MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

May 13, 2009

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"), formerly known as Energy Savings Income Fund, following its name change effective June 1, 2009, for the year ended March 31, 2009, and has been prepared with all information available up to and including May 13, 2009. This analysis should be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2009. 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 "Investor relations" 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: Ontario Energy Savings L.P. ("OESLP"), Energy Savings (Manitoba) L.P. ("ESMLP"), Energy Savings (Quebec) L.P. ("ESPQ"), ES (B.C.) Limited Partnership ("ESBC"), Alberta Energy Savings L.P. ("AESLP"), Just Energy Illinois Corp. ("JE Illinois"), New York Energy Savings Corp. ("NYESC"), Just Energy Indiana ("JE Indiana"), Just Energy Texas L.P. ("JE Texas") and Newten Home Comfort L.P. ("NHCLP").

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. A new partnership was entered into on July 18, 2008, which involves the marketing, leasing, sale and installation of tankless and high efficiency water heaters.

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, customer attrition, fluctuations in natural gas and electricity prices, changes in regulatory regimes, decisions by regulatory authorities and 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.

Practice change

Effective July 1, 2008, the Fund changed its practice from treating future supply hedging positions as hedges for accounting purposes: all mark to market adjustments are now reflected in the consolidated statements of operations. In the view of management, the previous practice offered no greater clarity for the financial statement user and was very labour intensive and costly to produce. The new accounting practice consolidates all the unrealized, non-cash changes in value of future supply into a single line on the consolidated statements of operations. The Fund's MD&A reports the adjusted net income excluding all non-cash mark to market adjustments for all derivative instruments and the related tax effect. The expected future net margin from the supply and customer contracts is set based on the derivative instruments and is effectively unchanged with commodity market movements. Given commodity price volatility and the size of the Fund, the annual swings in mark to market on these positions can be in the hundreds of millions of dollars.

Just Energy believes that the result of this accounting change and the associated MD&A disclosure is that actual period operating results will be more transparent for investors.

Key terms

"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.

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

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

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

"Annualized volume/Customers" represents the utility projection of the total volume of gas and/or electricity to be delivered for each 12-month period for customers in place at a point in time. The period growth in annualized volume equates to the growth in Just Energy's customers for the same period.

"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 sales of excess commodity supply.

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 actual customer consumption. Seasonally adjusted sales and gross margin are not defined performance measures under Canadian GAAP. Seasonally adjusted analysis applies solely to the Canadian gas market and specifically to Ontario, Quebec and Manitoba. In those markets, Just Energy is paid based on deliveries made to the LDCs evenly throughout the year. The seasonal adjustment is made to more closely align the gross margin to reflect cash received during the period.

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, capital tax, bad debt expense, interest expense, corporate taxes and other adjustments. 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 year 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 21.

Adjusted net income

"Adjusted net income" represents the net income (loss) removing 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) depending upon current supply pricing volatility.

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.

Standardized Distributable Cash

Standardized Distributable Cash is a non-GAAP measure developed to provide a consistent and comparable measurement of distributable cash across entities.

"Standardized Distributable Cash" 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 23.

Financial highlights

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

	Fiscal 2009			Fiscal 2008			Fiscal 2007	
	$	Per unit	Change	$	Per unit	Change	$	Per unit
Sales	**1,899,213**	**$ 17.03**	**9%**	1,738,690	$ 16.04	13%	1,532,317	$ 14.28
Net income (loss)[1]	**(1,107,473)**	**$ (9.93)**		152,761	$ 1.41		93,912	$ 0.88
Adjusted net income[2]	**169,929**	**$ 1.52**	**8%**	156,722	$ 1.44	54%	101,882	$ 0.95
Gross margin (seasonally adjusted)	**315,193**	**$ 2.83**	**16%**	272,180	$ 2.51	18%	230,368	$ 2.15
Distributable cash								
After gross margin replacement	**195,520**	**$ 1.75**	**15%**	169,997	$ 1.57	11%	152,788	$ 1.42
After marketing expense	**169,353**	**$ 1.52**	**11%**	152,834	$ 1.41	18%	129,984	$ 1.21
Distributions								
(including Special Distribution[3])	**156,604**	**$ 1.40**	**(10)%**	173,531	$ 1.60	60%	108,652	$ 1.01
Distributions								
(excluding Special Distribution)	**138,030**	**$ 1.24**	**7%**	128,840	$ 1.19	19%	108,652	$ 1.01
General and administrative	**59,586**	**$ 0.53**	**15%**	51,638	$ 0.48	23%	41,892	$ 0.39
Distributable cash payout ratio[3]								
(including Special Distribution)								
After gross margin replacement	**80%**			102%			71%	
After marketing expense	**92%**			114%			84%	
Distributable cash payout ratio[4]								
(excluding Special Distribution)								
After gross margin replacement	**71%**			76%			71%	
After marketing expense	**82%**			84%			84%	

