herein.

Organizational Structure of the Fund

The following diagram sets forth the simplified organizational structure of the Fund.



Notes:

(1) The Fund owns all of the voting and equity securities of JEC, except for the 5,263,728 outstanding Class A Preference Shares, each of which is non-voting and exchangeable for one Unit.

(2) The Fund owns all of the voting and equity securities of JEEC, except, at June 19, 2010, the 4,286,000 outstanding Exchangeable Shares, each of which is non-voting and exchangeable for one Unit.

(3) The Canadian subsidiaries are corporations, trusts, limited partnerships, and unlimited liability companies directly or indirectly wholly-owned by the Fund: ESIF Commercial Trust I (Ontario); OESC Exchangeco II Inc. (Ontario); Just Energy Ontario L.P. (Ontario); Just Energy Alberta L.P. (Alberta); Alberta Energy Savings L.P. (Alberta); Just Energy Manitoba L.P. (Manitoba); Just Energy B.C. Limited Partnership (British Columbia); Just Energy Québec L.P. (Quebec); Ontario Energy Commodities Inc. (Ontario); Just Energy Trading L.P. (Ontario); UEGL ExchangeCo Corp. (Canada); Just Energy Alberta Corp. (Alberta); Just Energy B.C. Corp. (British Columbia); La corporation d'économie d'énergie du Québec (Québec); Just Energy Group Inc.; Momentis Canada Corp. (Ontario); GEO Capital Ventures Corp. (Ontario), Hudson Energy Canada Corp. (Canada) and Just Energy Finance Canada ULC (Nova Scotia).

(4) The U.S. subsidiaries are corporations, limited liability companies and limited partnerships indirectly wholly-owned by the Fund: Just Energy (U.S.) Corp.; Just Energy Illinois Corp.; Just Energy Indiana Corp.; Just Energy Massachusetts Corp.; Just Energy New York Corp.; Just Energy Texas I Corp.; Just Energy Texas LP; Just Energy, LLC; Just Energy Pennsylvania Corp.; Commerce Energy, Inc.; Just Energy Marketing Corp.; Just Energy Michigan Corp.; Just Energy Maryland Corp.; Momentis U.S. Corp.; Just Energy Connecticut Corp.; Hudson Energy Corp.; Hudson Parent Holdings, LLC; HE Holdings LLC; Drag Marketing LLC; Hudson Energy Services LLC; Hudson Energy JV LLC; Just Energy Limited; and Just Energy Finance LLC. All U.S. subsidiaries are incorporated or formed, as applicable, under the laws of the State of Delaware except Just Energy LLC (Texas), Just Energy Texas LP (Texas) and Commerce Energy, Inc. (California).

(5) The Canadian subsidiaries are NHS (Ontario) and Universal Energy Corporation (Canada), each of which is wholly-owned by JEEC. JEEC also holds 66⅔% of the issued and outstanding shares in the capital of TGF.

(6) The U.S. subsidiaries are corporations directly or indirectly wholly-owned by JEEC: Universal Gas & Electric Corporation; UG & E Holdings Inc.; Wholesale Energy New York Inc.; Wholesale Energy Illinois Inc.; National Home Services U.S. Corp.; and UG & E Texas Inc. All U.S. subsidiaries are incorporated under the laws of the State of Delaware.

GENERAL DEVELOPMENT OF THE FUND

The Fund completed its initial public offering of Units on April 30, 2001 at a price of $2.50 per Unit (post-splits) pursuant to a final prospectus dated April 20, 2001 and completed a subsequent sale of Units (post-splits) pursuant to the exercise of an over-allotment option on May 16, 2001. The Fund and JEC have subdivided their units and shares twice since July 17, 2002.

During the past three years the Fund has been involved in several significant events, including internal reorganizations, a re-branding, the expansion of its business by organic growth and acquisitions, and related financings, and is seeking approval for the Conversion Transaction. These events are described below in chronological order. The Fund's business is described in detail under the heading "Business of Just Energy" commencing on page 7.

Three Year History

April 30, 2007 Reorganization

The Fund has completed several internal reorganizations in order to: (i) facilitate the expansion of the Fund's business in Canada and the United States, whether organic or through acquisitions, (ii) conserve cash flow, and (iii) ensure the continuity of distributions to Unitholders. Two internal reorganizations of the Fund have been completed in the last three years.

The objective of the April 30, 2007 Reorganization and the transactions related thereto was: (i) to reorganize the structure of the Fund and its Affiliates into a structure suited to the profitable, expansionary development of the Fund's business in Canada and the United States, and (ii) to protect the expectation of Unitholders regarding the returns on their investment in the Fund. As a result of the April 30, 2007 Reorganization, the Fund's holding company structure in Canada was replaced with a trust and partnership structure.

To accommodate the April 30, 2007 Reorganization: (i) amendments were made to the JEC Shareholders' Agreement and to the Declaration of Trust, (ii) additional Subsidiaries were incorporated and (iii) the ESIF Note Indenture and the Exchangeco II Note Indenture were created.

The principal changes to the Declaration of Trust included amendments: (i) to permit the creation and issuance of a second class of Units designated as "Special Units" to facilitate the completion of the reorganization; (ii) to gradually shift the value of the Fund's business to ESIF CT over time, the Declaration of Trust was amended to provide that where the redemption of Units is not paid in cash, each Unit tendered for redemption will be redeemed by way of a distribution in *specie* of ESIF Notes issued by ESIF CT; (iii) to permit the consolidation of Units; and (iv) to permit the distribution of securities owned by the Fund to Unitholders resident in Canada only in circumstances where non resident Unitholders are not prejudiced by such distributions.

On December 20, 2007, the Declaration of Trust was further amended by Special Resolution for the sole purpose of providing the Administrator with the discretion to determine that there not be a consolidation of Units on a *pro-rata* distribution of additional Units to all Unitholders.

On May 14, 2009, the Declaration of Trust was again amended by a supplemental indenture between the Trustee and JEC for the sole purpose of changing the name of the Fund to Just Energy Income Fund.

Acquisition of Just Energy Texas

On May 24, 2007, Energy Savings Texas Corp. (now Just Energy Texas), purchased all of the partnership units of Just Energy Texas L.P. for a consideration of U.S. $34 million and 1,169,399 Units

Establishment of 80% Interest in Newten Home Comfort and Subsequent Acquisition of Minority 20% Interest

On June 26, 2008, the Fund's Affiliates entered into a partnership agreement to form Newten Home Comfort L.P., a business involving the marketing, lease, sale and installation in Ontario of tankless and high efficiency water heaters. On July 2, 2009, immediately after the Universal Acquisition, NHS, a wholly-owned subsidiary of Universal, acquired the remaining 20% equity interest in Newten Home Comfort L.P., which was subsequently wound-up and dissolved and its business merged with NHS.

Acquisition of Assets of CEG Energy Options Inc.

On August 14, 2008, Just Energy purchased substantially all of the commercial and residential customer contracts of CEG Energy Options Inc. in British Columbia for $1.8 million. CEG was a Western Canada marketer of natural gas. The customer contracts had annualized volumes of approximately 4.9 million GJs.

Name Change

The name of the Fund was changed from Energy Savings Income Fund to Just Energy Income Fund pursuant to an amendment to the Fund's Declaration of Trust dated May 14, 2009 and effective June 1, 2009, at which time the TSX trading symbol was changed from SIF.UN to JE.UN. At approximately the same time or shortly thereafter the corporate names of most of the operating Subsidiaries of the Fund were changed to incorporate the Just Energy name. The Fund holds the registered trademark "Just Energy" in the United States and is in the final process of obtaining it in Canada. The Fund intends to use the Hudson Energy name in association with the Fund's commercial division.

Universal Acquisition

On July 1, 2009, Just Energy completed the Universal Acquisition pursuant to the Universal Acquisition Agreement, acquiring all of the outstanding common shares of Universal in accordance with a plan of arrangement. Under the plan of arrangement, Universal shareholders received 0.58 of an Exchangeable Share for each Universal common share held. In aggregate, 21,271,804 Exchangeable Shares were issued pursuant to the plan of arrangement. On July 1, 2009 a total of 4,348,314 of Exchangeable Shares were exchanged for a total of 4,348,314 trust units of Just Energy in accordance with elections made by certain Universal shareholders. Each Exchangeable Share is exchangeable for one Unit at any time at the option of the holder and entitles the holder to a monthly dividend equal to 66⅔% of the monthly distribution (including any special distribution) paid by Just Energy on a Unit. JEEC also assumed all of the covenants and obligations of Universal in respect of the JEEC Convertible Debentures. On conversion of the JEEC Convertible Debentures, holders will be entitled to receive 0.58 of an Exchangeable Share in lieu of each Universal common share that the holder was previously entitled to receive on conversion, subject to adjustment for dividends paid on the Exchangeable Shares. The JEEC Convertible Debentures mature on September 30, 2014.

At the time of the Universal Acquisition, Universal's business involved the sale of electricity and natural gas in Ontario to residential, small to mid-size commercial and small industrial customers, the sale of natural gas in British Columbia to residential, small to mid-size commercial and small industrial customers and the sale of natural gas and electricity in Michigan to small to mid-size commercial and industrial customers. Through Universal's acquisition of Commerce on December 11, 2008, Universal also marketed electricity in Maryland, New Jersey, Pennsylvania, Ohio and California and natural gas in Maryland, Pennsylvania, Nevada and California. In addition, Universal owned a 66⅔% interest in TGF, which owns the Belle Plaine Facility. Universal also marketed a water heater rental programme to residential customers in the Province of Ontario which, as described above was merged with the waterheater business carried on by the Fund through Newten Home Comfort. See "Establishment of 80% Interest in Newton Home Comfort and Subsequent Acquisition of Minority 20% Interest" above and "NHS Water Heater Financing Agreement" below. The Universal acquisition increased Just Energy's market share and provided entry into new geographic markets as well as accelerating Just Energy's entry into the water heater rental business.

The Fund has filed a Business Acquisition Report in respect of the Universal Acquisition which is available on the SEDAR website at www.sedar.com.

December 2009 Reorganization

The December 2009 Reorganization was implemented as part of an overall plan to grow the Fund's business in the United States through the Universal Acquisition and Universal's wholly-owned subsidiary, Commerce Energy, Inc. ("Commerce"). The December 2009 Reorganization involved a number of transactions commencing with the incorporation of Just Energy Finance Canada ULC ("JEFC") and Just Energy Finance LLC ("JEF"), and culminating with the purchase and wind-up of Commerce Gas & Electric Corporation (the direct parent of Commerce) from JEEC by Just Energy (U.S.) making Commerce a wholly owned direct subsidiary of Just Energy (U.S.) on December 15, 2009.

As part of the December 2009 Reorganization, Just Energy (U.S.) and Commodities (the parent of Just Energy (U.S.)), entered into a Guarantee, Put and Call Agreement (the "GPC Agreement") dated as of December 14, 2009. Pursuant to the GPC Agreement, Just Energy (U.S.) agrees that if JEFC shall at any time fail to (i) make full payment of any declared dividends that holders of preferred shares of JEFC are entitled to receive and that JEFC is obligated to pay pursuant to its preferred share terms; or (ii) make full payment of amounts payable by JEFC following the presentation and surrender for redemption or Just Energy (U.S.) liquidation of any JEFC preferred shares pursuant to the preferred share terms (collectively, the "Guaranteed Obligations"), then it irrevocably and unconditionally guarantees to pay or cause to be paid the Guaranteed Obligations. The GPC Agreement also provides that Just Energy (U.S.) grants to Commodities or any holder of preferred shares a right ("Put right") to require Just Energy (U.S.) to purchase all of the preferred shares held by Commodities or any holder of preferred shares upon a number of events, including (x) a failure of JEFC to meet the Guaranteed Obligations, (y) a change of control of Just Energy (U.S.), or (z) Just Energy (U.S.) fails to maintain certain financial covenants. Additionally, the GPC Agreement provides Just Energy (U.S.) the right ("Call right") to require Commodities or any holder of preferred shares to sell all of the preferred shares of JEFC held by it to Just Energy (U.S.) in accordance with the terms of the GPC Agreement.

NHS Water Heater Financing Agreement

On January 18, 2010 NHS and Home Trust Company, a wholly-owned subsidiary of Home Capital Group Inc., entered into a long-term financing agreement to finance current and future water heater installations by NHS. Under the agreement, NHS receives an amount equal to the five year cash flow from each NHS water heater customer rental contract discounted at an agreed rate. Home Trust then receives an amount equal to the customer payments on the contracts for the five years. The residual rental payments over the life of the water heaters reverts to NHS (the expected life of the water heaters is 15 years). The financing commitment is for water heater contracts entered into until January 2011 Funding for future years is to be negotiated and both parties have the right to terminate further funding on 180 days notice. To date, approximately $70 million has been funded.

Establishment of Momentis

In January 2010 the Fund established two Subsidiaries (Momentis U.S. Corp. and Momentis Canada Corp.) to carry on business related to the multi-level marketing of Energy Contracts in Canada and the United States (except in Texas and Georgia until May 2011).

Financing of Hudson Energy

On May 5, 2010, the Fund completed a public offering of $330 million aggregate principal amount of Fund Convertible Debentures to finance the purchase price and related costs of the Hudson Energy Acquisition (see "Hudson Energy Acquisition" below).

Hudson Energy Acquisition

On May 7, 2010 (effective May 1, 2010), Just Energy completed the indirect acquisition of Hudson Energy in accordance with the Hudson Acquisition Agreement. Hudson Energy sells natural gas and electricity primarily to small to mid-size commercial customers in New York, New Jersey, Texas, and Illinois. The consideration for the acquisition was approximately U.S.$304.2 million, adjusted by customary working capital adjustments, payable as to U.S.$295 million in cash at closing, and a post-closing deferred payment of U.S.$9.2 million, payable in four equal quarterly instalments during the first year following closing. An additional U.S. $600,000 was paid at closing as an adjustment of $100,000 multiplied by the aggregate number of calendar days that elapsed during the period beginning on and including May 2, 2010 and ending on and including May 7, 2010. The acquisition agreement contemplates an assumed net working capital of Hudson Energy equal to U.S.$40 million. The purchase price will be adjusted on a dollar for dollar basis in favour of the vendors if the net working capital on April 30, 2010 is greater than U.S.$40 million and in favour of Just Energy if net working capital on April 30, 2010 is less than U.S.$40 million. Of the aggregate purchase price, U.S. $22.5 million is being held in escrow for 18 months as security for the vendors' indemnity obligations under the acquisition agreement.

The Fund has filed a Business Acquisition Report in respect of the Hudson Energy Acquisition which is available on the SEDAR website at www.sedar.com.

Proposed Conversion Transaction

On February 3, 2010, the Fund announced its plans to reorganize its income trust structure into a publicly-traded dividend-paying corporation. Unitholders, the holder of Class A Preference Shares and the holders of Exchangeable Shares will be asked to approve the proposed Conversion Transaction (to be effected pursuant to a plan of arrangement) at the Fund's annual and special meeting of Unitholders scheduled for June 29, 2010.

The decision to propose the Conversion Transaction results from the changes to Canadian federal income tax legislation announced on October 31, 2006 relating to specified investment flow through trusts and the subsequent limitations placed on them after 2010. If approved and implemented, the Conversion Transaction will result in the reorganization of the Fund into a publicly-traded dividend paying corporation named "Just Energy Group Inc." effective on or about January 1, 2011.

Pursuant to the proposed Conversion Transaction, if approved, among other things, each outstanding Unit and Class A Preference Share will be exchanged for one common share of New Just Energy, and, provided the holders of the Exchangeable Shares, voting as a separate class, approve the Conversion Transaction, each outstanding Exchangeable Share will also be exchanged for one New Just Energy common share. Following the Conversion Transaction, the board and management of New Just Energy will be comprised of the current members of the Board and management of JEC, and, subject to the approval of its Board, it is expected that New Just Energy will establish a dividend policy similar to the Fund's current distribution policy pursuant to which it is anticipated it will initially declare monthly dividends of $0.10333 ($1.24 annually) per common share of New Just Energy.

In order for the Conversion Transaction to proceed, it must be approved by not less than 66⅔% of the votes cast at the meeting by Unitholders, the Class A Preference Shareholder and Computershare as the holder of the special voting right of the Fund (the beneficiaries of which are the holders of Exchangeable Shares), voting together as a single class, either in person or by proxy. In order for the Conversion Transaction to be effective upon the holders of Exchangeable Shares, it must also be approved by not less than 66⅔% of the votes cast by holders of Exchangeable Shares.

The proposed Conversion Transaction is subject to court, TSX and other necessary approvals.

The above referenced acquisitions and organic growth during the past three years have significantly expanded the business of the Fund so that at the date hereof the Fund, through its Affiliates: (i) held Gas Contracts in Canada and the United States representing approximately 1.23 million RCEs; (ii) held Electricity Contracts in Canada and the United States representing approximately 1.76 million RCEs and (iii) held approximately 77,000 contracts for leased waterheaters through NHS.

BUSINESS OF JUST ENERGY

General

Just Energy's business involves: (i) the sale of natural gas to residential and commercial customers under long-term and short-term Gas Contracts; (ii) the sale of electricity to residential, commercial and small industrial customers under long-term and short-term Electricity Contracts; (iii) the sale of related JustGreen products; (iv) sale and lease of tankless and high efficiency water heaters; and (v) the operation of an ethanol facility. Just Energy's price protection programs reduce or eliminate customers' exposure to fluctuating energy prices, providing peace-of-mind from volatile energy prices and the ability to plan and budget more effectively.

It is Just Energy's policy to match the estimated energy requirements of its customers by purchasing offsetting volumes of natural gas, electricity and JustGreen products from Commodity Suppliers. Just Energy derives its gross margins from the difference between the price at which it is able to sell gas and electricity to its customers and the price at which it purchases the offsetting volumes from Commodity Suppliers. In addition to revenues earned by Just Energy based upon its ability to lock in margins between the price it pays for gas and electricity supply and the price it charges its customers, Just Energy's cash flows are impacted by the sale and purchase of excess gas and electricity supply.

Natural Gas

Just Energy, through its Affiliates, has been continuously marketing Gas Contracts since JEC's inception in 1997. Gas Contracts have historically been primarily for a four or five year term after which time they are eligible for renewal. However, short-term products are now also being offered. Just Energy's natural gas customers are, in most cases, charged a fixed gas price for the full term of their contracts as opposed to a variable gas price (WACOG) charged by the LDCs, such as, among others, Union Gas and Enbridge Gas in Ontario, Terasen in British Columbia, Con Edison in New York, and Peoples Gas in Illinois. Although customers purchase their gas supply through Affiliates of Just Energy, the LDC is still mandated, on a regulated basis, to distribute the gas. Except in Alberta, the LDCs provide billing and, except in Alberta and Illinois, the LDC's provide collection services, including the collection and remittance to Just Energy's Affiliates or their Gas Suppliers of the commodity portion of each customer's account for a small monthly fee. In Illinois, the LDC provides collection services only until the account is delinquent. In Ontario, British Columbia, Manitoba and Quebec, each LDC assumes 100% of the credit (receivable) risk associated with default in payment by residential and commercial customers.

In Alberta, Alberta Energy Savings and Just Energy Alberta receive cash only when the customer has ultimately consumed the gas. Alberta's regulatory environment is different from other Canadian markets where the Fund through its Affiliates in Alberta is required to invoice and receive payments directly from its customers. To facilitate this obligation, Alberta Energy Savings entered into a five year agreement with EPCOR for the provision of billing and collection services in Alberta. The five year agreement with EPCOR for the provision of billing and collection services for all of Just Energy's customers in Alberta was amended and extended in December 2008 so that EPCOR will continue to provide billing and collection services for Alberta Energy Savings' existing customers until November 30, 2011. In August of 2009, Just Energy, through Just Energy Alberta (a limited partnership formed on January 23, 2009 separate and distinct from Alberta Energy Savings), commenced selling natural gas to new Alberta customers and has commenced billing and collection services directly for all new customers signed and renewed customers.

Just Energy Illinois obtained its gas marketers licence and started test marketing the sale of Gas Contracts in January 2004 and is currently operating in the NICOR, Peoples and North Shore territories. In Illinois the available natural gas market is approximately 4.0 million customers. While the LDCs in Illinois can be responsible for billing customers for Just Energy Illinois' commodity charges, Just Energy Illinois is exposed to the risk of non-payment.

Just Energy New York obtained the necessary New York licences and registrations by March 2005 and commenced marketing gas in the State of New York in November 2005. The New York market has 4.8 million natural gas customers.

On December 1, 2006, Just Energy Indiana entered into a supplier aggregation services arrangement with Northern Indiana Public Service Company (NIPSCO) and commenced marketing Gas Contracts to residential, small to mid-size commercial and small industrial customers in the NIPSCO territory in the State of Indiana. The Indiana market has approximately one million natural gas customers of which management estimates that approximately 9% of residential customers and 21% of commercial customers are on long term contracts.

Through the acquisition of Universal Energy on July 1, 2009, Just Energy gained immediate access to several new deregulated natural gas markets in Ohio, Michigan, Pennsylvania, Georgia, Maryland and California. Just Energy has expanded quickly in Michigan and Ohio with market sizes of 3.2 million and 3 million customers respectively.

In each of these states, the utility is responsible for billing Just Energy customers and Just Energy is not exposed to the risk of bad debt.

Just Energy purchases gas supply in advance of marketing. The utility regularly provides marketers with monthly and annual forecasts so Just Energy can maintain its supply purchases in line with utility requirements on an ongoing basis. LDCs require some of Just Energy's Affiliates to inject gas into storage in the summer for delivery to customers in the winter pursuant to a preset delivery schedule. In New York, Consolidated Edison does not provide gas storage capacity to marketers. All gas requirements are met with flowing gas deliveries. In all Canadian markets except for Alberta, the LDCs pay Just Energy for the gas when it is delivered. In other jurisdictions Just Energy is paid upon consumption by the customers.

At the date hereof, Just Energy, through its Affiliates, had Gas Contracts in Canada representing approximately 734,000 RCEs and in the United States representing approximately 501,000 RCEs.

