

ERIE THAMES POWER

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June 4, 2008

**Town of Ingersoll
130 Oxford Street
2nd Floor
Ingersoll, ON N5C 2V5**

**Attention: Mayor Paul Holbrough
Elaine Clark**

To our Shareholders

Re: Erie Thames Power – Special Shareholder Meetings and Approvals

As discussed at this year's AGM and previous Board meetings, there are a number of important and exciting initiatives in the works for Erie Thames. In addition to strengthening the organization as we move forward, a number of these initiatives require immediate addressing as they are time sensitive in complying with regulatory deadlines. This letter provides a summary of the process and timing we propose for obtaining the requisite shareholder approvals.

Initiatives

The urgent matters at hand are as follows:

1. *Corporate Rebranding* – Since early fall 2007, management has kept the Board apprised of this project as we have worked with a professional public relations/marketing firm in the rebranding of certain elements of the organization. As the company continues to grow, we feel a revised communications and marketing strategy is necessary to help the company build for the future and expand its core business to other markets.

Moreover, recent amendments to the Ontario Energy Board's Affiliate Relationship Code have affirmed the necessity and urgency of these proposed changes. These amendments, which come into effect on August 14, 2008, will introduce significant and costly oversight over the transactions between Erie Thames Powerlines and its affiliates and would have a negative impact on our operations and profit. In addition to other changes we are undertaking, we are confident that the introduction of separate names for

these affiliated companies, thereby ensuring maximum differentiation and independence from Erie Thames Powerlines (which will keep its current name and remain "Your Hometown Utility"), will lead to an exemption from these new requirements.

Accordingly, we are seeking special shareholder approval to amend the names in the Articles of Incorporation for a number of our companies as is required by the *Business Corporations Act* and the Erie Thames Shareholders Agreement.

2. *Incorporation of a U.S. Company* – For tax and marketing reasons, our accountants have recommended that we incorporate a U.S.-based company for the purposes of conducting business with our U.S. customers. Pursuant to section 4.1(6) of the Erie Thames Shareholders Agreement, special shareholder approval is required to incorporate this new subsidiary.
3. *Mergers and Acquisitions* – As previously reported to the shareholders, the Provincial Government introduced a two year transfer tax holiday designed to encourage utility consolidation by waiving the 33% tax payable upon the transfer of municipally-owned electricity assets. As a result, Erie Thames has been actively looking for merger and acquisition partners to increase our platform and realize the benefits of consolidation.

As discussed in some detail at the AGM, we have been successful in signing term sheets with respect to West Perth Power and Clinton Power, and we have been working on final agreements to acquire these utilities and add two new municipal shareholders to our company. We are now in a position to request the necessary approvals from the shareholders to consummate these transactions. Shareholder approval is required prior to the October 17th so that the deals will qualify for the transfer tax holiday.

4. *Third Party/Private Investor* – As part of our strategic plan and as re-affirmed by the Board of Directors in the 2008 Business Plan, we have been actively seeking a third party investor to partner with Erie Thames. Such an investor is critical to the growth of the company and will not only provide risk mitigation for the Company and its Shareholders but will give us credibility and receptivity in the market place particularly as we approach larger entities. Other Local Distribution Companies in Ontario such as Mississauga and Westario have successfully partnered with a third party investor. We have begun discussions with a major financial private sector investor and hope to provide you with further information at our forthcoming meeting and subsequently seek the required approvals in late July or early August once we have worked out the details.

Process and Timing for Approval

Rebranding and U.S. Company:

At the May 23rd board meeting, the directors were presented with the proposed rebranding changes and were given information to share with the shareholders. An additional information package will be sent to you within the next week, which will expand on the rebranding initiative and

the incorporation of the U.S. Company. This package will also include related draft resolutions that we propose the shareholders pass.

We are proposing to then call of a Special Shareholders Meeting for the evening of Wednesday , June 25th to discuss and vote upon the rebranding and the incorporation of the U.S. subsidiary. We respectfully request that your Council review the information described above and vote on the proposed resolutions in advance of the special shareholders meeting discussed below.

Mergers, Acquisitions & Third Party Investor:

A second information package will be sent to you following the June 25th meeting, detailing the proposed deals involving West Perth, Clinton and their municipal shareholders. This package will also include the draft shareholder resolutions and supporting documentation that will be required in order to finalize the transactions.

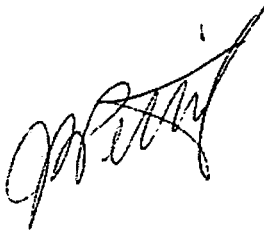
We hope that your Council would be able to review the information shortly thereafter and provide us with any questions that you may have. We would also gladly present to Council on this matter if requested.

We are then proposing to call a special shareholders meeting in late July or early August at which we would ask your shareholder designate to vote on your Council's behalf. A notice of meeting will be sent out shortly which will set out the proposed date for this meeting.

We also are encouraging as many Councilors' as possible from our seven municipal shareholders to attend the June meeting as we intend to conduct a Question and Answer session for the other critical issues addressed above.

Thank you in advance for taking the time to consider these important changes. Please feel free to contact me directly with any questions or to discuss further. Please contact Eustacia Young to confirm attendance on behalf of your shareholder.

Yours very truly,



President and CEO
Erie Thames Power Corporation