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

[2] Adjusted net income is a more appropriate measure of the performance of the Fund since the underlying supply is held to its maturity, and therefore, mark to market gains and losses do not impact the long-term financial performance of the Fund.

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

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

Reconciliation of net income (loss) to adjusted net income

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Net income (loss)	**$ (1,107,473)**	$ 152,761	$ 93,912
Change in fair value of derivative instruments	**1,336,976**	831	7,619
Tax impact on change in fair value of derivative instruments	**(59,574)**	3,130	351
Adjusted net income	**$ 169,929**	$ 156,722	$ 101,882

Operations

Gas

In each of the markets in which 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. The LDC provides historical customer usage to enable Just Energy to purchase an approximation of matched 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.

Ontario, Quebec and British Columbia

In Ontario, Quebec and British Columbia, 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.

Alberta's regulatory environment is different from the other Canadian provincial markets. In Alberta, Just Energy is required to invoice and receive payments directly from customers. Just Energy entered into an agreement with EPCOR Utilities Inc. ("EPCOR") for the provision of billing and collection services 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 intends to begin billing and collection services directly for all new customers signed and renewed customers.

New York, Illinois and Indiana

In New York, Illinois and Indiana, 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 from the New York, Illinois and Indiana operations is greatest during the third and fourth (winter) quarters, as normally, cash is received from the LDCs in the same period as customer consumption.

Electricity

Ontario, Alberta, New York and Texas

Just Energy does not bear the risk for variations in customer consumption in any of the electricity markets in which it operates other than the commercial customers acquired in Texas. 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. In Alberta, Just Energy offers a load-following product for which it has acquired load-following supply and therefore does not have exposure to variances in customer consumption. Effectively all 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.

Water heaters

NHCLP ("Newten") commenced providing Ontario residential customers with a long-term water heater rental program in the summer of 2008, offering tankless water heaters, high efficiency conventional and power vented tanks. Newten continues to ramp up its operations and as at March 31, 2009, had installed over 1,700 water heaters in residential homes and has commenced earning revenue from its installed base of customers.