Electricity

Just Energy, through JEOLP, has been actively marketing for commercial and retail electricity customers in Ontario since December, 2005 (JEC had commenced marketing for commercial and retail electricity customers in Ontario in May, 2002, but indefinitely suspended its marketing activities in late 2002 as a result of provincial regulation). There are approximately 9.6 million RCEs of electricity available for marketing in Ontario. The principles relating to the marketing of natural gas equally apply to the marketing of electricity, except that rather than offering customers a fixed price, as is generally the case for natural gas, the Electricity Contracts offer customers price protection for approximately 90 - 95% of their electricity requirements. Customers may experience a small balancing charge or credit each billing due to fluctuations in prices applicable to their load requirements not covered by fixed pricing. In 2008, Just Energy began marketing an indexed product to electricity customers in Ontario, pursuant to which customers can pay the market price and may choose to receive Just Energy's JustGreen product for electricity at a marginal premium.

Alberta Energy Savings commenced marketing Electricity Contracts in Alberta in February 2005. The Alberta market has a total of approximately 2.1 million electricity RCEs. The Alberta electricity market is open for residential, commercial and industrial customers. In the late summer of 2009, Just Energy, through Just Energy Alberta commenced selling electricity to Alberta customers and has commenced billing and collection services directly for all new customers signed and renewal customers.

The New York market has approximately 8.1 million electricity RCEs. Just Energy New York has six offices in New York State. Electricity consumption attributable to Just Energy's customers is settled through the New York Independent System Operator.

Through the Just Energy Texas acquisition (see "General Development of the Fund – Three Year History"), Just Energy commenced marketing Electricity Contracts in Texas on May 24, 2007. Just Energy Texas L.P. has been marketing electricity pursuant to predominantly short term commercial contracts in the State of Texas since November, 2002. The Texas market consists of more than 16.0 million residential, small commercial and small industrial RCEs. Just Energy Texas is exposed to the risk of non-payment in the Texas market.

Electricity accounts are automatically balanced daily. In real-time, any supply greater than consumption is immediately sold off into the open market at the spot price, while any shortfall is immediately purchased in the open market at the spot price.

At the date hereof, Just Energy, through its Affiliates, had Electricity Contracts in Canada representing approximately 760,000 RCEs and in the United States representing approximately 997,0000 RCEs.

On May 7, 2010 Just Energy acquired Hudson Energy effective May 1, 2010 with a significant book of Energy Contracts in New York, New Jersey, Illinois and Texas. The management of Just Energy believes that Hudson Energy is a strong strategic fit and will significantly accelerate Just Energy's development as a leading North American energy marketing business and add significant depth and focus to the Fund's energy marketing business. Eighty-five percent of Hudson Energy's customers are commercial while 65% of Just Energy customers are residential. Hudson generates its sale through its Independent Broker marketing channels. Just Energy has not meaningfully utilized the broker channel as an aggregation tool. With its sales portal technology, Hudson Energy also has technology that enables more efficient selling of Hudson Energy's products to commercial customers through the Independent Broker channel and through direct sales. The Fund's management believe that this technology can be used in all of the jurisdictions in North America where Just Energy currently operates.

JustGreen Products

Just Energy also offers green products through its JustGreen product program. Sales of the JustGreen products continue to support and reaffirm the strong demand for green energy products in all markets. The electricity JustGreen product offers the customers the option of having all or a portion of their electricity sourced from renewable green sources such as wind, hydro or biomass. The gas JustGreen product offers carbon offset credits which will allow the customer to reduce or eliminate the carbon footprint for their home or business. Just Energy believes that these JustGreen products will not only add to profits, but also increase sales receptivity and improve renewal rates. When a customer purchases a unit of green energy (gas or electricity), it creates a contractual obligation for Just Energy to produce a supply of green energy at least equal to the demand created by the customer's purchase. The Fund has retained an independent auditor to validate its renewables and carbon offset purchases. The Fund currently sells JustGreen gas in Ontario, British Columbia, Alberta, Michigan, New York, Ohio and Illinois and JustGreen electricity in Ontario, Alberta, New York and Texas. JustGreen sales are expanding in the remaining markets. Of all customers who contracted with Just Energy in the year ending March 31, 2010, 39% took JustGreen for some or all of their energy needs. On average, these customers elected to purchase 81% of their consumption as green supply.

Overall, JustGreen now makes up in excess of 2% of the Fund's overall gas portfolio, up from 1% for the year ending March 31, 2009. JustGreen supply makes up in excess of 5% of the Fund's electricity portfolio, up from 2% for the year ending March 31, 2009. For this reason, the margins on new customer additions continued to exceed target levels despite certain focused price discounts to stimulate sales in markets with very low utility prices resulting in high five year premiums.

Waterheaters – the National Home Services Division

NHS was acquired on July 1, 2009 as part of the Universal Acquisition and was subsequently merged with the business of Newten Home Comfort L.P. NHS provides Ontario residential customers long-term water heater rental programs offering conventional tanks, power vented tanks and tankless water heaters in a variety of sizes, in addition to offering furnaces and air conditioners. The combined installed water heater base on July 1, 2009 was 38,000. NHS continues to ramp up its operations and, as at March 31, 2010, had a cumulative installed base of 77,000 water heaters in residential homes. NHS earns revenue from its installed base. Currently, NHS is installing approximately 900 water heaters per week.

Because NHS is a high growth, relatively capital intensive business, Just Energy management believes that in order to maintain stability of distributions, separate non-recourse financing of this capital was appropriate. On January 18, 2010, NHS announced that it had entered into a long term financing agreement with Home Trust Company.. Under the agreement, NHS will receive an amount equal to the five year cash flow of the water heater contract discounted at an agreed upon rate. Home Trust Company will then in return receive the customer payments on the water heaters for the next five years. The funding received to-date is approximately $70 million.

The growth of NHS has been rapid and, combined with the Home Trust financing, is expected to be self-sustaining on a cash flow basis. A number of Independent Contractors, previously marketing gas and electricity, have been redeployed to water heaters resulting in lower Ontario customer additions in energy marketing. Management believes this is the best utilization of the sales force in the Ontario market given the existing gas and electricity market conditions.

Terra Grain Ethanol Facility

As part of the Universal Acquisition, Just Energy acquired a 66⅔% equity interest in TGF, a 150 million litre capacity, wheat-based ethanol facility located at Belle Plaine Saskatchewan. The plant produces wheat-based ethanol and high protein distillers dried grain. Production levels were and continue to be below capacity due to bottlenecks in grain milling and weather related issues. The first phase of the installation of a new grain milling facility was completed in March 2010 and production in May/June 2010 has now reached 75% of capacity. TGF receives a federal subsidy based on ethanol production of $0.10 per litre produced, reducing to $0.09 per litre through fiscal 2011 and reducing to $0.05 per litre in fiscal 2015 when the subsidy ends.

Marketing

Just Energy's growth through its Affiliates has been achieved primarily through their own marketing initiatives. Residential customers are solicited primarily on a door-to-door basis by Independent Contractors, who are not employees of Just Energy. Commencing in April 2010, customers are also solicited through a multi-level marketing program by Momentis utilizing Independent Representatives. Hudson Energy also employs Independent Brokers utilizing a web based sales portal and a Florida based telemarketing centre to solicit Energy Contracts. Marketing also involves Internet sales through a partnership arrangement with Red Ventures Inc. The elapsed period between the time when a customer is signed to when the first payment is received from the customer varies with each market. The time delays per market are approximately two to six months. The cost for obtaining a new customer and related expenses currently includes commissions payable to Independent Contractors, Independent Brokers and Independent Representatives, salaries paid to the marketing and customer service departments which support the Independent Contractors, Independent Brokers and Independent Representatives, salaries paid to customer service representatives who verify the customer contracts, the costs of printing contracts, bonus awards, advertising costs and the costs of promotional materials. The ability of Just Energy through its Affiliates to contract large numbers of customers at a reasonable cost has been a key ingredient in the success of Just Energy.

Renewals

Legislation and regulations related to the renewal of consumer contracts in general or Energy Contracts in particular can affect Just Energy's ability to automatically renew customers upon notice, thereby affecting the percentage of existing customers whose Energy Contracts are renewed at the end of their initial term. Ontario's energy regulations permit automatic renewal under specified conditions, but automatic renewal of Electricity Contracts for those who consume less than 150,000 kWh per year is not permitted. On July 30, 2005, consumer protection regulations came into force in Ontario that prevent the automatic renewal of contracts to which the legislation applies (which includes consumer Energy Contracts entered into after July 30, 2005). On November 30, 2005, Alberta's energy regulations were amended to permit the automatic renewal for up to one year of Energy Contracts, provided automatic renewal is permitted by the terms of the contract itself.

In the Province of British Columbia, the *Code of Conduct for Gas Marketers* provides for the automatic renewal of Energy Contracts. In the Provinces of Quebec and Manitoba, the renewal of Energy Contracts is permitted by means of an original signature.

In New York, Ohio, Illinois and Indiana, existing Energy Contracts may be automatically renewed for up to 5 years. In Texas and Michigan Energy Contracts may be renewed, however, automatic renewals are restricted to monthly terms.

In fiscal 2009, the renewal rate for Gas Contracts was 61% in Canada and 67% in the United States and the renewal rate for Electricity Contracts was 73% in Canada and 79% in the United States.

Secured Supply Arrangements

To enable it to meet its supply obligations to its customer base and fix its margins, Just Energy enters into supply contracts with Commodity Suppliers to purchase the natural gas and the electricity required to supply its customers. Just Energy purchases gas and electricity in large volumes on a wholesale basis and is therefore able to secure favourable long-term fixed price supply contracts. By following a policy of purchasing its estimated customer supply obligations in advance, Just Energy is able to achieve stable and predictable cash flows. Additional cash flows may be achieved through signing up new customers and renewing existing customers to new four or five year Gas Contracts and Electricity Contracts.

Just Energy transacts with a number of different counterparties for its energy supply, however its primary suppliers are part of an intercreditor arrangement pursuant to which the suppliers and creditors of Just Energy share in the collateral provided by Just Energy. The supply participants to the intercreditor agreement are Shell, BP, Constellation, Société Générale and Bruce Power. Certain of these suppliers also assist in managing, balancing and/or scheduling gas and/or power requirements in certain markets for a fee pursuant to additional agreements. In addition to these suppliers, there are certain arrangements with Sempra that continued as part of the Universal Acquisition.

As indicated above, each transaction is specific as to price, volume and term. Just Energy's financial obligations to Shell, BP, Société Générale, Bruce Power, and Constellation (collectively, the "Secured Suppliers") are secured by a general security agreement providing for, among other things, a priority security interest over all customer contracts and a second charge over those associated with Sempra (except for those owned by Alberta Energy Savings) pursuant to the intercreditor agreement and related security agreements described under the heading "Credit Facility". If the Secured Suppliers default in their obligations to deliver gas and electricity to Just Energy, or if Just Energy or its Affiliates default in their obligations to accept delivery of gas or electricity, under a transaction, the contractual arrangements between them contain provisions requiring, subject to force majeure, the payment of various amounts by the defaulting party to the non-defaulting party, including liquidated damages. To date, neither the Secured Suppliers nor Just Energy or its Affiliates have failed to fulfil their respective obligations.

Just Energy, through its Affiliates, has also entered into contractual arrangements for the physical purchase or financial hedge of gas and electricity supply from other Commodity Suppliers, including EPCOR in Alberta. Although the contractual arrangements with these other Commodity Suppliers are not secured on the same basis as the transactions with the Secured Suppliers, in certain circumstances, security for the obligations of Just Energy and its Affiliates to these other Commodity Suppliers is provided by way of letter of credit. In addition, EPCOR has security over the customer contracts of Alberta Energy Savings.

Competition - General

Management of Just Energy believes it has significant competitive advantages over other energy retailers in that it has: (i) a marketing and sales organization which has achieved significant success in commodity and green product sales; (ii) a responsive customer care and customer service process; (iii) a disciplined management of commodity, green product and waterheater purchases; (iv) products priced to achieve stable margin growth vs. customer growth in all business sectors. The industry credibility of Just Energy's Affiliates is based on the long-term experience of its management team relating to the deregulation of natural gas and electricity and their innovations in providing consumer choices including its JustGreen product offerings within the direct purchase market.

To the extent that Just Energy is successful through its marketing program in educating customers, it believes that it can be successful in signing LDC customers to Gas Contracts and Electricity Contracts. Just Energy offers its customers protection against price volatility through fixed price, fixed term supply arrangements, providing peace-of-mind and the ability to plan and budget more effectively. Just Energy does not view the LDCs as true competitors, but rather as a supplier of last resort for customers. The LDCs are currently not permitted to make a profit on the sale of the gas and electricity commodity to their supply customers.

Industry Competition – Natural Gas, Electricity, Waterheaters and Ethanol

Natural Gas and Electricity

Other than LDCs (discussed below) Just Energy's largest competitors in Canada and the United States are Direct Energy Marketing Ltd.(which is owned by Centrica plc), IGS Energy Inc., Gateway Energy Services Corporation, MXenergy Inc. and MXenergy Electric Inc. (which are owned by MXenergy Holdings Inc.) and Superior Energy Management (a division of Superior Plus LP, which is owned by Superior Plus Corp.).

Just Energy has natural gas and electricity competition in every jurisdiction in which it carries on business. Generally, competitors are local in nature with a few extending to multiple jurisdictions. There can be upwards of twenty competitors in many markets. The nature and product offerings vary by jurisdiction both in the term of an offering and the security provided over changing commodity prices. It is possible that new entrants may enter the market and compete directly for the customer base that Just Energy targets, slowing or reducing its market share. If the LDCs are permitted by changes in the current regulatory framework to sell natural gas at prices other than cost, their existing customer bases could provide them with a significant competitive advantage. This may limit the number of customers available for marketers including Just Energy.

Waterheaters

As alternatives to renting waterheaters from NHS, persons may purchase or own a waterheater, or rent a waterheater from a competitor. Direct Energy (Enbridge territory) and Reliance Home Comfort (Union Gas territory) operate waterheater rental programs for Ontario residents (including the new home construction market) which compete with NHS' waterheater rental program, as do several smaller rental providers, including Planet Energy Corporation.

Ethanol

The largest Canadian ethanol producers in Canada with whom TGF competes are Greenfield Ethanol, Suncor and Husky Energy. If TGF sells ethanol in the United States, it would compete with, among others, Archer Daniels Midland Company (the single largest producer in the ethanol industry). The North American ethanol industry also includes many small, independent firms and farmer-owned cooperatives. Management believes that the Belle Plaine Facility's capacity is generally comparable to the capacity of the facilities owned by TGF's primary competitors. There has been considerable consolidation of ethanol producers in the United States as a result of declining commodity prices and tightening credit markets.

TGF believes that its ability to compete successfully in the ethanol production industry depends upon many factors, including the price of feedstock, reliability of its production processes and delivery schedule, transportation costs and volumes of ethanol produced and sold.

With respect to distillers grains, TGF competes with other ethanol producers, as well as a number of large and small suppliers of competing livestock and dairy feed. TGF believes the principal competitive factors are price, proximity to purchasers and product quality.

Energy Source Competition

Natural gas enjoys advantages over electricity and other fossil fuels, including the fact that it is readily available through vast transmission and distribution systems and has significant environmental advantages compared to other fossil fuels, which management believes should result in consumers continuing to switch to natural gas for their energy needs. However, the price advantage which natural gas at one time enjoyed over these other forms of energy will be diminished if the price of natural gas increases and, to the extent that consumers have the capacity to switch to the use of other forms of energy, such increases in the price of natural gas could result in other sources of energy providing more significant competition to Just Energy's natural gas offering. With regard to Just Energy's customer base, while some of its mid-sized industrial and commercial customers may be in a position to select an alternate energy source, this option would normally not be available to its residential, small to mid-size commercial and small industrial customers without significant capital cost. Accordingly, while major industrial users (a market segment not served by Just Energy) can indeed change from one source of energy to another to take advantage of commodity price differentials, this requires installation of equipment which is generally not economic for residential or small to mid-size commercial and small industrial users. Currently, there is no foreseeable alternative for power.

Environmental Protection

With respect to the sale of natural gas and electricity, Just Energy does not view potential environmental liabilities as a significant concern. The Affiliates of Just Energy never have physical custody or control of the natural gas or electricity or any facilities used to transport it and pass title to the gas and electricity sold to their respective customers at the same point at which they accept title from their respective Commodity Suppliers. Therefore, any potential liability to the Affiliates of Just Energy for gas leaks or explosions during transmission and distribution is considered to be remote.

In connection with TGF's Belle Plaine Facility, the Fund is subject to various federal, provincial and local environmental laws and regulations, including those relating to the discharge of materials into the air, water and ground; the generation, storage, handling, use, transportation and disposal of hazardous materials; and the health and safety of its employees. These laws and regulations require TGF to obtain and comply with numerous environmental permits to operate its Belle Plaine Facility. These laws, regulations and permits can often require expensive pollution control equipment or operational changes to limit actual or potential impacts on the environment. A violation of these laws, regulations or permit conditions can result in substantial fines, criminal sanctions, permit revocations and/or facility shutdowns. The Fund does not anticipate a material adverse effect on its business or financial condition as a result of TGF's efforts to comply with these requirements.

Employees

As at the date hereof, Just Energy employs approximately 898 persons, of which 8 constitute the Fund's executive group, 54 are employed in the finance and risk management departments, 30 are employed in the legal and regulatory departments, 104 are employed in the information technology group, 175 are employed in the operations department, 12 are involved in the human resources and facilities department and over 515 are employed in the customer service, marketing and processing group. Approximately 1,500 Independent Contractors are involved in the door-to-door marketing of Gas Contracts and Electricity Contracts. In addition, approximately 500 Independent Representatives are associated with Momentis and approximately 550 Independent Broker companies representing in excess of 1,000 individual Independent Brokers are associated with Hudson Energy.

Real Property

As at June 19, 2010, Just Energy and its Subsidiaries and Affiliates lease approximately 311,127 square feet of space consisting of 106,364 square feet of head office and administrative space, 48,512 square feet near its Mississauga head office to serve as a call and customer service centre, 139,319 square feet (46 offices) as centres for the contracting of Independent Contractors in Canada and the United States, 10,204 square feet in Houston Texas to serve as its head office in the United States and 6,728 square feet of the Texas head office serves as a call and service centre.

Just Energy, through its 66⅔% interest in TGF, also holds an interest in the Belle Plaine Facility. Additionally, through the Hudson Energy Acquisition, Just Energy indirectly holds title to a one story office building in Largo, Florida consisting of approximately 4,800 square feet of office space situated on a parcel of land of approximately 22,000 square feet.

Industry Regulation

The OEB is the primary government body responsible for the regulation of the natural gas and electricity distribution industry within Ontario. Pursuant to the *Ontario Energy Board Act, 1998* and the *Energy Competition Act, 1998* (Ontario), the OEB regulates virtually all aspects of the industry including transmission, distribution, storage, and supply of natural gas and electricity to Ontario consumers. The regulation of the British Columbia natural gas and electricity industry is the responsibility of the British Columbia Utilities Commission pursuant to the *Utilities Commission Act* (British Columbia). The sale of electricity and natural gas in Alberta is regulated by the Alberta Utilities Commission pursuant to the *Electric Utilities Act* (Alberta)) and the *Gas Utilities Act* (Alberta), respectively. The marketing of energy products in Alberta is regulated by The Ministry of Service Alberta pursuant to the *Fair Trading* Act (Alberta). The Manitoba Public Utilities Board regulates the natural gas and electricity industry in the Province of Manitoba pursuant to the *Public Utilities Board Act* (Manitoba). The Board oversees all aspects of natural gas marketing within the Province. Marketing natural gas by Energy Savings Quebec in the operating territory of Gaz Metro, in the Province of Quebec, was approved by the Régie de l'énergie under Decision D-2003-180. The Decision provides that Gaz Metro may administer and oversee directly a program to allow commercial consumers (within certain rate classes) to receive natural gas from alternative suppliers. The rules and practices which govern the program are described in an approved service agreement executed between the marketer and the utility.

The New York Public Service Commission regulates natural gas and electricity in the State of New York pursuant to the *Public Service Law*. In the State of Illinois, the sale of natural gas is regulated by the Illinois Commerce Commission pursuant to the *Public Utilities Act*. The regulation of the sale of natural gas in the State of Indiana is regulated under the *Indiana Code*, by the Indiana Utility Regulatory Commission. Pursuant to the Texas *Public Utility Regulatory Act*, the Public Utility Commission of Texas regulates the sale of electricity in the State of Texas.

Just Energy has obtained and maintains all of the licenses required to undertake its business in all of the jurisdictions in which it operates.

Credit Facilities

JEOLP and Just Energy (U.S.) have entered into a credit agreement pursuant to which a group of financial institutions have made a $250 million operating facility available to JEOLP and Just Energy (U.S.) (the "Credit Facility"). Securities (including notes issued pursuant to the JEC Note Indenture and the Exchangeco II Note Indenture) owned directly or indirectly by the Fund in "restricted" entities (including without limitation JEC, ESIF CT, Exchangeco II, ESLP, JEOLP, Just Energy B.C., Just Energy Quebec, Commodities, Just Energy Manitoba, Just Energy (U.S.), Just Energy Illinois, Just Energy Indiana, Just Energy New York, Just Energy Texas L.P., Just Energy Alberta, JEUSC, Commerce and Hudson Energy Services LLC) have been pledged to CIBC, as the collateral agent, as security for the Credit Facility. CIBC, as collateral agent, also holds as security for the Credit Facility all Energy Contracts owned directly or indirectly by the Fund, except for those customer contracts owned by Alberta Energy Savings. To complement the Credit Facility, Shell, BP, Constellation, Société Générale, Bruce Power and the lenders have entered into an intercreditor agreement (the "Intercreditor Agreement") pursuant to which Shell, BP, Constellation, Société Générale, Bruce Power and the lenders jointly hold security over substantially all of the assets of the Fund and its active Subsidiaries and Affiliates (other than Alberta Energy Savings, NHS and TGF and a second charge over the assets associated with continuation of the Sempra arrangement.). All LDC receipts are directed to bank accounts over which CIBC, as collateral agent, has a blocked account agreement (each a "Blocked Account"). Gas Suppliers and Electricity Suppliers invoice the Affiliates and Subsidiaries of the Fund directly and, provided that no event of default exists under the Credit Facility, the Intercreditor Agreement, the Energy Contracts or the related security agreements, the Affiliates and Subsidiaries of the Fund, on a monthly basis, pay the cost of commodity and related administration fees directly from the Blocked Accounts and remit the remaining proceeds to the Affiliates and Subsidiaries of the Fund. Where an event of default exists, CIBC, as collateral agent, has the right to exercise control over each Blocked Account in any manner and in respect of any item of payment or proceeds thereof in accordance with the terms of the Intercreditor Agreement. To date, JEOLP and Just Energy (U.S.) have complied with all covenants under the Credit Facility.