Cash Available for Distribution and distributions

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

	Fiscal 2009		Fiscal 2008		Fiscal 2007	
		Per unit		Per unit		Per unit
Reconciliation to statements of cash flow						
Cash inflow from operations	**$ 172,767**		$ 136,007		$ 98,354	
Add:						
Increase (decrease) in non-cash working capital	**(6,181)**		11,879		28,311	
Tax impact on distributions to Class A preference shareholders	**2,767**		4,948		3,319	
Cash Available for Distribution	**$ 169,353**		$ 152,834		$ 129,984	
Cash Available for Distribution						
Gross margin per financial statements	**$ 322,816**	**$ 2.90**	$ 274,800	$ 2.53	$ 229,444	$ 2.14
Adjustments required to reflect net cash receipts from gas sales	**(7,623)**		(2,620)		924	
Seasonally adjusted gross margin	**$ 315,193**	**$ 2.83**	$ 272,180	$ 2.51	$ 230,368	$ 2.15
Less:						
General and administrative	**(59,586)**		(51,638)		(41,892)	
Capital tax expense	**(220)**		(827)		(850)	
Bad debt expense	**(13,887)**		(6,951)		(10,882)	
Income tax recovery (expense)	**(3,861)**		757		(539)	
Interest expense	**(3,857)**		(5,346)		(3,942)	
Other items	**3,664**		780		690	
	(77,747)		(63,225)		(57,415)	
Distributable cash before marketing expenses	**237,446**	**$ 2.13**	208,955	$ 1.93	172,953	$ 1.61
Marketing expenses to maintain gross margin	**(41,926)**		(38,958)		(20,165)	
Distributable cash after gross margin replacement	**195,520**	**$ 1.75**	169,997	$ 1.57	152,788	$ 1.42
Marketing expenses to add new gross margin	**(26,167)**		(17,163)		(22,804)	
Cash Available for Distribution	**$ 169,353**	**$ 1.52**	$ 152,834	$ 1.41	$ 129,984	$ 1.21
Distributions (includes Special Distribution)						
Unitholder distributions	**$ 147,399**		$ 158,511		$ 99,036	
Class A preference share distributions	**7,660**		13,699		9,188	
Unit appreciation rights and deferred unit grants distributions	**1,545**		1,321		428	
Total distributions	**$ 156,604**	**$ 1.40**	$ 173,531	$ 1.60	$ 108,652	$ 1.01
Distributions (excludes Special Distribution)						
Unitholder distributions	**$ 129,872**		$ 117,720		$ 99,036	
Class A preference share distributions	**6,791**		10,130		9,188	
Unit appreciation rights and deferred unit grants distributions	**1,367**		990		428	
Total distributions	**$ 138,030**	**$ 1.24**	$ 128,840	$ 1.19	$ 108,652	$ 1.01
Diluted average number of units outstanding		**111.5m**		108.4m		107.3m

Distributable cash

Distributable cash after gross margin replacement for the current year was $195.5 million ($1.75 per unit), up 15% from $170.0 million ($1.57 per unit) in fiscal 2008. The growth reflects a 16% increase in seasonally adjusted gross margin. Factors which aided margin growth included net customer additions, increased consumption due to the cold winter weather with lower supply costs to meet this demand and favourable U.S. exchange rates.

The higher gross margins in the year were offset by increased general and administration costs and bad debt expenses. Increased general and administrative costs of 15%, over the prior comparable year, were primarily staffing costs in our corporate office to support our current and future growth, U.S. exchange rate 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 expense increased in fiscal 2009 compared to 2008, due to the increased revenue in those markets where the Fund bears the credit risk and the weak economic conditions in the U.S. markets. In addition, during fiscal 2008, the Fund released excess bad debt reserve, reducing the comparable bad debt expense for the year.

Just Energy spent $41.9 million in marketing expenses to maintain its current level of gross margin, which represents 62% of the total marketing expense for the year. A further $26.2 million was spent to increase future gross margin reflecting the 103,000 net RCE additions for fiscal 2009. Management's estimate of the future contracted gross margin grew to $1,020.3 million, up from $915.3 million in the third quarter of fiscal 2009.

Distributable cash after all marketing expenses amounted to $169.4 million ($1.52 per unit) for fiscal 2009, an increase of 11% from $152.8 million ($1.41 per unit) in the prior comparable year. The increase is due to the higher gross margin offset by increased expenditures noted above. The lower rate of increase for distributable cash was due to the higher marketing costs associated with the significant increase in net customer additions year over year. Excluding Special Distributions, the payout ratio after deduction of all marketing expenses for the current year was 82%, versus 84% in fiscal 2008.

For further information on the changes in the gross margin, please refer to "Sales and gross margin – Seasonally adjusted" on page 25 and "General and administrative expenses", "Marketing expenses", "Bad debt expense" and "Interest expense" are further clarified on pages 33, 34 and 35.

Discussion of distributions

For the years ended March 31
(thousands of dollars)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Cash flow from operations[1] (A)	**$ 172,767**	$ 136,007	$ 98,354
Net income (loss) (B)	**(1,107,473)**	152,761	93,912
Total distributions[2] (C)	**156,604**	173,531	108,652
Excess (shortfall) of cash flows from operating activities over distributions paid (A–C)	**16,163**	(37,524)	(10,298)
Shortfall of net income (loss) over distributions paid (B–C)	**(1,264,077)**	(20,770)	(14,740)

[1] Includes non-cash working capital balances.

[2] Includes a one-time Special Distribution of $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 change in fair value of derivative instruments.

The change in fair value associated with these derivatives included in the net loss was $1.3 billion for the 12 months ended March 31, 2009. 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 change in fair value for the year in fiscal 2008 was $76.9 million.

As can be seen in the table above, the Fund has, in the past, paid out distributions that were higher than both financial statement net income (loss) and operating cash flow. In the view of management, the non-GAAP measure, distributable cash, 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. Management believes that the current level of distributions is sustainable in the foreseeable future.

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 2009	Fiscal 2008	Fiscal 2007
Reconciliation to statements of cash flow			
Cash inflow from operations	**$ 172,767**	$ 136,007	$ 98,354
Capital expenditures[1]	**(6,345)**	(7,842)	(3,726)
Standardized Distributable Cash	**$ 166,422**	$ 128,165	$ 94,628
Adjustments to Standardized Distributable Cash			
Change in non-cash working capital[2]	**$ (6,181)**	$ 11,879	$ 28,311
Tax impact on distributions to Class A preference shareholders[3]	**2,767**	4,948	3,319
Capital expenditures[1]	**6,345**	7,842	3,726
Cash Available for Distribution	**$ 169,353**	$ 152,834	$ 129,984
Standardized Distributable Cash – per unit basic	**1.51**	1.19	0.89
Standardized Distributable Cash – per unit diluted	**1.49**	1.18	0.88
Payout ratio based on Standardized Distributable Cash[4] (includes Special Distribution)	**94%**	135%	115%
Payout ratio based on Standardized Distributable Cash (excludes Special Distribution)	**83%**	100%	115%

[1] Capital expenditures are funded out of the credit facility.

[2] Change in non-cash working capital is excluded from the calculation of Cash Available for Distribution as the Fund currently has a $170.0 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] Payments to the holders of Class A preference shares are equivalent to distributions. The number of Class A preference shares outstanding is included in the denominator of any per unit calculation.

[4] The Special Distribution relating to 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 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 Bank of Nova Scotia joined the lending syndicate on October 17, 2008, with funding totalling $20.0 million increasing the Fund's credit facility to $170.0 million. The credit facility will be sufficient to meet the Fund's short-term working capital and capital expenditure requirements. 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.

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 contracts. As such, the Fund's productive capacity is determined by the gross margin earned from the contract price and the related supply cost.

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 also is maintained through independent contractors, call centre renewal efforts and various mail campaigns to achieve customer growth.

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

Financial statement analysis

Sales and gross margin – Per financial statements

For the years ended March 31
(thousands of dollars)

			Fiscal 2009			Fiscal 2008
Sales	Canada	United States	Total	Canada	United States	Total
Gas	**$ 814,275**	**$ 343,889**	**$ 1,158,164**	$ 785,788	$ 247,463	$ 1,033,251
Electricity	**518,388**	**222,661**	**741,049**	544,278	161,161	705,439
	$ 1,332,663	**$ 566,550**	**$ 1,899,213**	$ 1,330,066	$ 408,624	$ 1,738,690
Increase	**0%**	**39%**	**9%**			
Gross margin	Canada	United States	Total	Canada	United States	Total
Gas	**$ 154,171**	**$ 64,118**	**$ 218,289**	$ 140,443	$ 38,149	$ 178,592
Electricity	**77,549**	**26,978**	**104,527**	79,804	16,404	96,208
	$ 231,720	**$ 91,096**	**$ 322,816**	$ 220,247	$ 54,553	$ 274,800
Increase	**5%**	**67%**	**17%**			

Canada

Sales amounted to $1.3 billion for the year, effectively unchanged from the same period in fiscal 2008. Gross margin was $231.7 million for fiscal 2009, up 5% from $220.2 million in the prior comparable year.

United States

Sales and gross margin in the U.S. were $566.6 million and $91.1 million for the fiscal year ended March 31, 2009, an increase of 39% and 67%, respectively, from the same period last year.

For additional information, see "Sales and gross margin – Seasonally adjusted" on page 25.