TGF Credit facility

A credit facility of up to $50.0 million was established with a syndicate of Canadian lenders led by Conexus Credit Union to finance the construction of the ethanol plant in 2007. The facility was further revised on March 18, 2009, and was converted to a fixed repayment term of 10 years commencing March 1, 2009 which includes interest costs at a rate of prime plus 2%, with principal repayments commencing on March 1, 2010. The credit facility is secured by a demand debenture agreement, a first priority security interest on all assets and undertakings of TGF and a general security interest on all other current and acquired assets of TGF. The credit facility includes certain financial covenants, the more significant of which relate to current ratio, debt to equity ratio, debt service coverage and minimum shareholder's equity. The lenders have deferred compliance with the financial covenants until April 1, 2011. The credit facility was further revised on March 31, 2010 postponing the principal payments due for April 1 to June 1, 2010 and to amortize them over the six month period commencing October 1, 2010 and ending March 31, 2011.

TGF Debentures

A debenture purchase agreement with a number of private parties providing for the issuance of up to $40.0 million aggregate principal amount of debentures was entered into in 2006. The interest rate is 10.5% per annum, compounded annually and payable quarterly in the amount of $1.0 million per quarter. The agreement includes certain financial covenants the more significant of which relate to current ratio, debt to capitalization ratio, debt service coverage, debt to EBITDA and minimum shareholder's equity. The lenders have deferred compliance with the financial covenants until April 1, 2011. On March 31, 2010, TGF entered into an agreement with the holders of the debentures to defer scheduled principal payments owing under the Debenture until April 1, 2011.

TGF Term/Operating Facilities

TGF also maintains a working capital facility for $10.0 million with a third party lender bearing interest at prime plus 1% due in full on December 31, 2010. This facility is secured by liquid investments on deposit with the lender. In addition, TGF has a working capital operating line of $7.0 million bearing interest at a rate of prime plus 1%, of which $3.2 million was drawn via overdraft and $1.6 million is drawn pursuant to letters of credit.

RISK FACTORS

The business of the Fund and an investment in securities of the Fund or JEEC are subject to certain risks. Prospective purchasers of securities of the Fund or JEEC should carefully consider the risk factors set forth under the headings "Information Concerning the Fund and JEEC – Risk Factors" and "Information Concerning New Just Energy – Risk Factors" at pages 52 through 56 and at page 63, respectively, of the Fund Information Circular, under the heading "Risk Factors"" at pages 54 through 65 of the Fund Prospectus and under the heading "Risk factors" at pages 42 through 51 of the Fund MD&A, which portions of such documents are incorporated by reference in this Annual Information Form and are available on the SEDAR website at www.sedar.com. The principal risks and uncertainties that Just Energy can foresee are described in the above referenced excerpts, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form. The list may not be an exhaustive list as some future risks may be as yet unknown. Other risks currently regarded as immaterial, could turn out to be material. If any such risks actually occur, the business, financial condition and/or liquidity and results of operations of the Fund could be materially adversely affected and the ability of the Fund to make distributions on the Units and JEEC to pay dividends on the Exchangeable Shares could be materially adversely affected.

DISTRIBUTIONS AND DIVIDENDS

Distributions On Units

The Fund's current distribution policy is described under the heading "Cash Distributions" in Schedule "C" - Declaration of Trust and Description of Units. In addition, the Board of Directors of JEC, as administrator of the Fund, has adopted a distribution policy which contains quantitative and qualitative guidelines which are reviewed regularly to ensure the Fund is in compliance with the policy.

The Unitholders of record on a distribution record date are entitled to receive distributions paid by the Fund in respect of that month. Cash distributions are made on the last business day of the calendar month to the Unitholders of record on the 15th day of such month.

In 2010, the Fund has declared regular distributions of $0.10333 per Unit for the months of January through June. In addition, on January 31, 2010, the Fund paid a special distribution of $0.20 per Unit to Unitholders of record at the close of business on December 31, 2009. For the year ended December 31, 2009, the Fund declared aggregate distributions of $1.44 per Unit (including the special distribution).

The following table sets forth the month of payment and the distributions per Unit paid by the Fund on the Units for the three most recently completed financial years of the Fund and for the months from April 2010 to June 2010.

Record of Cash Distributions (1)	Fiscal 2011 $ Per Unit	Fiscal 2010 $ Per Unit	Fiscal 2009 $ Per Unit	Fiscal 2008 $ Per Unit
April	0.10333	0.10333	0.10083	0.09292
May	0.10333	0.10333	0.10083	0.09292
June	0.10333(5)	0.10333	0.10083	0.09292
July	–	0.10333	0.10333	0.09708
August	–	0.10333	0.10333	0.09708
September	–	0.10333	0.10333	0.10083
October	–	0.10333	0.10333	0.10083
November	–	0.10333	0.10333	0.10083
December	–	0.10333	0.10333	0.10083
		0.20(4)	0.165(3)	0.4100(2)
January	–	0.10333	0.10333	0.10083
February	–	0.10333	0.10333	0.10083
March	–	0.10333	0.10333	0.10083

Notes:

(1) All distributions are paid on the last day of the month to Unitholders of record on the 15th day of the month.

(2) Special distribution declared December 20, 2007, payable to persons who were Unitholders at December 31, 2007 as to 50% ($0.205) in cash (payable as to 1/3rd thereof on the last day of each of January, February and March of 2008) and

as to 50% ($0.205) in Units payable by the issuance of Units as to 1/3rd thereof on the lasts days of each of June, September and December of 2008) based on the $16.70 closing TSX price for Units on December 31, 2007. Similar arrangements were made by JEC to ensure that the special distribution was made available in 2008 to the holders of Class A Preference Shares, unit appreciate rights and deferred unit grants on the December 31, 2007 record date.

(3) Special distribution declared December 18, 2008, to persons who were Unitholders at December 31, 2008 payable as to 100% in cash on January 31, 2009. Similar arrangements were made by JEC to ensure that the special distribution was made available in 2009 to the holders of Class A Preference Shares, unit appreciation rights and deferred unit grants on the December 31, 2008 record date.

(4) Special Distribution declared December 15, 2009, to persons who were Unitholders at December 31, 2009 payable as to 100% in cash on January 31, 2010. Similar arrangements were made by JEC to ensure that the special distribution was made available in 2010 to the holders of Class A Preference Shares, unit appreciation rights and deferred unit grants on the December 31, 2009 record date.

(5) Regular monthly distribution declared June 4th, 2010, payable on June 30, 2010 to persons who were Unitholders on June 15, 2010.

Dividends on Exchangeable Shares

The holders of Exchangeable Shares are entitled to receive dividends in an amount equal to 66⅔% of the amount of any distributions made by the Fund to Unitholders. Accordingly, in 2010 JEEC declared regular dividends of $0.06889 per Exchangeable Share for the months of January through May and a special dividend of $0.13333 per Exchangeable Share to the holders of Exchangeable Shares of record at the close of business on December 31, 2009. For the period from July 1, 2009 to December 31, 2009, JEEC declared aggregate dividends of $0.54667 per Exchangeable Share (including the special dividend).

The distributions and dividends anticipated to be paid to Unitholders and the holders of Exchangeable Shares, respectively, during the remainder of 2010 will not be affected by the proposed Conversion Transaction and it is expected that they will be paid in the usual manner. Following completion of the Conversion Transaction the Fund anticipates a monthly dividend in the amount of $0.10333 per New Just Energy Share ($1.24 per annum) will be paid to New Just Energy Shareholders.

The historical distribution and dividend payments made by the Fund and JEEC, respectively, may not be reflective of future dividend payments of New Just Energy and future dividends are not assured or guaranteed. The amount of future cash dividends on the New Just Energy Shares will be subject to the discretion of the New Just Energy board and may vary depending on a variety of factors including, among other things, profitability, fluctuations in working capital and capital expenditures.

MARKET FOR SECURITIES

Units of the Fund

The Units of the Fund are listed for trading on the TSX under the symbol JE.UN. The following table sets forth the price range and trading volume of Units traded on the TSX for the periods indicated as reported by the TSX.

Period	High ($)	Low ($)	Volume
2010			
January	14.50	13.65	4,928,604
February	14.49	13.64	7,191,702
March	14.38	13.95	7,610,196
April	14.24	13.32	11,715,138
May	13.50	11.17	9,973,354
June (1 – 18)	13.25	12.75	5,133,100
2009			
April	12.75	10.36	4,987,212
May	12.60	11.00	6,921,103
June	11.62	10.16	8,334,612
July	12.55	10.80	5,729,743
August	13.05	12.39	6,962,854
September	14.40	12.34	11,931,121

Period	High ($)	Low ($)	Volume
October	14.02	12.95	4,914,869
November	13.80	12.58	7,798,136
December	14.50	12.90	7,075,545

Exchangeable Shares

The Exchangeable Shares, each of which is exchangeable for one Unit at any time at the option of the holder for no additional consideration, began trading on the TSX under the trading symbol JEX on July 6, 2009. The following table sets forth trading information for the Exchangeable Shares for the periods indicated as reported by the TSX:

Period	High ($)	Low ($)	Volume
2010			
January	14.85	13.51	26,014
February	14.45	13.66	12,306
March	15.62	13.36	54,510
April	14.35	13.35	32,095
May	13.36	11.80	17,962
June (1 – 18)	13.15	12.76	29,600
2009			
July (6-31)	12.43	10.51	149,565
August	13.01	12.26	99,068
September	14.31	12.40	300,778
October	14.25	13.00	168,173
November	13.63	12.60	259,691
December	14.35	12.86	218,348

Fund Convertible Debentures

The Fund Convertible Debentures began trading on the TSX under the trading symbol JE.DB on May 5, 2010. For the period from May 5, 2010 to June 18, 2010, inclusive, $24,298,000 aggregate principal amount of Fund Convertible Debentures were traded on the TSX with a high trading price of $97.80 and a low trading price of $93.00.

JEEC Convertible Debentures

JEEC assumed the JEEC Convertible Debentures from Universal, and the Fund unconditionally and irrevocably guaranteed the payment and performance of all obligations of JEEC under the JEEC Convertible Debentures, on July 1, 2009 in connection with the Universal Acquisition. The JEEC Convertible Debentures began trading on the TSX under the symbol JEX.DB on July 6, 2009 following the Universal Acquisition. Prior thereto, the JEEC Convertible Debentures traded on the TSX under the symbol UEG.DB. The following table sets forth trading information for the JEEC Convertible Debentures for the periods indicated as reported by the TSX:

Period	High ($)	Low ($)	Volume
2010			
January	100.5	98.0	4,507,000
February	102.0	99.5	424,000
March	102.9	100.8	1,430,000
April	102.0	98.0	1,848,000
May	100.0	97.0	2,495,000
June 1 -18	100.3	97.0	2,521,000
2009			
July	90.5	85.0	937,000
August	95.0	90.0	1,365,000
September	95.0	92.0	6,292,000
October	96.5	93.5	7,922,000

November	98.3	95.6	1,923,000
December	100.0	96.8	2,868,000

PRIOR SALES

The Fund issued the following securities during the most recently completed financial year, none of which are listed or quoted on a marketplace: The grant date value of the UARs is based on the closing price of the Units on the TSX on the day prior to the grant date.

1. 11,500 UARs were granted on June 26, 2009 having a grant date value of $11.28 per UAR.

2. 12,070 UARs were granted on August 6, 2009 having a grant date value of $10.70 per UAR.

3. 3,000 UARs were granted on September 17, 2009 having a grant date value of $12.74 per UAR.

4. 13,000 UARs were granted on November 6, 2009 having a grant date value of $13.65 per UAR.

5. 20,000 UARs were granted on December 2, 2009 having a grant date value of $12.89 per UAR.

6. 1,245,643 UARs were granted on March 31, 2010 having a grant date value of $14.30 per UAR.

In addition, as part of their fee based compensation, DUGs are issued to directors at the end of each quarter at a value per DUG equal to the 20 day simple average closing price of the Units on the TSX preceding the quarter end.

The following table describes the number of DUG's granted, the date granted, and the 20 day simple average closing price of Units used to determine the number of DUGs granted.

Quarter Ended	Total Number of DUGs Granted	20 Day Average Closing Price
June 30, 2009	4,907	$10.77
September 30, 2009	3,865	$13.67
December 31, 2009	3,870	$14.23
March 31, 2010	3,851	$14.24

SHARE AND LOAN CAPITAL STRUCTURE OF THE FUND AND ITS SUBSIDIARIES

The Fund

1. ***Units, Special Units and Special Voting Rights***: The Fund is authorized pursuant to the Declaration of Trust, to issue an unlimited number of Units and Special Units and an unlimited number of Special Voting Rights of which at May 23, 2010 124,857,456 Units, no Special Units and one Special Voting Right were issued and outstanding. See Schedule "C" for a more detailed description of the Units. The Special Voting Right was issued in connection with the issue of the Exchangeable Shares and entitles the holders thereof to one vote at meetings of Unitholders and in respect of any written resolution of Unitholders for each Exchangeable Share held.

2. ***Fund Convertible Debentures***: The Fund issued $330 million aggregate principal amount of 6.00% convertible, unsecured, subordinated debentures on May 5, 2010 to finance the Hudson Energy Acquisition and costs related thereto. The Fund Convertible Debentures are governed by the Fund Debenture Indenture. The Fund Convertible Debentures mature on June 30, 2017 and are convertible at the option of the holder into Units at a conversion price of $18.00 per Unit any time prior to maturity or redemption. The Fund Convertible Debentures are not redeemable by Just Energy before June 30, 2013, except upon the satisfaction of certain conditions after a change of control of Just Energy has occurred. On or after June 30, 2013 and prior to June 30, 2015, Just Energy has the option to redeem the Fund Convertible Debentures in whole or in part, from time to time, at a price equal to their principal amount plus accrued interest, provided that the volume weighted average trading price for the Units is not less than 125% of the conversion price. On or after June 30, 2015, Just Energy may redeem the Fund Convertible Debentures in whole or in part, from time to time, at a price equal to their principal amount plus accrued and unpaid interest. In addition, the Fund may, at its option, subject to applicable regulatory approval and provided that no event of default has occurred and is continuing, elect to satisfy its obligation to pay, in whole or in part, the principal amount of the Fund Convertible Debentures that are to be redeemed or that have matured by issuing to the holders thereof that number of freely tradeable Units determined by dividing the principal amount of the Fund Convertible Debentures being repaid by 95% of the current market price on the date of redemption or maturity, as applicable. In addition, subject to applicable regulatory approval, freely tradeable Units may be issued to the Debenture trustee and sold, with the proceeds used to satisfy the obligation to pay interest on the Fund Convertible Debentures.

Just Energy Corp.

Share Capital of JEC

The authorized share capital of JEC consists of an unlimited number of Common Shares, an unlimited number of Class A Preference Shares, an unlimited number of Class B Preference Shares and an unlimited number of Class C Preference Shares of which, as at the date hereof, 100 Common Shares, 5,263,728 Class A Preference Shares, no Class B Preference Shares and no Class C Preference Shares were issued and outstanding. No additional Class A Preference Shares, Class B Preference Shares or Class C Preference Shares may be issued. The voting rights attached to the Common Shares are subject to the terms of the JEC Shareholders' Agreement. See Schedule B hereto. The following is a description of the rights attached to such shares.

Common Shares

Each Common Share entitles the holder thereof to receive notice of and to attend all meetings of shareholders of JEC and to one vote per share at such meetings (other than meetings of another class of shares of JEC). The holders of Common Shares are, at the discretion of the board of directors of JEC and subject to applicable legal restrictions, entitled to receive any dividends declared by the board of directors on the Common Shares. In the event of the liquidation, dissolution or winding-up of JEC or other distribution of its assets among its shareholders, holders of the Common Shares shall be entitled to receive the amounts specified below under the heading "Liquidation, Dissolution or Winding-up".

Preference Shares

Class A Preference Shares

Except where specifically provided by the OBCA, the holders of the Class A Preference Shares shall not be entitled as such to receive notice of or to attend any meeting of the shareholders of JEC and shall not be entitled to vote at any such meeting. However, pursuant to the Declaration of Trust, the holders of the Class A Preference Shares will be entitled to vote in all votes of Unitholders (including resolutions in writing) as if they were the holders of the number of Units which they would receive if they exercised all of their Shareholder Exchange Rights as of the record dates for such votes and shall be treated in all respects as Unitholders for the purposes of any such votes. The Class A Preference Shares are exchangeable at the holders option for Units pursuant to the Shareholder Exchange Rights.

The Class A Preference Shares shall entitle the holders thereof to receive in any year as and when declared by the board of directors of JEC cash distributions in a maximum amount per share equal to the distribution entitlement per share of the Class B Preference Share less 56% of the management bonus payable in respect of each Class A Preference Shares pursuant to the Special Management Incentive Program of JEC for such year. See "JEC Shareholders' Agreement - Special Management Incentive Program" below. Holders of Class A Preference Shares will receive, collectively from dividends and payments under the Special Management Incentive Program of JEC, in any period an amount not greater than the distributions they would have received if they exercised all of their Shareholder Exchange Rights at the commencement of such period.

In the event of the liquidation, dissolution or winding-up of JEC or other distribution of its assets among its shareholders, holders of Class A Preference Shares shall be entitled to receive the amount specified below under the heading "Liquidation, Dissolution or Winding-Up". Such amount will effectively be the same as, and will in no circumstances exceed, the amount per Class A Preference Share that the holder of such Class A Preference Share would have received had JEC and the Fund been liquidated, dissolved or wound-up on the same date and the Shareholder Exchange Rights relating thereto been exercised immediately prior thereto.

All outstanding 5,263,728 Class A Preference Shares are owned by Rebecca MacDonald a Director and Executive Chair of JEC.

Class B Preference Shares

Class B Preference Shares are non-voting and are redeemable at the option of JEC and retractable at the option of the holder, at a price of $0.01 per Class B Preference Share together with all accrued and unpaid dividends, subject to consent of the holder or JEC, respectively. No Class B Preference Shares were outstanding at year end and no additional Class B Preference Shares may be issued.

Class C Preference Shares

Class C Preference Shares are non-voting and are redeemable at the option of JEC and retractable at the option of the holder, at a price of the fair market value of the issued and outstanding Common Shares and JEC Notes on the date such Common Shares and JEC Notes were transferred to a predecessor of the JEC. During the April 30, 2007 Reorganization all issued and outstanding Class C Preference Shares were redeemed by JEC. As a result, no Class C Preference Shares were outstanding at year end. No additional Class C Preference Shares may be issued.

Liquidation, Dissolution or Winding-up

In the event of the liquidation, dissolution or winding-up of JEC or other distribution of its assets among its shareholders, the holders of the Class A Preference Shares and Common Shares shall be entitled, after payment of all liabilities of JEC, to share in all remaining assets of JEC as follows:

(a) the holders of the Class A Preference Shares shall be entitled to share in all such assets to the extent of their pro rata share thereof determined by multiplying the amount of such assets by a fraction, the numerator of which is the number of Units which the holders of the Class A Preference Shares would be entitled to receive if they exercised their Shareholder Exchange

Rights on the date of such liquidation, dissolution or winding-up of JEC or other distribution of its assets amongst its shareholders, and the denominator of which shall be the number of Units that would be outstanding on such date if all the Shareholder Exchange Rights had been exercised on such date; and

(b) the holders of the Common Shares shall be entitled to share in all such assets to the extent of their pro rata share thereof determined by multiplying the amount of such assets by a fraction, the numerator of which is the number of Units outstanding on the date of such liquidation, dissolution or winding-up of JEC or other distribution of its assets amongst its shareholders, and the denominator of which shall be the number of Units that would be outstanding on such date if all the Shareholder Exchange Rights had been exercised on such date.

Distribution Policy

The distribution policy of JEC is to distribute all of its available cash, subject to applicable law, by way of monthly dividends on its Common Shares after; (i) satisfaction of its debt service obligations, if any (and provided no event of default exists under the Credit Facility); (ii) satisfaction of its interest and other expense obligations; (iii) making any principal repayments in respect of the JEC Notes and the Exchangeco II Notes (if any) considered advisable by the board of directors of JEC, with the consent of the Fund and the holders of the JEC Notes and the Exchangeco Notes (if any) by Extraordinary Resolution and Exchangeco II Extraordinary Resolution, respectively; and (iv) setting aside the amounts necessary to pay the bonuses to the holders of Class A Preference Shares under the Special Management Incentive Program (which will in no circumstances amount to a payment in any year in respect of each Class A Preference Share in excess of the distributions paid on a Unit in such year), and subject to JEC retaining such reasonable working capital reserves as may be considered appropriate by the board of directors of JEC. JEC does not intend to pay dividends on its Preference Shares.

As a result of the March 2004 Reorganization, the August 2005 Reorganization and the April 2007 Reorganization resulting in the creation of JELP and JEOLP respectively, to the extent funds are available, distributions are also paid on the various classes of units of all limited partnerships and trusts to enable the Fund to meet its obligations to pay distributions on Units to Unitholders.

JEC Notes

The following is a summary of the material attributes and characteristics of the JEC Notes, and is qualified in its entirety by reference to the provisions of the JEC Note Indenture which contains a complete statement of such attributes and characteristics.

The JEC Notes authorized are unlimited and will mature on April 30, 2031, subject to prepayment from time to time as considered advisable by the board of directors of JEC, with the consent of the Fund and the holders of the JEC Notes by Extraordinary Resolution, and subject to extension for an additional ten year term with the consent of the holders of the JEC Notes by Extraordinary Resolution. On December 19, 2007, the Note Indenture was amended by the Second Supplemental Note Indenture to eliminate all interest on any outstanding JEC Notes as of December 19, 2007. All interest payable on the outstanding JEC Notes to December 19, 2007 had been paid in full.

The JEC Notes are issuable only as fully registered Notes in minimum denominations of $10 and for amounts above such minimum only integral multiples of $1.

The principal of the JEC Notes is payable in lawful money of Canada. All JEC Notes are registered in the name of the Fund and have been pledged to one of the lenders in its capacity as collateral agent pursuant to the Credit Facility.

Payment upon Maturity

On maturity, JEC will repay the indebtedness represented by the JEC Notes by paying to the Note Trustee in lawful money of Canada an amount equal to the principal amount of the outstanding JEC Notes, together with accrued and unpaid interest, if any, thereon.

Redemption

From time to time the board of directors of JEC will review the status of JEC's assets and the economic condition relating to JEC's business and the industry within which it operates. If this review, in the opinion of the board of directors of JEC, indicates that it is unlikely that the indebtedness of JEC evidenced by the JEC Notes could be refinanced on the same terms and conditions upon maturity of such notes, then JEC may, subject to the consent of the Trustee and the holders of the Notes by Extraordinary Resolution, commence principal repayments on the JEC Notes such that in the opinion of the board of directors of JEC, the JEC Notes will be fully repaid upon maturity. In that event, the available cash of JEC will be utilized to the extent required to fund such repayments in lieu of dividends on the Common Shares. In addition, if JEC has available cash, but is prohibited from declaring or paying a dividend or reducing its stated capital under applicable corporate laws, the board of directors of JEC may make principal repayments on the JEC Notes to the extent of such available cash. Except as aforesaid, the JEC Notes will not be redeemable at the option of JEC or by the holders thereof prior to maturity.

Ranking

The JEC Notes are unsecured debt obligations of JEC and are subordinate in right of payment to other direct unsecured indebtedness of JEC and all secured debt of JEC.

Default

The Note Indenture provides that any of the following shall constitute an Event of Default (as defined in the Note Indenture): (i) default in payment of the principal of the JEC Notes when the same becomes due; (ii) the failure to pay the interest obligations, if any, of the JEC Notes when the same becomes due, for a period of 12 months; (iii) default on any indebtedness exceeding $5,000,000; (iv) certain events of winding-up, liquidation, bankruptcy, insolvency or receivership; (v) the taking of possession by an encumbrancer of all or substantially all of the property of JEC; (vi) JEC ceasing to carry on its business, or a substantial or significant part thereof, in the ordinary course; or (vii) default in the observance or performance of any other covenant or condition of the Note Indenture and the continuance of such default for a period of 30 days after notice in writing has been given by the Note Trustee to JEC specifying such default and requiring JEC to rectify the same.

The Note Indenture also provides that the Note Trustee shall not take steps or actions with respect to an Event of Default without the prior consent of the Fund provided the Fund holds, directly or indirectly, at least 25% of the aggregate principal amount of the outstanding JEC Notes. Certain other provisions under the Note Indenture require the prior consent or authorization of the Fund if the Fund holds, directly or indirectly, at least 25% of the aggregate principal amount of the outstanding JEC Notes.

Trustee and General Partner

JEC serves as the trustee of ESIF CT and as the general partner of each of JEOLP, JETLP, Just Energy Manitoba, Just Energy Quebec, Alberta Energy Savings, Just Energy Alberta and Just Energy BC. See "Organization Chart".

SHARE AND LOAN CAPITAL STRUCTURE OF JUST ENERGY EXCHANGE CORP.

1. **Common Shares:** JEEC is authorized to issue an unlimited number of common shares without nominal or par value of which 100 are outstanding and owned by the Fund. The holders thereof are entitled: (a) to vote at any meeting of shareholders, (b) to receive any dividends declared by JEEC and (c) to receive the remaining property of JEEC upon dissolution.

2. **Exchangeable Shares:** JEEC is authorized to issue an unlimited number of Exchangeable Shares without nominal or par value. As part of the Universal Acquisition, the shareholders of Universal received 0.58 of an Exchangeable Share for each common share of Universal. Among other terms and conditions each Exchangeable Share is exchangeable for a Unit on a one for one basis at any time at the option of the holder and entitles the holder to dividends equal to 66⅔% of any distribution paid by the Fund on a Unit. Other than as required by applicable law and the articles of JEEC, the holders of Exchangeable Shares are not entitled to receive notice of, to attend or to vote at any meeting of the shareholders of JEEC. However, pursuant to the Declaration of Trust and a voting and exchange trust agreement, the trustee under the voting and exchange trust agreement is entitled to notice of, to attend and to one vote per outstanding Exchangeable Share at any meeting of the Unitholders. Each holder of Exchangeable Shares is entitled to instruct the trustee how to vote in respect of his or her shares, and the trustee will not exercise the voting rights associated with such shares absent such instructions.

3. **JEEC Convertible Debentures:** As part of the Universal Acquisition, JEEC assumed all of the covenants and obligations of Universal in respect of the \$90 million aggregate principal amount of 6% convertible unsecured subordinated debentures of Universal issued by it in October 2007 in accordance with the JEEC Debenture Indenture. In addition, the Fund has guaranteed JEEC's performance of such obligations. The JEEC Convertible Debentures mature on September 30, 2014 and are convertible at the option of the holder into Exchangeable Shares at any time prior to the close of business on the business day immediately preceding the maturity date or the date called for redemption. The JEEC Convertible Debentures are not redeemable by JEEC before October 1, 2010. On or after October 1, 2010 and prior to September 30, 2012, JEEC has the option to redeem the JEEC Convertible Debentures in whole or in part, from time to time, at a price equal to their principal amount plus accrued interest, provided that the 20 day volume weighted average trading price for the Exchangeable Shares is not less than 125% of the conversion price. On or after September 30, 2012, JEEC may redeem the JEEC Convertible Debentures in whole or in part, from time to time, at a price equal to their principal amount plus accrued and unpaid interest. In addition, the JEEC may, at its option, subject to applicable regulatory approval and provided that no event of default has occurred and is continuing, elect to satisfy its obligation to pay, in whole or in part, the principal amount of the JEEC Convertible Debentures that are to be redeemed or that have matured by issuing to the holders thereof that number of freely tradeable Exchangeable Shares determined by dividing the principal amount of the JEEC Convertible Debentures being repaid by 95% of the current market price on the date of redemption or maturity, as applicable. In addition, subject to applicable regulatory approval, freely tradeable Exchangeable Shares may be issued to the Debenture trustee and sold, with the proceeds used to satisfy the obligation to pay interest on the JEEC Convertible Debentures.

SHARE AND LOAN CAPITAL STRUCTURE OF OESC EXCHANGECO II INC.

Internal Reorganization

Exchangeco II was incorporated to replace Exchangeco as the agent to facilitate the exchange of Preference Shares for Units pursuant to, and to assume its obligations under, the Shareholder Exchange Rights described under the heading "JEC Shareholders' Agreement" in Schedule "B". On April 30, 2007, Exchangeco II entered into the Exchangeco II Note Indenture. The material attributes and characteristics of the Exchangeco II Notes are similar to the material attributes and characteristics of the JEC Notes issued under the Note Indenture (described above under the heading "JEC Notes").

Share Capital of Exchangeco II

The authorized share capital of Exchangeco II consists of an unlimited number of common shares, of which 100 common shares are issued and outstanding and owned by the Fund. The voting rights attached to the common shares are subject to the terms of the JEC Shareholders' Agreement. The following is a description of the rights attached to such shares.

Common Shares

Each common share entitles the holder thereof to receive notice of and to attend all meetings of shareholders of Exchangeco II and to one vote per share at such meetings (other than meetings of a class of shares of Exchangeco II). The holders of common shares are, at the discretion of the board of directors of Exchangeco II and subject to applicable legal restrictions, entitled to receive any dividends declared by the board of directors on the common shares. In the event of the liquidation, dissolution or winding-up of Exchangeco II or other distribution of its assets among its shareholders, holders of the common shares, after payment of all of the liabilities of Exchangeco II, are entitled to share rateably in all remaining assets of Exchangeco II.

Exchangeco II Notes

The terms and conditions of the Exchangeco II Notes are similar to the terms and conditions of the JEC Notes. The Exchangeco II Notes will be issued in connection with the exercise of the Exchangeco II Exchange Rights designed to facilitate the exchange of Preference Shares for Units pursuant to the Shareholder Exchange Rights. See "Schedule "B" JEC Shareholders' Agreement" below.

ESIF CT TRUST AND LIMITED PARTNERSHIPS

Background

When the Fund became a reporting issuer in April 2001, a simple structure was in place, utilizing only one Ontario corporation, a predecessor of JEC, to carry on the business which, at the time, involved the marketing of Gas Contracts to residential, mid-sized commercial and small industrial customers solely in the Province of Ontario. In early 2002, a decision was made to expand JEC's business beyond Ontario into other provinces of Canada through greenfield operations and acquisitions. A subsidiary, Manitoba Corp., was incorporated to expand the business into Manitoba which is now carried by Just Energy Manitoba. To expand the business into the Provinces of Quebec, British Columbia and Alberta, separate limited partnerships were created. Subsidiary corporations were established in several States in the United States (Illinois, Indiana, New York, Texas, Massachusetts, Connecticut, Maryland, Virginia and the District of Columbia), to market Gas Contracts and Electricity Contracts commencing with the marketing of Gas Contracts in Illinois in early 2004.

CONSTRAINTS ON OWNERSHIP

In order for the Fund to maintain its status as a mutual fund trust under the Tax Act, the Fund must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. Accordingly, the Declaration of Trust provides that at no time may non-residents of Canada be the beneficial owners of a majority of the Units. In connection therewith, the trustee of the Fund Convertible Debentures may require declarations as to the jurisdictions in which holders or beneficial owners of Units and Fund Convertible Debentures are resident. If the Fund becomes aware that 49% of the Units (on either a basic or fully-diluted basis) then outstanding are held, or may be held, for the benefit of non-residents or partnerships which are not Canadian partnerships or that such a situation is imminent, the Fund may make a public announcement thereof and will notify the trustee in writing and the trustee shall not accept a subscription for Fund Convertible Debentures from or issue or register a transfer of Fund Convertible Debentures to a person unless the person provides a declaration that the person is not a non-resident of Canada or partnerships which are not Canadian partnerships. If, notwithstanding the foregoing, the Fund determines that more than 49% of the Units (on either a basic or fully-diluted basis) are held for the benefit of non-residents or partnerships which are not Canadian partnerships, the Fund may send a notice to non-resident debentureholders, chosen in inverse order to the order of acquisition or registration or in such manner as the Fund may consider equitable and practicable, requiring them to sell their Fund Convertible Debentures or a portion thereof within a specified period of not more than 60 days. If the debentureholders receiving such notice have not sold the specified number of Fund Convertible Debentures or provided the Fund with satisfactory evidence that they are not non-residents of Canada or partnerships which are not Canadian partnerships and do not hold their Fund Convertible Debentures for the benefit of non-residents of Canada or partnerships which are not Canadian partnerships within such period, the Fund may sell such Fund Convertible Debentures on behalf of such debentureholders to a person or persons that are not non-residents and, in the interim, all rights attaching to such Fund Convertible Debentures (including any right to receive payments of interest) will be immediately suspended and the rights of any such debentureholders in respect of such Fund Convertible Debentures will be limited to receiving the net proceeds of sale (net of any withholding tax).

Also see "Declaration of Trust and Description of Units – Limitation on Non-Resident Ownership".

ESCROWED SECURITIES

In connection with the Universal Acquisition, 5,436,226 Exchangeable Shares were placed in escrow with Computershare as escrow agent, of which 2,718,113 Exchangeable Shares will be released from escrow on July 1, 2010 and the balance of the escrowed Exchangeable Shares will be released on July 1, 2011. The Exchangeable Shares held in escrow may be exchanged for Units or, upon completion of the proposed Conversion Transaction, New Just Energy Shares; however, the securities issued in exchange for such escrowed Exchangeable Shares will continue to be held in escrow pursuant to the escrow agreement.

DIRECTORS AND EXECUTIVE OFFICERS OF JEC

The Fund is administered by JEC pursuant to the Administration Agreement. The names, municipalities of residence, year of appointment (in the case of directors) and the principal occupations of the directors and executive officers of JEC during the five preceding years are as follows:

Name, Municipality of Residence and Year of Appointment for Directors (5)	Position with the Company (or a wholly owned subsidiary)	Principal Occupation(s) During Five Preceding Years
John A. Brussa (2) (4) Calgary, Alberta, Canada 2001	Director	Partner, Burnet, Duckworth & Palmer LLP (law firm)
B. Bruce Gibson (1) (2) Austin, Texas, U.S.A. 2010	Director	Principal, Ryan Inc. (public affairs and legislative consulting) Chief of Staff, Lieutenant Governor, State of Texas (2003 to January 2008)
The Hon. Gordon D. Giffin (3)(4) Atlanta, Georgia, U.S.A. 2006	Director	Senior Partner, McKenna, Long & Aldridge LLP (law firm)

Name, Municipality of Residence and Year of Appointment for Directors (5)	Position with the Company (or a wholly owned subsidiary)	Principal Occupation(s) During Five Preceding Years
Ken Hartwick, C.A. Milton, Ontario, Canada 2008	Director, Chief Executive Officer and President	President and Chief Executive Officer of the Company (currently) President of the Company (March, 2006 to March 2008) Chief Financial Officer of the Company (April 2004 to March 2006 and from July 2007 until December 2007) Chief Financial Officer and Senior Vice President, Finance of Hydro One Inc. (electric utility) (October 2001 to April 2004)
The Hon. Michael Kirby (1)(4) Ottawa, Ontario, Canada 2001	Director	Corporate Director and Chair – The Mental Health Commission of Canada (currently) Member of the Senate of Canada (1984 to October 2006) Chair of the Standing Senate Committee on Social Affairs, Science and Technology (until 2006)
Rebecca MacDonald Toronto, Ontario, Canada 2001	Director and Executive Chair of Board	Executive Chair of the Company (currently) Chief Executive Officer of the Company (until April 2005)
The Hon. R. Roy McMurtry (2)(3) Toronto, Ontario, Canada 2007	Director	Counsel, Gowling Lafleur Henderson LLP (law firm) (currently) Chief Justice, Province of Ontario (February 1996 to May 2007)
The Hon. Hugh D. Segal ((1)(2)(3)(4)(5) (6) Kingston, Ontario, Canada 2001	Lead Director and Vice Chair of Board	Senior Fellow, School of Policy Studies, Queens University (currently) Member of the Senate of Canada (currently) Senior Research Fellow at McMillan LLP (currently) President of the Institute of Research on Public Policy (research institute) (until May 31, 2006)
Brian R.D. Smith Q.C. (1)(2)(4) Victoria, British Columbia, Canada 2001	Director	Federal Chief Treaty Negotiator and Energy Consultant (currently)

Name, Municipality of Residence and Year of Appointment for Directors [5]	Position with the Company (or a wholly owned subsidiary)	Principal Occupation(s) During Five Preceding Years
Stephanie M. Bird Toronto, Ontario, Canada	Senior Vice-President and Corporate Risk Officer	Senior Vice-President and Corporate Risk Officer of the Company (currently) Vice-President and Corporate Risk Officer of the Company (April 2006 to March 2010) Director and Corporate Risk Officer of the Company (April 2005 to March 2006)
Deryl K. Brown Southlake, Texas, U.S.A.	Senior Vice-President – Commercial Division	Senior Vice-President – Commercial Division of the Company (currently) Chief Executive Officer – Hudson Energy (energy retailer) (April 2006 to May 2010) Vice-President and General Manager of Direct Energy (energy retailer) (November 2002 to August 2005)
Jonah T. Davids Toronto, Ontario, Canada	Vice President and General Counsel	Vice President and General Counsel of the Company (currently) Senior Legal Counsel and Assistant Secretary of the Company (April 2009 to March 2010) Counsel and Assistant Secretary of the Company (December 2007 to March 2009) Lawyer, McMillan LLP (law firm) (February 2002 to November 2007)
Chris C. Domhoff Dallas, Texas, U.S.A.	Executive Vice President Network Marketing - Momentis	Executive Vice President Network Marketing of Momentis (currently) Chief Executive Officer, Ignite (Stream Energy), (energy sales/network marketing) (November 2004 to November 2009)
Jason A. Herod Unionville, Ontario, Canada	Senior Vice President, Sales and Marketing	Senior Vice President Sales and Marketing of the Company (currently) Vice President Sales and Marketing of the Company (August 2008 to March 2010) Vice President, Corporate Planning and Forecasting of the Company (November 2006 to August 2008) Director of Operations, Financial Reporting of the Company (April 2004 to November 2006)
Richard R. Early Markham, Ontario, Canada	Vice-President, Human Resources	Vice-President, Human Resources of the Company (currently)

Name, Municipality of Residence and Year of Appointment for Directors [(5)]	Position with the Company (or a wholly owned subsidiary)	Principal Occupation(s) During Five Preceding Years
Martin A. Johnson Ottawa, Ontario, Canada	Senior Vice President, Customer Service	Senior Vice President, Customer Service of the Company (currently) Director of Sales of the Company (May 2008 to July 2009) Director of Operations, PLC Global Energy Management (energy management) (November 2006 to October 2007) Energy Savings Advantage (energy broker) (September 2004 to November 2006)
R. Scott Gahn Houston, Texas, U.S.A.	Executive Vice-President and Chief Operating Officer	Executive Vice-President and Chief Operating Officer of the Company and President – Just Energy Group (currently) Executive Vice-President, Just Energy (U.S.) Corp. (currently) Chief Executive Officer, Just Energy Texas, (currently) Chief Executive Officer, Just Energy Texas LP *(energy retailer) (until May 2007)*
James W. Lewis Pearland, Texas, U.S.A.	Senior Vice President, Operations and Retention	Senior Vice President, Operations and Retention of the Company (currently) Vice President, Retail Consolidated Billing Markets of the Company (May 2007 to March 2008) Vice President, Texas Operations of Just Energy Texas LP (May 2002 to May 2007)
Christian R. McArthur Georgetown, Ontario, Canada	Senior Vice President, Supply	Senior Vice President, Supply of the Company (currently) Director, Load Forecasting and Supply of the Company (April 2006 to October 2007) Manager, Load Forecasting and Supply of the Company (April 2005 to April 2006)
Deborah Merril Houston, Texas, U.S.A.	Executive Vice-President, Commercial	Executive - Vice-President, Commercial Division of the Company and Executive Vice President Hudson Energy (currently) Vice President, Sales and Marketing of Texas Energy Savings (May 2007 to April 2008) Vice President, Sales and Marketing of Just Energy (May 2002 to May 2007)

Name, Municipality of Residence and Year of Appointment for Directors [(5)]	Position with the Company (or a wholly owned subsidiary)	Principal Occupation(s) During Five Preceding Years
Gord Potter Richmond Hill, Ontario, Canada	Executive Vice-President, Regulatory and Legal Affairs	Executive Vice-President Regulatory and Legal Affairs of the Company (currently) Senior Vice-President, Regulatory Affairs of the Company (April 2007 to April 2009) Vice President, Regulatory Affairs of the Company (April 2005 to March 2007) Director, Regulatory and Utility Management of the Company (June 2003 to April 2005)
Darren Pritchett Kilbride, Ontario, Canada	Executive Vice-President, Consumer Sales	Executive Vice-President, Consumer Sales of the Company (currently) Self-employed National Distributor for Just Energy (until April 30 2008)
Andrew E. Schneider Oakville, Ontario, Canada	Senior Vice-President and Chief Information Officer	Senior Vice-President and Chief Information Officer of the Company (currently) Vice-President and Chief Information Officer of the Company (to April 1, 2007)
Shelley Sheppard Toronto, Ontario, Canada	Senior Vice-President, Finance	Senior Vice-President, Finance of the Company (currently) Vice-President, Finance of the Company (September 2006 to April 2007) Vice-President, Finance, CHUM Radio (broadcasting) (2002 to 2005)
Beth Summers, C.A. Oakville, Ontario, Canada	Chief Financial Officer	Chief Financial Officer of the Company (currently) Chief Financial Officer and Executive Vice President, Hydro One Inc. (electric utility) from March 2004 to January 2009 and Corporate Controller from January 2003 to February 2004
Robert K. Weir Burlington, Ontario, Canada	Senior Vice-President, Commercial Marketing, Canada	Senior Vice-President, Commercial Marketing, Canada of the Company (currently) Senior Vice-President Constellation NewEnergy Canada and other positions with Constellation (natural gas and electricity retailer) in Canada and the United States prior to October 29, 2008

Notes:

(1) Member of the Audit Committee. Mr. Kirby is the Chair of the Committee.

(2) Member of the Compensation, Human Resources, Environmental, Health and Safety Committee. Mr. Smith is the Chair of the Committee.

(3) Member of the Nominating and Corporate Governance Committee. Mr. Segal is the Chair of the Committee.

(4) Member of the Risk Committee. Mr. Kirby is the Chair and Mr. Giffin is the Vice-Chair of the Committee.

(5) Each of the persons, who are directors of JEC, became a director on the Amalgamation of April 30, 2001 except for: (i) Mr. Smith who was appointed to the Board of JEC on August 21, 2001, (ii) Mr. McMurtry who was elected to the Board on June 28, 2007, (iii) Mr. Giffin who was elected to the Board on June 29, 2006, (iv) Mr. Hartwick who was each appointed to the Board on August 8, 2008 and Mr. Gibson who was appointed to the Board on January 1, 2010. Each of the persons who is listed above as a director has continued as a director of JEC since their initial appointment.

The present term of office of each director will expire immediately prior to the election of directors at the next annual meeting of Unitholders.

(6) Appointed lead director by the Board on January 17, 2005 and Vice Chair of the Board on May 20, 2010..

As at May 30, 2010 the above directors and executive officers of JEC, as a group, beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of approximately 1,660,481 Units, 5,263,728 Class A Preference Shares and no Exchangeable Shares, representing approximately 1.3% and 100% of the issued and outstanding Units and Class A Preference Shares, respectively

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as set forth below, no director or executive officer of JEC, or a securityholder holding a sufficient number of securities of the Fund or JEEC to affect materially the control of the Fund is, as at the date hereof, or has been within the 10 years before the date hereof, a director, or executive officer of any company that, while such person was acting in that capacity: (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company any exemption under securities legislation, for a period of more than 30 consecutive day; or (iii) within a year of such person ceasing to act in that capacity become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No director or executive officer of JEC, or a securityholder holding a sufficient number of securities of the Fund or JEEC to affect materially the control of the Fund (or any personal holding company of such person), has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

John A. Brussa, a director of JEC, was a director of Imperial Metals Limited, a corporation engaged in both oil and gas and mining operations, in the year prior to that corporation implementing a plan of arrangement under the Company Act (British Columbia) and under the Companies' Creditors Arrangement Act (Canada) (the "**CCAA**") which resulted in the separation of its two businesses and the creation of two public corporations: Imperial Metals Corporation and IEI Energy Inc. (which became Rider Resources Ltd). The plan of arrangement was completed in April 2002.

The Hon. Gordon D. Giffin, a director of JEC, was a director of Abitibi Bowater Inc. from October 29, 2007 until his resignation on January 22, 2010. In April 2009, AbitibiBowater Inc. and certain of its U.S. and Canadian subsidiaries filed voluntary petitions in the United States Bankruptcy Court for the District of Delaware for relief under the provisions of Chapter 11 and Chapter 15 of the United States Bankruptcy Code, as amended, and sought creditor protection under the CCAA with the Superior Court of Quebec in Canada.