Seasonally adjusted analysis

Sales and gross margin – Seasonally adjusted[1]

For the years ended March 31
(thousands of dollars)

	Fiscal 2009			Fiscal 2008		
Sales	Canada	United States	Total	Canada	United States	Total
Gas	**$ 814,275**	**$ 343,889**	**$ 1,158,164**	$ 785,788	$ 247,463	$ 1,033,251
Adjustments[1]	**(10,480)**	**–**	**(10,480)**	(8,085)	–	(8,085)
	$ 803,795	**$ 343,889**	**$ 1,147,684**	$ 777,703	$ 247,463	$ 1,025,166
Electricity	**518,388**	**222,661**	**741,049**	544,278	161,161	705,439
	$ 1,322,183	**$ 566,550**	**$ 1,888,733**	$ 1,321,981	$ 408,624	$ 1,730,605
Increase	**0%**	**39%**	**9%**			
Gross margin	Canada	United States	Total	Canada	United States	Total
Gas	**$ 154,171**	**$ 64,118**	**$ 218,289**	$ 140,443	$ 38,149	$ 178,592
Adjustments[1]	**(7,623)**	**–**	**(7,623)**	(2,620)	–	(2,620)
	$ 146,548	**$ 64,118**	**$ 210,666**	$ 137,823	$ 38,149	$ 175,972
Electricity	**77,549**	**26,978**	**104,527**	79,804	16,404	96,208
	$ 224,097	**$ 91,096**	**$ 315,193**	$ 217,627	$ 54,553	$ 272,180
Increase	**3%**	**67%**	**16%**			

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

Gross margin analysis

For the years ended March 31
(thousands of dollars)

	Fiscal 2009			Fiscal 2008		
	Canada	United States	Total	Canada	United States	Total
Gas						
Customer margin	**$ 146,798**	**$ 70,881**	**$ 217,679**	$ 143,649	$ 40,179	$ 183,828
Loss from dispositions of excess supply and financial reconciliations[1]	**(250)**	**(6,763)**	**(7,013)**	(5,826)	(2,030)	(7,856)
Gas margin	**$ 146,548**	**$ 64,118**	**$ 210,666**	$ 137,823	$ 38,149	$ 175,972
Electricity						
Customer margin	**$ 78,417**	**$ 26,981**	**$ 105,398**	$ 84,087	$ 16,607	$ 100,694
Loss from dispositions of excess supply[2]	**(868)**	**(3)**	**(871)**	(4,283)	(203)	(4,486)
Electricity margin	**$ 77,549**	**$ 26,978**	**$ 104,527**	$ 79,804	$ 16,404	$ 96,208
Total	**$ 224,097**	**$ 91,096**	**$ 315,193**	$ 217,627	$ 54,553	$ 272,180
Increase	**3%**	**67%**	**16%**			

[1] Results from variances in customer demand and associated gas reconciliations.

[2] Results from excess supply purchased in advance of customer usage or fluctuations in customer usage attributable to remaining customers on load-following contracts.

On a seasonally adjusted basis, sales increased by 9% to $1.9 billion as compared to $1.7 billion in fiscal 2008. Gross margins were $315.2 million in fiscal 2009, up 16% from the comparable prior year.

Canada

Seasonally adjusted sales were $1.3 billion for the year, effectively unchanged from fiscal 2008. Seasonally adjusted gross margins were $224.1 million in fiscal 2009, an increase of 3% from $217.6 million in the prior fiscal year.

Gas

Canadian gas sales increased by 3% to $803.8 million from $777.7 million in the prior comparable year. In fiscal 2009, total customer delivered volumes were down 3% due to a 2% decline in the customer base. However, despite the drop in the customer base, customer revenue grew by 3% due to an increase in the contract price for new customers signed compared to those customers lost through attrition. Gross margin totalled $146.5 million, up 6% from fiscal 2008 due to significant increases in the margin per customer and lower losses on sale of excess gas to third parties. Excess volumes sold during the year created a loss of $0.3 million in fiscal 2009 versus a loss of $5.8 million in the 12 months of fiscal 2008.