Personal Bankruptcies

No director or executive officer of JEC, or a securityholder holding sufficient securities of the Fund or JEEC to affect materially the control of the Fund, or a personal holding company of any such persons, has, within the 10 years preceding the date of this document, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of JEC will be subject in connection with the operations of JEC. In particular, certain of the directors and officers of JEC are involved in managerial or director positions with other energy companies whose operations may, from time to time, be in direct competition with those of JEC and the Fund or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of JEC and the Fund. Conflicts, if any, will be subject to the procedures and remedies available under the OBCA. The OBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided in the OBCA. As at the date hereof, JEC is not aware of any existing material conflicts of interest between the Fund or a subsidiary of the Fund and any director or officer of the Fund or a subsidiary of the Fund.

TAX ON INCOME TRUSTS

The Fund is a mutual fund trust for income tax purposes. As announced by the Fund in its news release of February 3, 2010 and pursuant to the proposed Conversion Transaction, it plans to reorganize its income trust structure and convert into a corporation on or before January 1, 2011. Until January 1, 2011, the Fund is only subject to current income taxes on any taxable income not distributed to Unitholders. Beginning on January 1, 2011, the Fund will be subject to current income taxes on all of its taxable income. If the Fund's equity capital grows beyond certain dollar limits prior to January 1, 2011, the Fund would become a Specified Investment Flow Through trust ("SIFT") and would commence in that year being subject to tax on income distributed. The Fund expects that its income distributed will not be subject to tax prior to 2011 and intends to distribute all its taxable income earned prior to then.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

.Other than as set forth below, there are no outstanding legal proceedings or regulatory actions to which the Fund or any of its Affiliate is a party or in respect of which any of their respective properties are subject, which are either: (a) individually, for claims in excess of 10% of the current asset value of the Fund, or (b) material to the Fund or any of its Affiliates, nor are there any such proceedings known to be contemplated.

On March 3, 2008, the Citizen's Utility Board, AARP and Citizen Action/Illinois filed a complaint before the Illinois Commerce Commission ("ICC") alleging that independent sales agents used deceptive practices in the sale of Just Energy contracts to Illinois customers. On October 14, 2009, the complaint proceeded to a hearing by the ICC. On April 14, 2010, the ICC released its order finding that Just Energy had committed ten violations and imposed a penalty of $0.1 million. Pursuant to the order, Just Energy is required to undertake an independent audit to confirm its compliance with the regulations and to change certain sales and marketing processes. In June, 2010 the ICC refused an application made by the Citizen's Utility Board to amend or vary its order.

The State of California has filed a number of complaints to the Federal Regulatory Energy Commission ("FREC") against many suppliers of electricity, including Commerce, a subsidiary of the Fund, with respect to events stemming from the 2001 energy crises in California. Pursuant to the complaints, the State of California is challenging FREC's enforcement of its market-based rate system. Although Commerce did not own generation, the State of California is claiming that Commerce was unjustly enriched by the run-up caused by the alleged market manipulation by other market participants. The proceedings are currently ongoing. On March 18, 2010, the Administrative Law Judge granted the motion to strike for all parties in one of the complaints holding that California did not prove that the reporting errors masked the accumulation of market power. California has appealed the decision.

Just Energy will resolve or vigorously contest the claims in these matters and in any other non-material litigation matters. Management believes that the pending legal actions against Just Energy Illinois Corp. and Commerce are not expected to have a material impact on the financial condition of the Fund at this time

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors or executive officers of JEC, any person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Units, Class A Preference Shares or Exchangeable Shares, or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years or during the current financial year which has materially affected or is reasonably expected to materially affect the Fund.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Fund are KPMG LLP, Chartered Accountants, Toronto, Ontario. Based on the recommendation of the Audit Committee of JEC, the Board has proposed that Ernst & Young LLP be appointed as auditors of the Fund at the Annual and Special Meeting of the Fund to take place on June 29, 2010.

Computershare Investor Services Inc. at its principal transfer offices in Toronto, Ontario acts as the transfer agent and registrar for the Units, the Fund Convertible Debentures and the JEEC Convertible Debentures.

INTEREST OF EXPERTS

There is no person or company whose profession or business gives authority to a statement, report or valuation made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by the Fund during, or related to, the Fund's most recently completed financial year other than KPMG LLP, the Fund's current auditors and the former auditors of Universal. KPMG LLP have confirmed that they are independent within the meaning of the rules of professional conduct of the Institute of Chartered Accountants of Ontario. In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of JEC or of any associate or affiliate of JEC.

MATERIAL CONTRACTS

Except for contracts entered into by the Fund in the ordinary course of business or otherwise disclosed herein, the only material contracts entered into by the Fund and/or its Affiliates and Subsidiaries are: the Declaration of Trust, the Credit Facility, the Fund Debenture Indenture, the Universal Acquisition Agreement, the Hudson Acquisition Agreement and the ESIF Trust Indenture, each of which is described herein. Copies of the Declaration of Trust, the Credit Facility, the Fund Debenture Indenture, the Universal Acquisition Agreement, the Hudson Acquisition Agreement and the ESIF Trust Indenture are available on the Fund's SEDAR profile at www.sedar.com.

AUDIT COMMITTEE INFORMATION

Multilateral Instrument 52-110 of the Canadian Securities Administrators requires the Fund to disclose annually in its AIF certain information relating to JEC's Audit Committee and its relationship with its independent auditors. Schedule "D" contains the additional information contemplated by Form 52-110F1 - "Audit Committee Information required in an AIF", including information with respect to the financial literacy and experience of each member of the Audit Committee. The text of the mandate for the Audit Committee is included in Schedule "E".

ADDITIONAL INFORMATION

Additional information relating to the Fund may be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Fund's securities and securities authorized for issuance under equity compensation plans, is contained in the Information Circular of the Fund for its most recent annual meeting of Unitholders that involved the election of directors of JEC. Additional financial and other information is contained in the Fund Financial Statements and the Fund MD&A.

SCHEDULE "A" - GLOSSARY OF TERMS

In this Annual Information Form (including the Schedules hereto), the following terms shall have the meanings set forth below, unless otherwise indicated:

"**ABMs**" means Agents/Brokers/Marketers such as JEOLP and its Affiliates. ABMs are market aggregators meaning that they aggregate downstream customers into groups.

"**Administration Agreement**" means the administration agreement between the Fund and JEC (as Administrator), dated April 30, 2001, as amended from time to time.

"**Administrator**" means JEC in its capacity as administrator of the Fund pursuant to the Administration Agreement.

"**Affiliate**" shall have the meaning ascribed thereto in the OBCA and includes all direct and indirect Subsidiaries of the Fund .

"**Alberta Energy Savings**" means the limited partnership formed under the laws of the Province of Alberta with the name Alberta Energy Savings L.P. pursuant to a limited partnership agreement dated March 18, 2004, as amended from time to time.

"**Amalgamation of April 25, 2007**" means the amalgamation pursuant to the provisions of the OBCA of Energy Savings (Manitoba) Corp. and JEC as one corporation under the name "Ontario Energy Savings Corp.".

"**Amalgamations of April 30, 2007**" means the amalgamations pursuant to the provisions of the OBCA as part of the April 30, 2007 Reorganization, concluding with the amalgamation on April 30, 2007 of OESC Amalco and OESC GP as one corporation under the name "Ontario Energy Savings Corp.".

"**Amended and Restated JEC Shareholders' Agreement**" means the agreement dated March 1, 2005 among the Fund, Exchangeco, JEC and the persons who held all of the outstanding Class A Preference Shares as further amended and restated effective April 30, 2007.

"**April 30, 2007 Reorganization**" means the corporate reorganization of the Fund and certain of its Affiliates approved by Unitholders and holders of Preference Shares at the annual and special meeting on June 29, 2005 and completed on April 30, 2007.

"**Belle Plaine Facility**" means TGF's ethanol facility and related infrastructures and facilities located in Belle Plaine, Saskatchewan.

"**Board**" and "**Board of Directors**" means the board of directors of JEC.

"**Book-Entry Only System**" means the book-based system administered by CDS.

"**BP** " means collectively BP Energy Company, BP Canada Energy Marketing Corp., and BP Corporation North America and any other related affiliate with which Just Energy contracts.

"**Bruce Power**" means Bruce Power L.P.

"**CIBC**" means Canadian Imperial Bank of Commerce, a Canadian chartered bank.

"**CDS**" means The Canadian Depository for Securities Limited.

"**Clarification and Restatement Agreement**" means the agreement dated as of April 30, 2001 among the persons who were the original parties to the JEC Shareholders' Agreement.

"**Class A Preference Shares**" means the Class A preference shares in the capital of JEC.

"**Class B Preference Shares**" means the Class B preference shares in the capital of JEC.

"**Class C Preference Shares**" means the Class C preference shares in the capital of JEC.

"**Commodities**" means Ontario Energy Commodities Inc., a corporation incorporated under the OBCA on January 25, 2002.

"**Commodity Suppliers**" means Gas Suppliers and Electricity Suppliers.

"**Common Shares**" means the common shares in the capital of JECC.

"**Consent and Approval Agreement**" means the agreement between the Fund, JEC, Exchangeco and the holders of the Class A Preference Shares dated April 30, 2007 as part of the April 30, 2007 Reorganization.

"**Constellation**" means collectively Constellation Energy Group Inc. and Constellation Energy Commodities Group, Inc. or any other related affiliate with which Just Energy contracts.

"**Conversion Transaction**" means the proposed conversion of the Fund from an income trust structure to a publicly – traded corporation pursuant to the plan of arrangement.

"**Credit Facility**" shall have the meaning attributed thereto under the heading "Credit Facility".

"**Declaration of Trust**" means the amended and restated declaration of trust for the Fund dated April 30, 2001 as amended and restated from time to time.

"**DUGs**" means Director deferred unit grants issued pursuant to the Fund's Director Companion Plan..

"**Electrico**" means Ontario Electric Savings Corporation, a corporation incorporated under the OBCA on February 15, 1999 and which amalgamated with a predecessor of JEC pursuant to the Amalgamation of July 1, 2002.

"**Electricity Contracts**" means contracts entered into from time to time by Just Energy with customers for the supply of electricity and/or JustGreen products.

"**Electricity Supplier**" means a person who is an electricity producer or an electricity supply aggregator.

"**Energy Contracts**" means customer Gas Contracts and Electricity Contracts.

"**EPCOR**" means collectively or respectively, as the case may be, EPCOR Utilities Inc., EP Energy Marketing L.P., Capital Power EP Holdings Inc. and/or EPCOR Energy Alberta Inc., as applicable.

"**ESIF CT**" means ESIF Commercial Trust I, an open ended investment trust established under the laws of the Province of Ontario pursuant to the ESIF Trust Indenture.

"**ESIF Note Indenture**" means the note indenture dated April 30, 2007 between OESC, as trustee for ESIF CT, and the ESIF Note Trustee.

"**Exchange**" means OESC Exchange Inc., a corporation which amalgamated with a predecessor of JEC on March 1, 2005 and now Exchangeco II.

"**Exchangeable Shares**" means exchangeable shares, series 1 in the capital of JEEC.

"**Exchangeco II Note Trustee**" and "**Exchangeco Note Trustee**" means Computershare Trust Company of Canada.

"**Exchangeco**" means OESC Exchangeco Inc., a company incorporated pursuant to the OBCA on February 23, 2005 and amalgamated with a predecessor of JEC pursuant to the Amalgamation of April 30, 2007.

"Exchangeco Notes" means the unsecured notes of Exchangeco issued by Exchangeco to the Fund from time to time pursuant to the Exchangeco Note Indenture.

"Exchangeco Note Indenture" means the note indenture dated February 23, 2005, as amended by a supplemental indenture dated March 1, 2005, providing for the issuance of Exchangeco Notes made between Exchangeco and the Exchangeco Note Trustee.

"Exchangeco II" means OESC Exchangeco II Inc., a corporation incorporated pursuant to the OBCA on April 25, 2007.

"Exchangeco II Common Shares" means the common shares in the capital of Exchangeco II.

"Exchangeco II Exchange Rights" means the rights granted by the Fund pursuant to the JEC Shareholders' Agreement entitling Exchangeco II to acquire Units in order to fulfil its obligations under the Shareholder Exchange Rights and to satisfy the purchase price for such Units by the issuance of Exchangeco II Notes to the Fund.

"Exchangeco II Extraordinary Resolution" means a resolution passed by the holders of not less than 66⅔% of the principal amount of Exchangeco II Notes outstanding, either in person or by proxy at a meeting of holders of Exchangeco II Notes called for the purposes of approving such resolution, or approval in writing by the holders of not less than 66⅔% of the principal amount of Exchangeco II Notes then outstanding.

"Exchangeco II Notes" means the unsecured notes of Exchangeco II issued by Exchangeco II to the Fund from time to time pursuant to the Exchangeco II Note Indenture.

"Exchangeco II Note Indenture" means the note indenture dated April 30, 2007 providing for the issue of Exchangeco II Notes and made between Exchangeco II and the Note trustee.

"Extraordinary Resolution" means a resolution passed by the holders of not less than 66⅔% of the principal amount of JEC Notes outstanding, either in person or by proxy, at a meeting of holders of JEC Notes called for the purpose of approving such resolution, or approval in writing by the holders of not less than 66⅔% of the principal amount of JEC Notes then outstanding.

"Fund" or **"Just Energy"** means Just Energy Income Fund, a trust established under the laws of the Province of Ontario and governed by the Declaration of Trust.

"Fund Convertible Debentures" means the $330 million aggregate principal amount of 6.0% extendible unsecured subordinated debentures of Fund issued on May 5, 2010 pursuant to the Fund Debenture Indenture.

"Fund Debenture Indenture" means the trust indenture dated as of May 5, 2010 between the Fund and Computershare Trust Company of Canada pursuant to which the Fund Convertible Debentures were issued.

"Fund Financial Statements" means the audited comparative consolidated financial statements of the Fund as at and for the years ended March 31, 2010 and 2009, together with the notes thereto and the auditor's report thereon.

"Fund Information Circular" means the management information circular of the Fund dated May 27, 2010 in respect of the annual and special meeting of securityholders of the Fund to be held on June 29, 2010.

"Fund MD&A" means management's discussion and analysis of the financial condition and operations of the Fund for the year ended March 31, 2010.

"Fund Prospectus" means the short form prospectus of the Fund dated April 28, 2010.

"Gas Contracts" mean customers Gas contracts entered into from time to time by Just Energy with customers for the supply of natural gas and/or JustGreen products.

"Gas Supplier" means a person who is a natural gas producer or natural gas supply aggregator.

"**GJ**" means gigajoules (one billion joules). A joule is a measurement of energy, with one gigajoule being equal to 0.95 million British thermal units or 26.53 m^3 of natural gas.

"**Hudson Acquisition Agreement**" means the equity interest purchase agreement dated April 19, 2010 among Just Energy (U.S.) Corp. ("**JEUSC**"), Hudson Energy, the stockholders and members of Hudson Energy and Lake Capital Partners LP, pursuant to which JEUSC acquired Hudson Energy.

"**Hudson Energy**" means collectively, Hudson Energy Corp. and Hudson Parent Holdings, LLC.

"**Hudson Energy Acquisition**" means the indirect acquisition by the Fund of Hudson Energy.

"**Independent Broker**" means a person who serves in the capacity of an independent broker to solicit Energy Contracts using among other things, a web based sales portal to small to mid-size commercial and small industrial customers primarily associated with Hudson Energy Services

"**Independent Contractor**" means a person who serves in the capacity of an independent contractor to solicit Energy Contracts (including JustGreen products), to residential, small to mid-size commercial and small industrial customers.

"**Independent Representative**" means a person who serves in the capacity of an independent representative under the multi-level marketing division to solicit Energy Contracts (including JustGreen products), to residential and small to mid-size commercial customers.

"**Intercreditor Agreement**" means the intercreditor agreement made as of July 1, 2009 between certain Just Energy Affiliates, CIBC, Shell, BP, Constellation, Société Générale and Bruce Power.

"**JEC**" or the "**Company**" means Just Energy Corp. (formerly Ontario Energy Savings Corp.), the administrator and a subsidiary of the Fund.

"**JEC First Supplemental Note Indenture**" means the first supplemental note indenture between OESC and the Note Trustee dated March 1, 2005.

"**JEC Note Trustee**" means Computershare Trust Company of Canada.

"**JEC Notes**" means the unsecured, subordinated notes of JEC issued by JEC pursuant to the Note Indenture.

"**JEC Note Indenture**" means the note indenture dated April 30, 2001 providing for the issuance of OESC Notes between OESC and the Note Trustee as supplemented and amended by the OESC First Supplemental Note Indenture and the OESC Second Supplemental Note Indenture.

"**JEC Second Supplemental Note Indenture**" means the second supplemental note indenture between JEC and the Note Trustee made as of December 19, 2007.

"**JEC Shareholders' Agreement**" means the shareholders' agreement dated April 30, 2001 among the Fund, a predecessor of JEC, Exchange and the shareholders and former shareholders of JEC as amended by the Clarification and Restatement Agreement and the Consent and Approval Agreement.

"**JEC Trust Indenture**" means the trust indenture dated March 16, 2004 between the Fund, as the initial unitholder and JEC as trustee, as amended from time to time.

"**JEEC**" means Just Energy Exchange Corp., a corporation amalgamated under the laws of Canada on July 1, 2009.

"**JEEC Convertible Debentures**" means the $90 million aggregate principal amount of 6.0% convertible unsecured subordinated debentures of JEEC.

"**JEEC Debenture Indenture**" means the trust indenture dated as of October 2, 2007 between Universal (predecessor to JEEC) and Computershare Trust Company of Canada, as amended and supplemented from time to time.

"**JEOLP**" means the limited partnership formed under the laws of the Province of Ontario with the name Just Energy Ontario L.P. (formerly Ontario Energy Savings L.P.) pursuant to the JEOLP Limited Partnership Agreement.

"**JEOLP**" **Acquisition Agreement**" means the acquisition agreement between JEOLP and a predecessor of OESC dated August 1, 2005 pursuant to which JEOLP acquired substantially all of the assets and certain related liabilities of JEC's predecessor.

"**JEOLP Limited Partnership Agreement**" means the limited partnership agreement dated June 1, 2005 between a predecessor of JECC, as general partner, and ESIF CT, as the limited partner, as amended by amending agreement #1 dated August 1, 2005.

"**JETLP**" means Just Energy Trading LP, (formerly Energy Savings L.P.) the limited partnership established under the laws of the Province of Ontario pursuant to the JEC Partnership Agreement.

"**JETLP Partnership Agreement**" means the limited partnership agreement dated March 17, 2004 between ESIF CT as the initial limited partner and JEC as the general partner, as amended.

"**Just Energy**" means all or any one or more of the Fund and the Affiliates thereof as the context implies or may require.

"**Just Energy Alberta**" means the limited partnership formed under the laws of the Province of Alberta with the name Just Energy Alberta L.P.

"**Just Energy B.C.**" means the limited partnership formed under the laws of the Province of British Columbia with the name Just Energy B.C. Limited Partnership pursuant to a limited partnership agreement dated March 18, 2004, as amended.

"**Just Energy Illinois**" means Just Energy Illinois Corp., a corporation incorporated under the laws of the State of Delaware on August 29, 2003.

"**Just Energy Indiana**" means Just Energy Indiana Corp., a corporation incorporated under the laws of the State of Delaware on August 29, 2003.

"**Just Energy Manitoba** " means the limited partnership formed pursuant to the laws of the Province of Manitoba with the name Just Energy (Manitoba) LP pursuant to a limited partnership agreement dated October 31, 2006

"**Just Energy Marketing**" means Just Energy Marketing Corp., a corporation incorporated under the laws of the State of Delaware on December 24, 2003.

"**Just Energy New York**" means Just Energy New York Corp., a corporation incorporated under the laws of the State of Delaware on July 22, 2004.

"**Just Energy Quebec** " means the limited partnership formed under the laws of the Province of Quebec with the name Just Energy (Quebec) L.P. pursuant to a limited partnership agreement dated March 18, 2004.

"**Just Quebec Inc.**" means La Corporation d'économie d'énergie du Québec Inc. a company incorporated under the laws of the Province of Quebec on March 11, 2004.

"**Just Energy Texas**" means Just Energy Texas I Corp., a company incorporated under the laws of the State of Texas on January 27, 2006.

"**Just Energy Texas L.P.**" means Just Energy Texas L.P. a limited partnership formed under the laws of the State of Texas on May 30, 2006 as a result of the conversion on March 30, 2006.

"**Just Energy (U.S.)**" means Just Energy (U.S.) Corp., a corporation incorporated under the laws of the State of Delaware on December 4, 2001.

"**kWh**" means a kilowatt hour, the standard commercial unit of electric energy, with one kilowatt hour being the amount of energy consumed by ten 100 watt light bulbs burning for one hour.

"**Large Volume User**" means an electricity consumer who consumes more than 250,000 kWh of electricity per year.

"**LDC**" means local distribution company, the natural gas or electricity distributor for a geographic franchise area.

"**m^3**" means a cubic meter or 0.03769 GJs.

"**March 2004 Reorganization**" means the internal reorganization of the Fund described on page 23 hereof.

"**Momentis**" means, collectively, Momentis Canada Corp., a corporation established in January, 2010, and Momentis U.S. Corp., a corporation incorporated established in January, 2010.

"**New Just Energy**" means Just Energy Group Inc., which will be the publicly-traded, dividend paying corporation the Fund's income trust structure is converted into if the Conversion Transaction is completed.

"**New Just Energy Shares**" means common shares of New Just Energy.

"**Newten**" means Newten Home Comfort Inc., a company incorporated under the laws of Canada.

"**Newten Home Comfort L.P.**" means a limited partnership formed under the laws of the Province of Ontario.

"**NHS**" means National Energy Corporation, a corporation doing business as National Home Services and a subsidiary of JEEC.

"**Note Trustee**" means Computershare Trust Company of Canada.

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended from time to time, including the regulations promulgated thereunder.

"**OEB**" means the Ontario Energy Board, a regulatory body which regulates, *inter alia*, the distribution and marketing of natural gas and electricity in the Province of Ontario.

"**OESC Amalco**" means OSEC Amalco Inc. the corporation created by the amalgamation of a predecessor to OESC and OESC Newco pursuant to the OBCA on April 30, 2007 as part of the April 30, 2007 Reorganization.

"**OESC GP**" means OESC GP Corp., a corporation incorporated under the OBCA on February 21, 2004 and which amalgamated with OESC Amalco as part of the April 30, 2007 Reorganization to form JEC.

"**OESC Newco**" means OESC Newco Inc., a corporation incorporated pursuant to the OBCA on April 25, 2007 as part of the April 30, 2007 Reorganization.

"**person**" includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporate, unincorporated association or organization, governmental entity, syndicate or other entity, whether or not having legal status.

"**Preference Shares**" means, collectively, the Class A Preference Shares, the Class B Preference Shares and the Class C Preference Shares.

"**RCE**" means a residential customer equivalent which is a unit of measurement equivalent to a customer using, as regards natural gas, 2,815 m^3 (or 106 GJ's) of natural gas on an annual basis and, as regards electricity, 10,000 kWh of electricity on an annual basis, which represents respectively the approximate amount of gas and electricity used by a typical household.

"**Sempra**" means Sempra Energy Trading Corp.

"**Shareholder Exchange Rights**" means the rights granted by Exchange (now Exchangeco II), to the holders of Preference Shares pursuant to the JEC Shareholders' Agreement entitling the holders thereof to require Exchange (now Exchangeco II), to purchase their Preference Shares and to satisfy the purchase price for such Preference Shares by the transfer of Units to them.

"**Shell**" means Shell Energy North America (Canada) Inc., Shell Energy North America (U.S.) L.P. and any other related affiliate with which Just Energy contracts.

"**Special Management Incentive Program**" means the bonus which each of the holders of Class A Preference Shares is entitled to receive, on a quarterly basis, equal to the amount he would have received had he been a holder of record on the record date for all distributions made on Units in respect of such quarter of a number of Units equivalent to the number of Class A Preference held by him.

"**Special Resolution**" means a resolution passed by a majority of not less than 66⅔% of the votes cast, either in person or by proxy, at a meeting of Unitholders, called for the purpose of approving such resolution, or approved in writing by the holders of not less than 66⅔% of the Units entitled to be voted on such resolution.

"**Subsidiary**" has the meaning ascribed thereto in the OBCA.

"**Suppliers**" means Gas Supplier and Electricity Suppliers.

"**Tax Act**" means the *Income Tax Act* (Canada), as amended, and the regulations thereunder.

"**TGF** " means Terra Grain Fuels Inc., a corporation amalgamated under the CBCA and a subsidiary of JEEC.

"**Trustee**" means Montreal Trust Company, trustee pursuant to the Declaration Trust.

"**TSX**" means the Toronto Stock Exchange.

"**UARs** " means unit appreciation rights of the Fund granted pursuant to the Fund's 2004 Unit Appreciation Rights Plan, as amended.

"**Unitholders**" means the holders from time to time of Units and includes, while the Units are registered in the Book-Entry Only System, the beneficial owners of Units.

"**Units**" means the units of the Fund, each unit representing an equal undivided beneficial interest therein.

"**Universal** " means Universal Energy Group Ltd.

"**Universal Acquisition**" means the indirect acquisition by the Fund of all of the outstanding common shares of Universal.

"**Universal Acquisition Agreement**" means the amended and restated arrangement agreement dated effective as of April 22, 2009 among the Fund, JEC, UEGL Acquisition Corp. and Universal, pursuant to which the Fund indirectly acquired all of the outstanding common shares of Universal.

"**WACOG**" means, for any period, the weighted average cost of gas for such period, which is generally derived by weighting the gas volumes by the gas prices paid under specific gas contracts to produce one average price for a gas supply portfolio.

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

All dollar amounts herein are in Canadian dollars, unless otherwise stated.

All share and unit amounts relating to Preference Shares, Common Shares and Units reflect each of the 2:1 subdivisions effective July 29, 2002 and January 30, 2004.

SCHEDULE "B" - JEC SHAREHOLDERS' AGREEMENT
(March 31, 2010)

On April 30, 2001 the Fund, a predecessor of JEC, the shareholders of a predecessor of JEC (including former shareholders who were issued Units in lieu of Preference Shares), Exchange, Electrico and the shareholders of Electrico entered into the JEC Shareholders' Agreement which Agreement was amended and restated by the Clarification and Restatement Agreement and further amended by the Consent and Approval Agreement. The following is a summary of the material provisions of the JEC Shareholders' Agreement as amended and restated which does not purport to be complete. Reference is made to the JEC Shareholders' Agreement for a complete text of its provisions.

Directors of OESC

The JEC Shareholders' Agreement provides that the board of directors of JEC shall consist of a minimum of three and a maximum of ten directors, with the initial number of directors set at eight. The JEC Shareholders' Agreement provides that at least a majority of the directors shall be persons who are not officers or employees of JEC or any of its affiliates (as defined in the OBCA) or persons who beneficially own, directly or indirectly, or who exercise control or direction over, Units representing more than 10% of the outstanding Units on a fully-diluted basis or directors or officers of any such person or any of its affiliates.

Transfer of Common Shares and Preference Shares

On March 20, 2008, the JEC Shareholders' Agreement was amended to permit the transfer of Preference Shares to persons who were not parties thereto contingent on such parties' simultaneous exchange of such Preference Shares for Units.

Other than the above-indicated transfer, until the Fund is liquidated, the Class A Preference Shares may only be sold or otherwise disposed of pursuant to the Shareholder Exchange Rights and the related purchase for cancellation of such shares by JEC or in the event of:

(a) a successful takeover bid for all of the Units, in which case the holders of Class A Preference Shares are obligated to sell their Preference Shares to:

   (i) the successful bidder; or

   (ii) the Fund, if that takeover bid is not also made to the holders of the Class A Preference Shares or if the price of the bid for the Class A Preference Shares is less than the price per Class A Preference Share described below, in which case the Fund is obligated to purchase the Class A Preference Shares;

   at a cash price per share equal to the price paid per Unit pursuant to the successful takeover bid multiplied by the number of Units which the holders of the Class A Preference Shares would be entitled to receive if they exercised the Shareholder Exchange Rights relating to the Class A Preference Shares on the date of purchase divided by the number of Class A Preference Shares outstanding; or

(b) a takeover bid, amalgamation, plan of arrangement or other business combination involving all of the shares of JEC.

If a takeover bid is made for all of the Units and not less than 90% of the Units on a fully-diluted basis (other than Units held at the date of the takeover bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the Fund shall have the option, exercisable within 60 days of the termination of the takeover bid, to require the holders of the Class A Preference Shares to sell their Class A Preference Shares to the Fund at a price per Class A Preference Share determined on the same basis as set forth in paragraph (a) above.

Shareholder Exchange Rights

Pursuant to the JEC Shareholders' Agreement, the Shareholder Exchange Rights granted to holders of Class A Preference Shares entitle the holders thereof to require Exchangeco II to acquire Class A Preference Shares in exchange for Units. The Shareholder Exchange Rights may be exercised with respect to such number of Preference Shares up to the number of Preference Shares held by the relevant holder at such time on the last day of any calendar quarter upon 10 days written notice to the Fund, JEC and Exchangeco II.

In the case of the Class A Preference Shares, the Shareholder Exchange Rights entitle the holder of such shares to receive a number of Units equivalent to the number of Class A Preference Shares in respect of which the Shareholder Exchange Rights have been exercised.

Exchangeco II Exchange Rights

To enable Exchangeco II to honour its obligations pursuant to the Shareholder Exchange Rights, the Fund has granted to Exchangeco II, the Exchangeco II Exchange Rights, providing Exchangeco II the right to purchase from treasury, that number of Units required by Exchangeco II from time to time to fulfill its obligations under the Shareholder Exchange Rights. The purchase price for such Units is the market price of the Units to be purchased as at the date of exercise by the Shareholder of the Shareholder Exchange Rights which they are being issued in respect of (determined on the basis set forth under "Declaration of Trust and Description of Units – Redemption Right") and shall be satisfied by the issuance by Exchangeco II to the Fund of Exchangeco II Notes with a principal amount equal to such market price.

JECC is required, subject to applicable law, to purchase from Exchangeco II for cancellation all Preference Shares acquired by Exchangeco II from time to time pursuant to the exercise of the Shareholder Exchange Rights for an amount equal to (the "Preference Share Purchase Price") which as regards: (i) Class A Preference Shares is equal to the market price of the Units exchanged by Exchangeco II for such Class A Preference Shares, (ii) Class B Preference Shares is equal to the redemption price, i.e., $2.50 per Share, together with all accrued and unpaid dividends thereon, if any, and (iii) Class C Preference Shares, and OESC will satisfy the purchase price by the issue to Exchangeco II of additional JEC Notes in a principal amount equal to the total Preference Share Purchase Price. Once all of the Shareholder Exchange Rights have been exercised and all of the Preference Shares have been purchased for cancellation, JEC and Exchangeco will amalgamate.

Pursuant to the terms of the JEC Shareholders' Agreement, on the earlier of (i) March 31, 2016, (ii) the date of the termination of the employment or consulting arrangement with JEC and a holder of Class A Preference Shares for any reason, (iii) the date of death of a holder of Class A Preference Shares, and (iv) the date upon which a holder of Class A Preference Shares becomes a non-resident of Canada within the meaning of the Tax Act, all of the Shareholder Exchange Rights held by such holders relating to Class A Preference Shares which have not been exercised by such date shall be deemed to have been exercised.

All of the Shareholder Exchange Rights relating to Class B Preference Shares were exercised on or before January 1, 2004.

Special Management Incentive Program

Each of the holders of the Class A Preference Shares is entitled to receive, on a quarterly basis, a management bonus equal to the amount that such holder would have received had he been a holder of record on the record date for all distributions made on Units in respect of such quarter of a number of Units equivalent to the number of Class A Preference Shares held by the individual.

Other Matters

The JEC Shareholders' Agreement also provides that no additional Preference Shares may be issued and that the Fund will not accept an offer or agree to support any proposal involving its Common Shares or Preference Shares unless the same offer or proposal is made to the holders of Preference Shares for their Preference Shares for a consideration based on the consideration for the Common Shares which reflects the percentage indirect interest of the holders of the Preference Shares in JEC through the Fund on the basis that they had exercised all of the Shareholder Exchange Rights.

All 5,263,728 outstanding Preference Shares are owned by Rebecca MacDonald, Executive Chair and a director of JEC.

SCHEDULE "C" - DECLARATION OF TRUST AND DESCRIPTION OF UNITS
(March 31, 2010)

Declaration of Trust

The Fund is an open-ended, limited purpose trust established under the laws of the Province of Ontario and is governed by the Declaration of Trust. The Fund qualifies as a mutual fund trust for the purposes of the Tax Act. The following is a summary of the material attributes and characteristics of the Units and certain provisions of the Declaration of Trust which does not purport to be complete. Reference is made to the Declaration of Trust for a complete description of the Units and the full text of its provisions.

Activities of the Fund

The Declaration of Trust provides that the Fund is restricted to:

(a) investing in securities, including those issued by JEC and Exchangeco II;

(b) temporarily holding cash in interest-bearing accounts or short-term government debt for the purposes of paying the expenses of the Fund, paying amounts payable by the Fund in connection with the redemption of any Units and making distributions to Unitholders; and

(c) issuing Units (i) for cash or in order to acquire securities including those issued by JEC and (ii) upon the exercise of the Exchangeco II Exchange Rights granted by the Fund to Exchangeco II pursuant to the JEC Shareholders' Agreement.

Units

An unlimited number of Units may be issued pursuant to the Declaration of Trust. Each Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund whether of net income, net realized capital gains or other amounts, and in the net assets of the Fund in the event of termination or winding-up of the Fund. All Units are of the same class with equal rights and privileges. The Units are not subject to future calls or assessments, and entitle the holder thereof to one vote for each whole Unit held at all meetings of Unitholders. Pursuant to the Declaration of Trust, the holders of the Preference Shares will be entitled to vote in all votes of Unitholders (including resolutions in writing) as if they are the holders of the number of Units which they would receive if they exercised their Shareholder Exchange Rights as of the record dates for such votes and will be treated in all respects as Unitholders for the purposes of any such vote. Except as set out under "Redemption Right" below, the Units have no conversion, retraction, redemption or pre-emptive rights.

Issuance of Units

The Declaration of Trust provides that Units or rights to acquire Units may be issued at the times, to the persons, for the consideration and on the terms and conditions that the Administrator determines. Units may be issued in satisfaction of any non-cash distribution of the Fund to Unitholders on a *pro rata* basis. The Declaration of Trust also provides that immediately after any *pro rata* distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution, providing however that the Administrator may in its sole discretion as part of a resolution of the Administrator approving any *pro rata* distribution of additional Units determine there be no such consolidation of Units.

Trustee

The Trustee of the Fund is Montreal Trust Company of Canada, 100 University Avenue, 11th Floor, Toronto, Ontario, M5J 2Y1.

The Declaration of Trust provides that, subject to the terms and conditions thereof, the Trustee may, in respect of the trust assets, exercise any and all rights, powers and privileges that could be exercised by a legal and beneficial owner thereof and shall supervise the investments and conduct the affairs of the Fund. The Declaration of Trust prohibits a non-resident of Canada (as that term is defined in the Tax Act) from acting as the Trustee. The Trustee is responsible for, among other things: (i) acting for, voting on behalf of and representing the Fund as a shareholder and noteholder of JEC and Exchangeco; (ii) maintaining records and providing reports to Unitholders; (iii) supervising the activities of the Fund; (iv) effecting payments of distributable cash from the Fund to Unitholders; and (v) voting in favour of the Fund's nominees to serve as directors of JEC.

The Trustee may resign upon 60 days' written notice to the Fund and may be removed by an ordinary resolution of the Unitholders and the vacancy created by such removal or resignation must be filled at the same meeting, failing which it may be filled by the former Trustee.

The Declaration of Trust provides that the Trustee shall act honestly and in good faith with a view to the best interests of the Fund and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that the Trustee shall be entitled to indemnification from the Fund in respect of the exercise of its powers, and the discharge of its duties provided that it acted honestly and in good faith with a view to the best interests of all the Unitholders.

Administration of the Fund

The Fund entered into the Administration Agreement with a predecessor of JEC on April 30, 2001 pursuant to which JEC has agreed to act as Administrator of the Fund. The Administrator will provide or arrange for the provision of services required in the administration of the Fund. These services may include arranging and paying for annual audit and regulatory public reporting services and costs, arranging for, and paying the cost of, legal counsel, monitoring and co-ordinating the activities of, and paying the fees of, the transfer agent and registrar for the Units, arranging for distributions to Unitholders, and providing reports to Unitholders. All such costs, other than the amounts of the distributions to the Unitholders, are the responsibility of the Administrator. Unitholders may terminate the Administration Agreement by Special Resolution. The Administration Agreement has been amended from time to time.

Cash Distributions

The amount of cash to be distributed monthly per Unit shall be equal to a *pro rata* share of interest and principal repayments on the JEC Notes and Exchangeco II Notes and distributions, if any, on or in respect of the Common Shares of JEC and the common units of ESIF-CT owned by the Fund (including distributions received by ESIF-CT from the businesses carried on by subsidiaries and Affiliates of the Fund ESLP), received by the Fund less: (i) administrative expenses and other obligations of the Fund; (ii) amounts which may be paid by the Fund, directly or indirectly, in connection with any cash redemptions of Units; and (iii) any other interest expense incurred by the Fund between distributions. Any income of the Fund which is applied to any such cash redemptions of Units or is otherwise unavailable for cash distribution will be distributed to Unitholders in the form of additional Units. Such additional Units will be used pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing.

The Fund receives proceeds from dividends on the Common Shares and may receive distributions on the common units of ESIF-CT owned by the Fund.

Redemption Right

Units are redeemable at any time on demand by the holders thereof. As the Units are issued in book entry form, a Trust Unitholder who wishes to exercise the redemption right will be required to obtain a redemption notice form from his or her investment dealer who will be required to deliver the completed redemption notice form to CDS. Upon receipt of the redemption notice by the Fund, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per Unit (the "Redemption Price") equal to the lesser of: (i) 90% of the "market price" of the Units on the principal market on which the Units are quoted for trading during the 10 trading day period commencing immediately subsequent to the date on which the Units were surrendered for redemption (the "Redemption Date"); and (ii) the "closing market price" on the principal market on which the Units are quoted for trading on the Redemption Date.

For the purposes of this calculation, "market price" will be an amount equal to the simple average of the closing price of the Units for each of the trading days on which there was a closing price; provided that if the applicable exchange or market does not provide a closing price, but only provides the highest and lowest prices of the Units traded on a particular day, the "market price" shall be an amount equal to the simple average of the highest and lowest prices for each of the trading days on which there was a trade; and provided further that if there was trading on the applicable exchange or market for fewer than five of the 10 trading days, the "market price" shall be the simple average of the following prices established for each of the 10 trading days: the average of the last bid and last asking prices of the Units for each day there was no trading; the closing price of the Units for each day that there was trading if the exchange or market provides a closing price; and the average of the highest and lowest prices of the Units for each day that there was trading if the market provides only the highest and lowest prices of Units traded on a particular day. The "closing market price" shall be an amount equal to the closing price of the Units if there was a trade on the date and the exchange or market provides a closing price; an amount equal to the average of the highest and lowest prices of the Units if there was trading and the exchange as other market provides only the highest and lowest prices of Units traded on a particular day; the average of the last bid and last asking prices of the Units if there was no trading on that date.

The aggregate Redemption Price payable by the Fund in respect of any Units surrendered for redemption during any calendar month shall be satisfied by way of a cash payment on the last day of the month following the quarter in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that: (i) the total amount payable by the Fund in respect of such Units and all other Units tendered for redemption in the same calendar month shall not exceed $50,000.00; (ii) at the time such Units are tendered for redemption, the outstanding Units shall be listed for trading on a stock exchange or traded or quoted on another market which the Administrator considers, in its sole discretion, provides representative fair market value prices for the Units; and (iii) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10 day trading period commencing immediately after the Redemption Date.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the foregoing limitations, then each Unit tendered for redemption shall, subject to any applicable regulatory approvals, be redeemed by way of a distribution in specie of a *pro rata* number of securities of JEC and Exchangeco II held by the Fund. No fractional Common Shares or JEC Notes or Exchangeco II Notes in integral multiples of less than $10 will be distributed and, where the number of securities of JEC to be received by a Unitholder includes a fraction or a multiple less than $10, such number shall be rounded to the next lowest whole number or integral of $10. The Fund shall be entitled to all interest paid on the JEC Notes and the Exchangeco II Notes and the distributions paid on the Common Shares on or before the date of the distribution in specie.

It is anticipated that the redemption right described above will not be the primary mechanism for holders of Units to dispose of their Units. Securities of JEC and Exchangeco II which may be distributed in specie to Unitholders in connection with a redemption will not be listed on any stock exchange and no market is expected to develop in securities of JEC or Exchangeco II and they may be subject to resale restrictions under applicable securities laws.

Securities of JEC or Exchangeco II so distributed may not be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds and deferred profit sharing plans and registered education savings plans, each as defined in the Tax Act, depending upon the circumstances at the time.

Meetings of Unitholders

The Declaration of Trust provides that meetings of Unitholders must be called and held for the election or removal of nominees of the Fund to serve as directors of JEC (except filling casual vacancies), the removal of the Trustee, the appointment or removal of the auditors of the Fund, the appointment of an inspector to investigate the performance by the Trustee or Administrator in respect of their respective responsibilities and duties in respect of the Fund, the approval of amendments to the Declaration of Trust (except as described under "Amendments to the Declaration of Trust" below), the sale of all or substantially all of the assets of the Fund, the exercise of certain voting rights attached to securities of JEC and Exchangeco II held by the Fund (see "Exercise of Certain Voting Rights Attached to Securities of JEC and Exchangeco II" below) and the dissolution of the Fund prior to the end of its term. A resolution electing or removing nominees of the Fund to serve as directors of JEC and a resolution appointing or removing the Trustee or the auditors of the Fund must be passed by a simple majority of the votes cast by Unitholders. The balance of the foregoing matters must be passed by a Special Resolution. Meetings of Unitholders will be called and held annually for the election of the nominees of the Fund to serve as directors of JEC and the appointment of auditors of the Fund.

A meeting of Unitholders may be convened at any time and for any purpose by the Administrator or the Trustee and must be convened, except in certain circumstances, if requisitioned by the holders of not less than 5% of the Units then outstanding by a written requisition. A requisition must state in reasonable detail the business proposed to be transacted at the meeting.

Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy and a proxy-holder need not be a Unitholder. Two persons present in person or represented by proxy and representing in the aggregate at least 25% of the votes attached to all outstanding Units shall constitute a quorum for the transaction of business at all such meetings.

Pursuant to the Declaration of Trust, the holders of the Class A Preference Shares will be entitled to vote in all votes of Unitholders (including resolutions in writing) as if they are the holders of the number of Units which they would receive if they exercised their Shareholder Exchange Rights as of the record dates for such votes and shall be treated in all respects as Unitholders for the purposes of any such vote.

The Declaration of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Unitholders.

Limitation on Non-Resident Ownership

In order for the Fund to maintain its status as a mutual fund trust under the Tax Act, the Fund must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. Accordingly, the Declaration of Trust provides that at no time may non-residents of Canada be the beneficial owners of a majority of the Units. The Trustee or the Administrator may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustee or the Administrator becomes aware as a result of requiring such that the beneficial owners of 49% of the Units then outstanding are, or may be, non-residents or that such a situation is imminent, the transfer agent and registrar shall make a public announcement thereof and shall not accept a subscription for Units from or issue or register a transfer of Units to a person unless the person provides a declaration that he or she is not a non-resident. If, notwithstanding the foregoing, the Trustee or the Administrator determines that a majority of the Units are held by non-residents, the Trustee may send a notice to non-resident holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustee or the Administrator may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustee or the Administrator with satisfactory evidence that they are not non-residents within such period, the Trustee or the Administrator may, on behalf of such Unitholders, sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be holders of the Units and their rights shall be limited to receiving the net proceeds of such sale.

Amendments to the Declaration of Trust

The Declaration of Trust may be amended or altered from time to time by Special Resolution of the Unitholders.

The Trustee may, without the approval of the Unitholders, make certain amendments to the Declaration of Trust, including amendments:

(a) for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustee or over the Fund;

(b) which, in the opinion of counsel to the Fund, provide additional protection for Unitholders;

(c) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which, in the opinion of the Trustee, are necessary or desirable and not prejudicial to the Unitholders; and,

(d) which, in the opinion of the Trustee, are necessary or desirable as a result of changes in Canadian taxation laws.

On June 27, 2003, the Unitholders and holders of Preference Shares approved a Special Resolution amending the Declaration of Trust to permit the Fund to borrow money and guarantee the obligations of any subsidiary to provide security therefore. On June 29, 2004, the Unitholders and holders of Preference Shares approved a Special Resolution to further amend the Declaration of Trust to expand the investment powers of the Fund as set forth on pages 19 to 21 of the Fund's Management Proxy Circular for its meeting held on June 29, 2004 under the heading "Special Items of Business (a) Proposed Amendment to the Fund's Declaration of Trust" which is incorporated herein by reference (See SEDAR reference and project # 794407 at SEDAR at www.sedar.com). On December 20, 2007, the Unitholders and holders of Class A Preference Shares approved a Special Resolution amending Section 3.6(a) of the Declaration of Trust to provide that the Administrator may, in its sole discretion, determine that Units issued as part of a distribution not be immediately consolidated after the issue thereto. On May 14, 2009 the Declaration of Trust was amended to change the name of the Fund to Just Energy Income Fund effective June 1, 2009. At its Annual and Special Meeting on June 25, 2009 the Fund obtained approval by way of a special resolution to amend the Fund's Declaration of Trust to create special voting rights for the holders of exchangeable securities to be issued in connection with the acquisition of Universal.

Term of the Fund

The Fund has been established for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on February 14, 2001. On a date selected by a Trustee which is not more than two years prior to the expiry of the term of the Fund, the Trustee is obligated to commence to wind up the affairs of the Fund so that it will terminate on the expiration of the term. In addition, at any time prior to the expiry of the term of the Fund, the Unitholders may by Special Resolution require the Trustee to commence to wind up the affairs of the Fund.

The Declaration of Trust provides that, upon being required to commence to wind up the affairs of the Fund, the Trustee will give notice thereof to the Unitholders, which notice shall designate the time or times at which time Unitholders may surrender their Units for cancellation and the date at which the register of Units will be closed. After the date the register is closed, the Trustee shall proceed to wind up the affairs of the Fund as soon as may be reasonably practicable and for such purpose shall, subject to any direction to the contrary in respect of a termination authorized by a resolution of the Unitholders, sell and convert into money the Common Shares, the JEC Notes, the Exchangeco II Common Shares and the Exchangeco II Notes and all other assets comprising the Fund in one transaction or in a series of transactions at public or private sales and do all other acts appropriate to liquidate the Fund. After paying, retiring, discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Fund and providing for indemnity against any other outstanding liabilities and obligations, the Trustee shall distribute the remaining part of the proceeds of the sale of the Common Shares, the JEC Notes, the Exchangeco II Common Shares and the Exchangeco II Notes and other assets together with any cash forming part of the assets of the Fund among the Unitholders in accordance with their *pro rata* interests. If the Trustee is unable to sell all or any of the Common Shares, the JEC Notes, the Exchangeco II Common Shares or the Exchangeco II Notes or other assets which comprise part of the Fund by the date set for termination, the Trustee may distribute the remaining Common Shares, JEC Notes, the Exchangeco II Common Shares and the Exchangeco II Notes or other assets in specie directly to the Unitholders in accordance with their *pro rata* interests subject to obtaining all required regulatory approvals.

Takeover Bids

The Declaration of Trust contains provisions to the effect that if a takeover bid is made for the Units and not less than 90% of the Units (other than Units held at the date of the takeover bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by Unitholders who did not accept the takeover bid on the terms offered by the offeror.

Exercise of Certain Voting Rights Attached to Securities of JEC and Exchangeco II

The Declaration of Trust provides that the Fund shall not vote its Common Shares, JEC Notes, Exchangeco II Common Shares or Exchangeco II Notes to authorize, among other things:

(a) any sale, lease or other disposition of all or substantially all of the assets of JEC or Exchangeco II, except in conjunction with an internal reorganization;

(b) any amalgamation (other than the Amalgamation or the amalgamation of JEC and Exchangeco II as may be contemplated by the JEC Shareholders' Agreement), arrangement or other merger of OESC with any other company, except in conjunction with an internal reorganization;

(c) any material amendment to the Note Indenture;

(d) any material amendment to the Exchangeco II Note Indenture;

(e) any material amendment to the articles of JEC to change the authorized share capital in a manner which may be prejudicial to the Fund or amend the rights, privileges and conditions attached to the Common Shares or the Preference Shares;

(f) any material amendment to the articles of Exchangeco II to change the authorize share capital in a manner which may be prejudicial to the Fund or amend the rights, privileges and conditions attached to the Exchangeco II Common Shares; or

(g) the removal of the Administrator,

without the authorization of the Unitholders by Special Resolution.

Information and Reports

The Fund furnishes to Unitholders such consolidated financial statements of the Fund (including quarterly and annual consolidated financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholders' tax returns under the Tax Act and equivalent provincial legislation.

Prior to each meeting of Unitholders, the Trustee will provide the Unitholders (along with notice of such meeting) all such information as is required by applicable law to be provided to such holders.

JEC has undertaken to provide the Fund with (i) a report of any material change that occurs in the affairs of JEC in form and content that it would file with applicable regulatory authorities as if it were a reporting issuer; and (ii) all financial statements that it would be required to file with applicable regulatory authorities as if it were a reporting issuer under applicable securities laws. All such reports and statements will be provided to the Fund in a timely manner so as to permit the Fund to comply with the continuous disclosure requirements relating to reports of material changes in its affairs and the delivery of financial statements as required under applicable securities laws.

Book-Entry Only System

Registration of interests in and transfers of the Units will be made only through a book-based system administered by The Canadian Depository for Securities Limited ("CDS") (the "Book-Entry Only System"). On April 30, 2001 the Trustee delivered to CDS certificates evidencing the aggregate number of Units subscribed for pursuant to a final prospectus for the Fund dated April 20, 2001. Similar deliveries were made with respect to exercise of the over allotment option on May 16, 2001 and upon the exchange of the subscription receipts for Units on May 8, 2002 and were and will continue to be made in connection with the issue by the Fund of Units pursuant to: (a) the exercise of Exchangeco II Exchange Rights, (b) the exercise of options granted pursuant to the Fund's Unit Option Plan, (iii) the exchange of unit appreciation rights granted pursuant to the Fund's 2004 Unit Appreciation Rights Plan and (iv) the exchange of deferred unit grants granted pursuant to the Fund's Director Deferred Compensation Plan. Units must be purchased, transferred and surrendered for redemption through a participant in the CDS depository service (a "CDS Participant"). All rights of Unitholders must be exercised through, and all payments or other property to which such Unitholder is entitled will be made or delivered by, CDS or the CDS Participant through which the Unitholder holds such Units. Upon purchase of any Units, the Unitholders will receive only a customer confirmation from the registered dealer which is a CDS Participant and from or through which the Units are purchased.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such Unitholder's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Fund has the option to terminate registration of the Units through the Book-Entry Only System in which case certificates for the Units in fully registered form would be issued to beneficial owners of such Units or their nominees.

SCHEDULE "D" - FORM 52-110F1

AUDIT COMMITTEE INFORMATION REQUIRED IN AN AIF
(March 31, 2010)

The Audit Committee's Charter. The text of JEC's Audit Committee's charter as amended on May 20, 2010 is attached hereto as Schedule "E".

Composition of the Audit Committee and Relevant Education and Experience. At March 31, 2010, JEC's Audit Committee consisted of Michael J.L. Kirby (Chair), Hugh D. Segal, Brian R.D. Smith and B. Bruce Gibson. All members of the audit committee are independent and financially literate (as those terms are defined in Multilateral Instrument 52-110 – Audit Committees). Mr. Kirby, Chair of the Committee, has a PhD in applied mathematics and has been Chair of the Audit Committee for over eight years. He has been a member of the faculty of several business schools, including the University of Chicago. For several years in the 1990's he was Chair of the Standing Senate Committee on Banking, Trade and Commerce, the Senate Committee which is responsible for all legislation and regulations affecting business. Until recently, Mr. Kirby was Vice-Chair of the Accounting Standards Oversight Board. Currently, he serves as a director of five TSX listed companies and is chair of the Audit Committee of two of them: The Bank of Nova Scotia and Indigo Books & Music Inc. Mr. Smith became a director of JEC on August 21, 2001 and a member of the Audit Committee on August 13th, 2003. Mr. Smith has had significant business experience including serving as Chair of BC Hydro from February 1996 to June 2001 and Chair of Canadian National Railways from 1989 to 1994 where, in both positions he was inextricably involved in strategic financial planning and reporting. In his role as Minister of Education, Minister of Energy and Mines and Attorney General in the government of the Province of British Columbia between 1979 to 1994, Mr. Smith developed an acute understanding of public and private finance matters. Mr. Smith serves on the board of two Canadian publicly listed companies and has previously served as a member of the audit committee of a Canadian publicly listed company. Mr. Segal was President of the Institute for Research on Public Policy until May 31, 2006 and has been a member of the JEC Audit Committee since 2003. Mr. Segal serves as a director of two TSX listed companies, SNC Lavalin Inc. and Sun Life Financial Inc. He has served as a member of the audit committee of two publicly listed companies. He is a senior fellow at the Queen's School of Policy Studies and an Adjunct Professor at the Queen's School of Business. Mr. Segal developed the ability to assess the general application of accounting principles in connection with the accounting for estimates, accruals and reserves as President, between 1982 and 1991 of a company with $100 million in sales. Beyond his undergraduate degree and business experience, Mr. Segal studied trade economics at the graduate level and between 1982 and 1991, advised clients on takeovers and merger activity. Between 1996 and 1998 he also served on the staff of a major Bay Street investment firm. Mr. Gibson has been a Principal of Ryan Inc. for over three years, became a director of JEC on January 1, 2010 and was appointed a member of JEC's Audit Committee on February 11, 2010. As Chief of Staff to the Lieutenant Governor, State of Texas, Mr. Gibson had oversight responsibility for the budget of the State of Texas for four years. As a Principal of Ryan, Inc., Senior Vice President of Reliant Energy for five years and in many other business roles he has had considerable financial experience in reviewing and responsibility for financial statements of several large private enterprises.

Pre-Approval Policies and Procedures. Recommendations are made from time to time from management to the Audit Committee for the engagement of all non-audit services. The Audit Committee considers such recommendations for pre-approval at its quarterly meetings or sooner, if necessary providing that where necessary, this function may be delegated to the Chair of the Audit Committee for approval on the basis that the Chair reports all such approvals to the Audit Committee at its next regularly scheduled meeting.

External Auditor Service Fees (By Category). For fiscal 2010, fees charged by KPMG LLP for the audit and related services to the Fund and its affiliates were $1,234,400 (2009 - $565,066). Fees for audit related services amounted to $140,095 (2009 - $445,644) and other fees were $14,700 (2009 – $27,272). Total fees for fiscal 2010 were $1,389,195 (2009 - $1,037,982). No other services were provided to JEC and its subsidiaries by KPMG LLP.

SCHEDULE "E" - AUDIT COMMITTEE MANDATE

JUST ENERGY CORP. (THE "COMPANY")*
*(as attorney and administrator for Just Energy Income Fund (the "Fund"))

1. **Composition**

Applicable Canadian corporate and provincial securities legislation, regulation and policies and the Toronto Stock Exchange by-laws rules, regulation and policies ("Applicable Legislation") require that an audit committee (the "Committee") be comprised of a minimum of three directors, all of whom will be independent as defined by Applicable Legislation and each of whom shall not have any material relationship with the Fund or any affiliate thereof, i.e., a relationship that could, in the view of the Company's board of directors (the "Board") reasonably interfere with the exercise of a member's independent judgment.

The Board of Directors of the Company (the "Board") will appoint the members of the Committee annually at the first meeting of the Board after the annual meeting of unitholders of the Fund and shall ensure that the members of the Committee meet the qualifications and other requirements outlined in (a) above.

Committee members will be appointed for a one year term and may be reappointed subject to the discretion of the Board having regard: (i) to Applicable Legislation and, (ii) the desire for continuity and for periodic rotation of Committee members.

One of the members of the Committee who is otherwise qualified under Applicable Legislation shall be appointed Committee Chair by the Board. The Committee shall appoint a Secretary. Any Committee member, who for any reason, is no longer independent, ceases to be a member of the Committee.

2. **Authority**

The Board may authorize the Committee to investigate any activity of the Fund or the Company and any affiliate thereof for which the Committee has responsibility or with respect to those responsibilities imposed on audit committees herein and by Applicable Legislation. All employees are to co-operate as requested by the Committee.

The Committee may, without the approval of management, retain persons having special expertise to assist the Committee in fulfilling its responsibilities, including outside counsel or financial experts and provide for their remuneration.

The external auditor and internal audit shall report to the Committee.

3. **Meetings**

The Committee is to meet at least four times per year preferably immediately following the meeting of the Risk Committee. The meetings will be scheduled to permit the review of the scope of the audit as presented by the Fund's auditor before commencement of the audit and the timely review of the quarterly and annual financial statements and such other annual filings required to be made by the Fund and any affiliate thereof containing financial information about the Fund and any affiliate thereof including the AIF, MD&A (quarterly and annual), quarterly press releases, reports to Unitholders the management proxy circular and such other disclosure documents applicable to the Fund and any affiliate thereof which contain financial data based upon, derived from or to form part of the financial statements of the Fund and contemplated by Applicable Legislation.

Meetings of the Committee shall be validly constituted if a majority of members of the Committee are present in person or by telephone conference. Additional meetings may be held as deemed necessary by the Committee Chair or as requested by any member or the external auditors or any director of the Company not a member of the Committee.

Any member of the external auditors of the Fund is entitled to receive notice of every meeting of the Committee and at the Company's expense, to attend and be heard thereat and, if requested by a member of the Committee, to attend any meeting of the Committee.

The Committee should require the attendance of the Fund's auditors at least once each year, and at such other times as the Committee deems appropriate in the context of Applicable Legislation and its responsibilities as outlined below. The Fund's external auditor shall be requested to review and comment on all disclosure documents issued by the Fund or the Company containing financial statements or information derived therefrom.

The Committee shall meet privately with the external auditor at least quarterly excluding members of management other than the Secretary to the Committee. The Committee shall meet privately with the internal audit staff at least twice yearly excluding other members of management other than the Secretary to the Committee.

4. **Reporting**

The minutes of all meetings of the Committee are to be provided to the Board and to the Fund's auditor. Oral reports by the Chair on recent matters not yet minuted will be provided to the Board at its next meeting. Minutes of all Committee meetings will be subsequently reviewed and approved by the Committee.

Supporting schedules and information reviewed by the Committee will be available for examination by any director or the Fund's auditor upon request to the Secretary of the Committee.

Responsibilities

1. The general responsibility of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to: (i) the integrity of annual and quarterly financial statements to be provided to unitholders and regulatory bodies; (ii) compliance with accounting and finance based legal and regulatory requirements; (iii) the independent auditor's qualifications and independence; (iv) the system of internal accounting and financial reporting controls that management has established; (v) performance of the internal and external audit process and of the independent auditor; (vi) to the extent not addressed by the Risk Committee, the implementation and effectiveness of the policies of the Fund relating to Risk Management Policy and Procedures, the Policy on Distributions and such other policies of the Fund approved from time to time by the Board or the Committee; and (vii) as may be required or applicable, similar responsibilities with respect to Just Energy Exchange Corp.

    (a) The specific responsibilities of the Committee shall be as follows:

        (i) to review the Fund's quarterly and annual financial statements and any other financial statements of the Fund and its affiliates required to be prepared by Applicable Legislation or otherwise for dissemination to the public, so as to be satisfied they are fairly presented in accordance with generally accepted accounting principles and in accordance with Applicable Legislation and to recommend to the Board whether the quarterly and the annual financial statements and any such other financial statements should be approved by the Board;

        (ii) prior to the dissemination to the public, to review the financial information and financial data contained in the Fund's quarterly financial statements, Annual Report to Unitholders and other financial publications of the Fund or any affiliate thereof (including the Fund's interim and year end management discussions and analysis of financial condition and results of operation, annual information form, proxy information circular, quarterly press releases and material and timely disclosure reports containing any financial data) and the financial information contained in a prospectus of the Fund or any affiliate thereof or other document filed with any regulatory authority so as to be satisfied that the financial information and financial data is not significantly erroneous, misleading or incomplete and contains full, true and plain disclosure of all material facts or as otherwise required by Applicable Legislation and to make recommendations to the Board with respect to all such disclosure documents;

(iii) to be satisfied that management of the Fund and any affiliate thereof have implemented appropriate systems of capture of financial information and internal control over financial reporting and that these are operating effectively;

(iv) to be satisfied that management of the Fund and the Company have implemented appropriate systems of internal control to ensure compliance with Applicable Legislation and ethical requirements and particularly to be satisfied that internal controls over financial reporting and disclosure controls and procedures are in place and that internal controls have been designed and implemented to provide reasonable assurance that the Fund's financial statements and other documents required to be mailed to unitholders or filed with regulatory authorities are fairly presented so as to enable the Chief Financial Officer and the Chief Executive Officer (and any other officer or director of the Company as may be required by Applicable Legislation) to personally certify the Fund's financial statements as required by Applicable Legislation;

(v) to the extent not addressed by the Risk Committee, to be satisfied that management of the Fund, the Company and each affiliate thereof have implemented effective systems to identify significant financial and other risks of the business and changes to these risks. The Committee will review reports from management related to these risks and to make recommendations to the Board with respect to a Risk Management Policy;

(vi) to recommend to Board the appointment of external auditors nominated at each annual meeting of unitholders and provide oversight with respect to the external audit engagement. The Committee will also recommend to the Board the re-appointment or appointment of the external auditors and the compensation payable to them. The Committee will pre-approve all non audit services to be provided to the Fund and its affiliates by the Fund's external auditors providing that where necessary, this function may be delegated to the Chair of the Committee for approval on the basis that the Chair reports all such approvals to the Committee at its next regularly scheduled meeting;

(vii) to be satisfied that any significant or material matter brought to the attention of the Committee by the Fund's external auditors and internal audit or matters where there is significant disagreement between the Fund's external auditors and/or internal audit and Company officers (including the resolution or proposed resolution thereof) are communicated to the Board;

(viii) to be satisfied that all significant matters raised in any report to management by the external auditors and internal audit are being addressed and dealt with by management in a satisfactory manner and, to the extent they are not, to make a report to the Board;

(ix) to be satisfied that the declaration and payment of dividends and/or distributions by any affiliate of the Fund to the Fund or to any affiliate thereof and the declaration and payment of distributions by the Fund to its unitholders, meet applicable legal requirements and Applicable Legislation and to make recommendations to the Board with respect thereto;

(x) as and when required by Applicable Legislation or as otherwise required including the laws and regulations in all jurisdictions in which it operates to establish independent procedures (A) for the receipt, retention and treatment of complaints received by the Fund or any affiliate thereof regarding accounting, internal accounting controls or auditing matters, and (B) for the confidential communication of anonymous submissions to the Fund or any affiliate thereof and a member of the Committee of concerns regarding questionable accounting or auditing matters from employees including the submission of those complaints and concerns by logging into www.justenergy.ethicspoint.com, selecting the Just Energy Group or JEG as the company and following the prompts which are available. This service is interactive and anonymous;

(xi) as and when required by Applicable Legislation, to be satisfied that disclosure controls and procedures are in place to ensure that material information required to be disclosed by Applicable Legislation is recorded, processed and summarized and reported within the time periods specified in Applicable Legislation;

(xii) to ensure that the external auditors report annually on matters of independence;

(xiii) to ensure that the external and internal auditors prepare an external audit plan which, with any changes thereto, is reviewed by and acceptable to the Committee;

(xiv) to review and approve the hiring policies of the Fund and any affiliate thereof regarding partners, employees (past or current) of the present and former external auditors of the Fund;

(xv) to review semi-annually all expenses relating to consulting and professional services including legal and audit;

(xvi) to review semi annually executive business expenses;

(xvii) to review, analyse and implement all necessary procedures, controls and other similar requirements relating to financial matters arising from proposals to amend or introduce Applicable Legislation and the implementation or promulgation thereof;

(xviii) once or more annually, as the Corporate Governance and Nominating Committee (CGN Committee) decides, to receive for consideration that Committee's evaluation of this Mandate and any recommended changes. Review and assess the CGN Committee's recommended changes and make recommendations to the Board for consideration.

(xix) to carry out any other appropriate duties and responsibilities assigned to the Committee by the Board.

(xx) to honour the spirit and intent of Applicable Legislation as it evolves, authority to make minor technical amendments to this Mandate is delegated to the Corporate Secretary, who will report any amendments to the CGN Committee at its next meeting.

(b) The Chair of the CGN Committee, in consultation with the Chair of the Committee, will periodically review the effectiveness of the Committee and the performance of each Committee member and report to the Board on their conclusions.

(Approved as amended by the Board of Directors on May 20, 2010)

IRREVOCABLE STANDBY LETTER OF CREDIT NO. CMUS 09-0009

Beneficiary:

Columbia Gas of Ohio, Inc
200 Civic Center Drive
Columbus, OH 43215

Applicant:

Commerce Energy, Inc
6345 Dixie Road, Suite 200
Mississauga, ON
L5T 2E6

Issuance Date: July 22, 2009 **Expiration Date: July 31, 2010**

We, Canadian Imperial Bank of Commerce, hereby establish our Irrevocable Standby Letter of Credit No. CMUS 09-0009 in favor of Columbia Gas of Ohio, Inc. (herein "Beneficiary,") for the account of Commerce Energy, Inc for an amount not exceeding US$ 500,000 (Five Hundred Thousand and 0/100) expiring at close of business on July 31, 2010.

This Letter of Credit is available to Beneficiary by payment at sight upon presentation of the following documents by Beneficiary:

1. The original of Letter of Credit and any amendments thereto, if any.

2. A dated statement purported to be signed by an authorized representative of the Beneficiary stating either:

   A. We , Columbia Gas of Ohio, Inc certify that USD________, the amount drawn under this Letter of Credit represents an amount due and owing to the Beneficiary and unpaid by Applicant pursuant to one or more Agreements between Beneficiary and Applicant.

   Or

   B. This Letter of Credit has not been renewed, replaced, or extend within thirty days of the date of expiration hereof and Applicant is required under the terms of one or more agreement(s) to have a Letter of Credit in place in an amount not less than the amount being drawn

3. If the draw is being made pursuant to 2.A above, then a copy of the unpaid invoice(s).

Partial and /or multiple drawings are permitted.

We agree to honor and pay any drawing if presented in the manner and at the address set forth below in compliance with all of the terms of this Letter of Credit. If a drawing is presented prior to 11:00 A.M., Eastern Standard Time, on a Business Day, payment shall be made in immediately available funds to the account number or address designated by the Beneficiary on the same Business Day. If a drawing is presented at or after 11:00 A.M., Eastern Standard Time, on a Business Day, payment shall be made in immediately available funds to the account number or address designated by the Beneficiary on the next Business Day. The term "Business Day" means any day which is not a Saturday, a Sunday, or a Day on which Banking institutions in the state of Indiana are required or authorized by law or executive order to remain closed and the Issuing Bank is in fact closed.

Specification of negotiations made under the instrument
Détail des négociations effectuées en vertu de cet instrument

Date of negotiation *Date de négociation*	Name of negotiating Bank *Nom de la banque négociatrice*	Amount in words *Montant en lettres*	Amount in figures *Montant en chiffres*

Drafts may be presented at our counter in person, or via U.S. certified mail or nationally recognized overnight courier, or facsimile transmission which must be followed by overnight courier (the claim would be effective only upon receipt of documents at our counter), at the following address:

Issuing Bank: Canadian Imperial Bank of Commerce
Address: 425 Lexington Avenue, 4th Floor, New York, NY, 10017
Facsimile No. 905-948-1934

All costs related to drawings under this Letter of Credit shall be charged to the account of the applicant.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without written amendment for one year periods from the present or any future expiry date unless at least Sixty (60) days prior to such Expiration Date, we send the beneficiary notice at the above stated address by overnight courier that we elect not to extend this Letter of Credit beyond the initial or any extended expiry date thereof.

We hereby engage with you that all documents presented in compliance with the terms of this credit will be duly honored if drawn and presented for payment on or before the Expiry Date of this credit. Except as otherwise expressly stated herein, this credit is subject to the International Standby Practices 1998 (ISP 98).

This Letter of Credit shall be governed by, and construed in accordance with the laws of the state of Indiana, without regard to principles of conflict laws.

Canadian Imperial Bank of Commerce

Authorized Signatory
K1575

Authorized Signatory

Allen Lozanovski
Asst. General Manager

Specification of negotiations made under the instrument
Détail des négociations effectuées en vertu de cet instrument

Date of negotiation *Date de négociation*	Name of negotiating Bank *Nom de la banque négociatrice*	Amount in words *Montant en lettres*	Amount in figures *Montant en chiffres*

EXHIBIT C-5
FORECASTED FINANCIAL STATEMENTS
CONFIDENTIAL AND PROPRIETARY INFORMATION
COMMERCE ENERGY, INC. D/B/A JUST ENERGY

This exhibit contains proprietary and confidential information and is being submitted under seal.

EXHIBIT C-6
CREDIT RATING
—
EXHIBIT C-7
CREDIT REPORT
COMMERCE ENERGY, INC. D/B/A JUST ENERGY

The 2010 Dunn and Bradstreet Business Information report for the applicant's parent company, Just Energy Income Fund, is attached which contains credit ratings.

DNBi
Risk Management

ATTN: Rauf Sheikh
Report Printed: February 16, 2010

Live Report : Just Energy Income Fund

D-U-N-S® Number: 25-193-0624
Trade Names: No trade names for this company.
Endorsement/Billing Reference: rsheikh@energysavings.com

D&B Address

Address	100 King St Suite 3630 Toronto,ON - M9N 1L3	**Location Type**	Headquarters
Phone	416-367-5930	**Web**	
Fax	416-367-4749		

Added to Portfolio: Jul 21 2009

Company Summary

Score Bar

PAYDEX®	UN
Commercial Credit Score Class	3
Financial Stress Class	1
D&B Rating	--

Financial Stress Score Class

Financial Stress Score Class: 1
(Lowest Risk:1; Highest Risk:5)
Low risk of severe financial stress over the next 12 months.

D&B Company Overview

This is a Headquarters Location

Rebecca MacDonald Chairman of the Board	
Year Started	2001
Employees	600 (5 Here)
SIC	6211
Line of business	Engaged as managers or agents for mutual funds
Record	Clear
D&B Rating	--
Former D&B Rating	5A3
Actual Sales	$1,899,213,000 (CAD)
Actual Net Worth	-$809,647,000 (CAD)

Commercial Credit Score Class

Commercial Credit Score Class: 3
(Lowest Risk:1; Highest Risk:5)
Medium risk of severe payment delinquency over next 12 months.

Corporate Linkage

Subsidiaries (Domestic)

Company	City , Province	D-U-N-S® NUMBER
Just Energy Corp	Mississauga , ONTARIO	24-885-7518
Just Energy Exchange Corp	Mississauga , ONTARIO	24-382-6224

Branches (Domestic)

Company	City , Province	D-U-N-S® NUMBER
Just Energy Income Fund	Mississauga , ONTARIO	24-340-3743

Predictive Scores

Credit Capacity Summary

This credit rating was assigned because of D&B's assessment of the company's creditworthiness. For more information, see the " D&B Rating Key.".

Current Rating--
Former Rating 5A3

Sales:	$1,899,213,000
Total Employees	800(5 here)
Net Worth	-$809,647,000
Payment Activity:	Based on 2 experiences
Average High Credit:	N/A
Largest High Credit:	$2,500

Note: The Worth amount in this section may have been adjusted by D&B to reflect typical deductions, such as certain intangible assets.

Financial Stress Class Summary

Financial Stress Score Class

Financial Stress Score Class : 1

(Lowest Risk:1; Highest Risk:5)

Financial Stress National Percentile :	**52 (Highest Risk: 1; Lowest Risk: 100)**
Industry Median Percentile:	**43 (Highest Risk: 1; Lowest Risk: 100)**
Financial Stress Score:	**1380 (Highest Risk: 1001; Lowest Risk: 1850)**

The Financial Stress Class of this business is based on the following factors:

- Yrs. under Current Mgmt. suggests lower risk of financial stress
- Clear D&B Record present for this firm
- Indication of lower risk industry classification.
- No Record of facilities ownership in D&B's file.
- Negative Net worth
- Company Age or Date suggest potential higher risk of fin. stress
- Total Assets to Sales ratio suggests higher risk of fin. stress
- Solvency (Current) ratio suggests higher risk of fin. stress
- Solvency (Quick) ratio suggests higher risk of fin. stress
- No record of open suits/liens/judgements in D&B files in 3 years

Credit Score Class Summary

Credit Score Class

Credit Score Class : 3

(Lowest Risk:1; Highest Risk:5)

Credit Score National Percentile:	**68 (Highest Risk: 1; Lowest Risk: 100)**
Industry Median Percentile:	**41 (Highest Risk: 1; Lowest Risk: 100)**
Credit Score:	**511 (Highest Risk: 101; Lowest Risk: 660)**
Negative Pay Experience Percent:	**100 %**
Bad Rate:	**5**

The Credit Score Class of this business is based on the following factors:

- Company Type suggests potential higher risk.
- Company Age or Date suggest potential higher risk of fin. stress
- Payment experiences suggests potential higher risk.

- Some trade experiences are slow or negative.

Trade Payments

D&B PAYDEX®

Current Paydex is	**NA**
Industry Median is	**79**
Payment Trend currently is	**NA**

Indications of slowness can be the result of dispute over merchandise, skipped invoices etc. Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

Total payment Experiences in D&Bs File (HQ)	2
Payments Within Terms (not dollar weighted)	N/A
Total Placed For Collection	0
Average High Credit	N/A
Largest High Credit	$2,500
Highest Now Owing	$0

PAYDEX® Yearly Trend - 24 Month PAYDEX®

>Top Quartile	80
>Industry Median	79
>Bottom Quartile	68

Payment Habits

	# Payment Experiences	$ Total Amount	% Prompt	Days Slow <31	31-60 (%)	61-90	90>
12 months ending Feb 2010	2	$5,000	100 %	0	0	0	0
3 months ending Feb 2010	2	$5,000	100 %	0	0	0	0
Credit Extended							
Over 100,000	0	$0	0 %	0	0	0	0
50,000 - 99,999	0	$0	0 %	0	0	0	0
15,000 - 49,999	0	$0	0 %	0	0	0	0
5,000 - 14,999	0	$0	0 %	0	0	0	0
1,000 - 4,999	2	$5,000	100 %	0	0	0	0
Under 1000	0	$0	0 %	0	0	0	0
Trade at Net terms	0	$0	0 %	0	0	0	0
Trade at Discount	0	$0	0 %	0	0	0	0
Cash Experiences	0	$0					
Placed for Collection	0	$0					
Unfavorable Comments	0	$0					

Based on payments collected over last 12 months.

For all Payment experiences reflect how bills are met in relation to the terms granted. In some instances, payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

Industry Payments

- The highest Now Owes on file is $0 .
- The Highest Past Due on file is $0 .

Below is an overview of the company's dollar-weighted payments, segmented by its suppliers' primary industries:

	Total Revd (#)	Total Dollar Amts ($)	Largest High Credit ($)	Within Terms (%)	Days Slow <31	31-60	61-90 (%)	90>
Top Industries								
WHL COMMERCL EQUIP	2	$6,000	$2,500	100	0	0	0	
Other payment categories								
Cash Experiences	0	$0	$0					
Payment Records Unknown	0	$0	$0					
Unfavorable Comments	0	$0	$0					
Placed For Collection	0	N/A						

Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

Indications of slowness can be result of dispute over merchandise, skipped invoices etc.

Detailed payment history for this company

Date Reported (mm/yy)	Paying Record	High Credit ($)	Now Owes ($)	Past Due ($)	Selling Terms	Last Sale Within (month)
03/08	Ppt	2,500	0	0		12
02/08	Ppt	2,500	0	0		12

Payments Detail Key : ■ 30 or more days beyond terms

Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

History and Operations

Company Overview

Company Name	Just Energy Income Fund
Address	100 King St Suite 3630 Toronto , ON - M9N 1L3
Phone	416 - 367 - 5930
Fax	416 - 367 - 4749

History

Principals and Management

MacDonald, Rebecca Chairman of the Board, Director. Active since 2001. In current position since 2001. 1990 to date Ontario Energy Savings Corporation, President.

Brussa, John A Director. Not active in daily affairs. In current position since 2001. Currently Burnet Duckworth & Palmer LLP, Partner.

Segal, Hugh D. Director. Not active in daily affairs. In current position since 2001. Currently Institute for Research on Public Policy, President.

Smith, Brian R.D. Director. Not active in daily affairs. In current position since 2001. 1996-2001 BC Hydro, Chairman of the Board. Currently Federal Chief Treaty Negotiator and Energy Consultant.

Kirby, Michael Director. Not active in daily affairs. In current position since 2001. Currently Member of the Senate of Canada.

Giffin, Gordon D. Director. In current position since 2006. Currently McKenna, Long & Aldridge LLP, Senior Partner.

Hartwick, Ken President, Chief Executive Officer, CA. Active since 2004. In current position since 2006. 2001-2004 Hydro One, Chief Financial Officer.

BACKGROUND / OWNERSHIP

Public Corporation. Registration Details Unavailable.

Business Commenced On Feb-14-2001

Present Control Succeeded 2001

Operations

Total Employees	600
Total Employees (last year)	500
Employees Here	6

SIC
6211 0007 Engaged as managers or agents for mutual funds 100 %

Principal Clients	Commerical Entities, General Public
Principal Territory	North America, Export

Principal Selling Terms	Special agreement 100%
Facilities	Rents Brick building
Location	Central Business

Bank Reference

CIBC 6266 Dixie Rd , Mississauga , ON
TEL 905 - 670 - 1946

Financial Statements

D&B Financial Statements

All currency amounts in the tables below are denominated in Canadian Dollars unless otherwise stated

	Fiscal Consolidated 2007-03-31 000's	Fiscal Consolidated 2008-03-31 000's	Fiscal Consolidated 2009-03-31 000's
Current Assets	$247,328	$489,825	$388,473
Current Liabilities	$197,560	$263,902	$747,447
Total Assets	$367,227	$709,115	$535,755
Long Term Debt	$19,509	$246,248	$480,894
Total Liabilities			
Tangible Worth	$46,582	$82,819	($809,647)
Sales	$1,532,317	$1,738,690	$1,899,213
Net Income	$93,912	$152,761	($1,107,473)

Fiscal Financial Statement Mar 31 2009 000's Consolidated

Assets		**Liabilities**	
Cash	$66,703	Accounts Payable & Accruals	$165,431
Accounts Receivable	$249,480	Accruals	$41,379
Inventory	$6,947	Taxes	$1,906
Prepaid Expenses	$2,020	Employees Deduction	$1,093
Other Current Assets	$5,544	Owing Clients	$7,309
Total Current Assets	$388,473	Other Current Liabilities	$519,352
Fixed Assets	$19,971	Total Current Liabilities	$747,447
Goodwill	$117,061	Long Term Debt	$76,600
Other Assets	$10,250	Minority Interest	$292
Total Assets	$535,755	Other Non-Current Liabilities	$404,102
		Capital Stock	$398,454
		Accumulated Deficit	($1,105,711)
		Surplus	$14,671
		Total Liabilities + Equity	$535,755

Fiscal Profit And Loss Mar 31 2009 000's Consolidated

Sales/Revenue	$1,899,213
Net Income after Taxes(Loss)	($1,107,473)
At start amount	$82,819
Changes in Capital Stock	$40,351
Withdrawls	$153,837
Extraordinary Items	$19,067
Intangible Adjustements	($915)
At end amount	($809,647)

Net Worth in Summary Section was computed after deduction of Intangibles
Date Received: Jul 3 2009 , Source: publicsources
Accountant: KPMG LLP, Toronto ON Status: audited

Jul 03 2009 Attempts to contact principals(s) were unsuccessful

Key Business Ratios

Based on this Number of Establishments 42

	The Business	Industry Median	Industry Quartile
Profitability			
Return on Sales	-58.31	2.79	1
Return on Net Worth	-268.07	0.92	1
Return on Assets	-206.71	0.36	1
Short-Term Solvency			
Current Ratio	0.51	1.2	4
Quick Ratio	0.42	1.12	4

Current Liabilities/Net Worth	180.92	25.77	1
Current Liabilities/Inventory	-999.99	25.77	1
Fixed Assets/Net Worth	4.83	8.36	4
Efficiency			
Asset /Sales	28.2	92.43	4
Sales/Net Working Capital	-5.29	0.82	4
Collection Period	47.94	61.47	4
Sales /Inventory	273.38	22.08	1
Accounts Payable/Sales	8.71	16.16	4
Utilization			
Total Liabs/Net Worth	129.68	125.99	2

Request Financial Statements

Requested financials are provided by Just Energy Income Fund and are not DUNSRight certified.

View Snapshots

View Snapshots

Commerce Energy, Inc. dba
Commerce Energy of Ohio, Inc.
Case No. 02-1828-GA-CRS

EXHIBIT C-8
BANKRUPTCY INFORMATION

Not Applicable.

EXHIBIT C-9
MERGER INFORMATION
COMMERCE ENERGY, INC. D/B/A JUST ENERGY

In December, 2008, Commerce Energy, Inc. was acquired by Universal Energy Group Ltd. ("UEG"). A notice of this acquisition was submitted to the Commission on December 18, 2008 that explained this transaction.

In July, 2009 Just Energy Income Fund (formerly Energy Savings Income Fund) acquired all outstanding common shares of UEG. A material change notice was filed on July 23, 2009 that further explained this transaction.

In May, 2010 the applicant's parent company, Just Energy Income Fund, indirectly acquired all of the issued and outstanding shares of Hudson Parent Holdings, LLC and Hudson Energy Corp. (collectively, "Hudson"). Hudson Energy Services, LLC an approved energy supplier and an affiliate of Hudson, is now a subsidiary of Just Energy. Hudson Energy Services, LLC, will continue to operate as a separate subsidiary of Just Energy and continue to serve its current base of customers as well as market to new customers.

EXHIBIT D-1
OPERATIONS
COMMERCE ENERGY, INC. D/B/A JUST ENERGY

The applicant is a third party electricity and natural gas supplier that provides customer choice and competitive pricing of energy to retail customers. The operations department contracts bilaterally with other energy suppliers to serve our retail load and to fulfill other company requirements, such as filling storage facilities and balancing supply pools. The applicant utilizes these facilities and pools to fulfill delivery requirements to various local distribution companies and their city gates. Contract purchases range from daily spot structures to yearly supply acquisitions.

EXHIBIT D-2
OPERATIONS EXPERTISE
COMMERCE ENERGY, INC. D/B/A JUST ENERGY

The applicant's operations department handles all nominations and scheduling of the purchases referenced in Exhibit D-1, retail load and other company requirements. The analysts monitor the individual markets and the marketplace closely. They are on call 24 hours a day to ensure that all necessary pipeline and utility requirements are met. The operations department is responsible for nominations, balancing, scheduling and purchasing requirements in-house for over 60,000 customers in several gas markets around the country.

EXHIBIT D-3
KEY TECHNICAL PERSONNEL
COMMERCE ENERGY, INC. D/B/A JUST ENERGY

KEN HARTWICK, C.A.

President and Chief Executive Officer

Mr. Hartwick's experience in the energy industry spans several markets having played an integral role as Commerce Energy's parent company's Chief Financial Officer since April 2004 and launching Just Energy's businesses in Alberta, British Columbia, Indiana, and Texas as well as growing the businesses already established in Manitoba, Ontario, Quebec, Illinois, and New York. Mr. Hartwick understands the issues facing generation businesses through his role on the Board of the Atlantic Power Corporation. He has been engaged in the energy industry with one of the largest distribution companies in North America, Hydro One Inc, gaining increasing executive-level responsibility throughout his career there, and providing strategic direction as Ontario transitions towards a competitive energy marketplace. Mr. Hartwick has over 13 years of strong management experience in the electric and gas energy sector, and over 20 years demonstrated experience in the financial and administration sector including profit and loss responsibilities. Please see Exhibit A-14 for contact information.

GORD POTTER

Executive Vice President Legal and Regulatory Affairs

With almost 10 years experience in the energy industry, Gord oversees legal, regulatory and government relations activity across all 20 markets that Just Energy operates in and this collective experience informs credible policy-making decisions. Focused primarily on retail markets, Gord has been actively involved in the design & development of policy, industry rules and regulations and the underlying business and technical processes supporting these markets in North America. For several years, Gord has served as a member of the Alberta Department of Energy's Electric Utilities Act Advisory Committee and the Retail Market Coordinating Committee. He has participated in the regulatory rule development and market design for Ontario, British Columbia, Alberta and Texas. In Ontario, he played a role in the industry market design and Rule development for Ontario Electricity. He was an active contributor in the Electronic Business Transactions Rules development under the auspices of the OEB as he was a member of the OEB EBT Advisory Committee. Currently, he is the Chair of the Marketers and Retailers Sector Committee of the Ontario Energy Association in Ontario. Preceding his experience in the deregulated energy market, Gord enjoyed 14 years in the Canadian telecom industry. At the time of deregulation of local telecommunications in 1997, Gord held an active leadership role in the development of market design, rules regulations, as the Chair of several industry working groups established under the auspices of the Federal Regulator – the C.R.T.C. Please see Exhibit A-14 for contact information.

BLAKE LASUZZO

Vice President, Supply

Blake Lasuzzo runs the Supply department. This department is responsible for all aspects related to procurement, scheduling, pricing, structuring, load forecasting, and monthly rate setting for all of the company's Natural Gas and Electricity markets. Prior to joining the company, he worked in various arenas of the energy business with EOTT Energy and Devon Energy. Lasuzzo has over 8 years combined energy operational and sales experience. Lasuzzo earned Bachelor of Arts degrees in both Finance and Energy Management from the University of Oklahoma. Please see Exhibit A-14 for contact information.

ROBERT SCOTT GAHN

Executive Vice President

Scott was appointed Chief Operating Officer in July 2009. Prior to this Mr. Gahn was Chief Executive Officer and co-founder of Just Energy Texas LP. He began his career in 1986 at the Virginia State Corporation Commission, where he focused on energy utilities with specific focus on the newly deregulated natural gas market. In 1992 he moved from the Virginia SCC to New York State Electric & Gas Corporation where he rose to the position of Manager of Rates, with responsibility for rate and regulatory matters, commodity risk management and policies related to deregulation and customer choice. In 1997, Scott joined Enron Capital & Trade Resources where he worked in various positions leading ultimately to Managing Director of Enron Direct, a rapidly growing business focused on selling and supplying natural gas and electricity to small and medium sized businesses throughout the United States. Scott has over 20 years of energy industry experience. He is a graduate of Virginia Tech and has a Master of Economics degree from Virginia Commonwealth University. Please see Exhibit A-14 for contact information.

DEBORAH D. MERRIL,

Vice President Marketing and Sales

Deborah joined Just Energy Corp. in May 2007. She was a founding partner of Just Energy Texas LP where she also ran the sales and marketing functions. Deborah has over 13 years of experience in the retail energy industry, ranging from Transaction Structuring, Large Commercial Sales, Commodity Risk Management and Logistics. She is a graduate of The College of Wooster and has a Master of Business Administration from Texas A&M University. Please see Exhibit A-14 for contact information.

MICHAEL HAUGH

Manager of Regulatory Affairs – U.S. Markets

Michael Haugh has worked in the natural gas and electric markets for the past 15 years. During that time he has worked in retail and wholesale trading, sales and most recently regulatory affairs. Michael has worked for major electric and natural gas utilities, deregulated utility affiliates, stand alone energy marketing companies and also spent four years with the Ohio Consumers' Counsel. As Manager of Regulatory Affairs, Michael is responsible for advocating for competitive energy markets on behalf of Just Energy in Ohio, Michigan, Pennsylvania, Massachusetts and New Jersey. He represents the company internally and externally across the business spectrum and keeps the company up to date on regulatory matters, insures compliance and identification of business risks and opportunities.

Tel: 614-364-2232

Email: mhaugh@justenergy.com

JEREMY ZAROWITZ

Senior Trader

Jeremy Zarowitz joined the company in 2008. He originally held a position as a Gas Trader/Scheduler, managing near-term gas operations in the California and Ohio markets. He currently holds the position of Senior Trader. He is now responsible for the entire long-term management of the company's United States natural gas positions. Previously, he held a gas trading position and a gas controller position at Southwest Gas Corp. He has over 6 years of energy experience. Zarowitz earned a Bachelor of Science degree in Chemical and Environmental Engineering at the University of Arizona.

Tel: 713-544-8161

Email: jzarowitz@justenergy.com