After allowance for balancing and inclusive of acquisitions, average gross margin per customer ("GM/RCE") for the 12 months ended March 31, 2009, amounted to $210/RCE, compared to $193/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 $518.4 million for the year, a decrease of 5% from fiscal 2008. The reduced sales are attributable to a 9% decrease in total consumption partially attributable to a 5% decline in the number of customers, year over year. Gross margin decreased by only 3% from the prior year to $77.5 million as improved supply management processes and increased Green Energy Option ("GEO") customers offset the decline in customer numbers and lower consumption.

During the year, a small amount of excess volume was sold due to improved commodity management. The balancing losses for the year totalled $0.9 million, greatly reduced from a $4.3 million loss in the prior comparable year.

Average gross margin per customer after all balancing and including acquisitions for the year ended March 31, 2009, in Canada amounted to $131/RCE, up 6% compared to $124/RCE from the prior comparable year. The GM/RCE value includes an appropriate allowance for the bad debt expense in Alberta.

United States

Sales for the 12 months of fiscal 2009 were $566.6 million, an increase of 39% from $408.6 million in the prior year. Seasonally adjusted gross margin was $91.1 million, up 67% from $54.6 million in fiscal 2008.

Gas

Gas sales and gross margin in the U.S. for fiscal 2009 totalled $343.9 million and $64.1 million, respectively, versus $247.5 million and $38.1 million last year. The sales increase of 39% relates primarily to higher average prices, a 13% increase in customer consumption reflecting a 10% increase in customers and the impact of colder weather. Sales and margins also benefited from an increase in the U.S. dollar exchange rate. The U.S. gas gross margin increased by 68% during the 12 months ended March 31, 2009. The increase in gross margin for the year resulted from increased customers and higher weather-related consumption offset by the sale of a regional long position resulting in the third party losses of $6.8 million.

Average gross margin after all balancing costs for the 12 months ended March 31, 2009, was $259/RCE, an increase of 48% over the prior year comparable period of $175/RCE. Strong customer consumption on an increased customer base as well as favourable exchange rates contributed to the increase. The GM/RCE value includes an appropriate allowance for bad debt expense in Illinois.

Electricity

Electricity sales and gross margin for the year were $222.7 million and $27.0 million, respectively, versus the prior comparable year of fiscal 2008 in which sales and gross margin amounted to $161.2 million and $16.4 million. Sales and gross margin increased by 38% and 64%, respectively, due to an increase in customers and contract prices, favourable exchange rates and higher per customer consumption due to colder weather in New York.

Average gross margin per customer for electricity during the current quarter increased by 30% to $133/RCE compared to $102/RCE in the prior year comparable period. U.S. electricity margins benefited from improved supply management and the strong U.S. dollar. The GM/RCE value for Texas includes an appropriate allowance for the bad debt expense.

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	**2009**	2008	2007
Sales per financial statements	**$ 1,899,213**	$ 1,738,690	$ 1,532,317
Gross margin (seasonally adjusted)	**315,193**	272,180	230,368
Net income (loss)	**(1,107,473)**	152,761	93,912
Adjusted net income	**169,929**	156,722	101,882
Net income per unit – basic	**(10.03)**	1.42	0.88
Net income per unit – diluted	**(9.93)**	1.41	0.88
Adjusted net income per unit – basic	**1.54**	1.46	0.95
Adjusted net income per unit – diluted	**1.52**	1.45	0.95

Balance sheet data

As at March 31	**2009**	2008	2007
Total assets	**$ 535,755**	$ 709,115	$ 357,227
Long-term liabilities	**480,602**	246,248	19,509

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 the "Change in fair value of derivative instruments" caption 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.

Adjusted net income increased to $169.9 million in fiscal 2009 from $156.7 million last year. The increase is a result of improved gross margin figures, 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 asset – long term. There has been a significant drop in the forward gas and power prices related to our derivative instruments noted above. As a result, there were far more commodity contracts with counterparties that 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 asset – 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.

2008 compared with 2007

The increase in sales and gross margin is primarily a result of the increase in the average sales price and customer base. The Fund acquired Just Energy Texas L.P. in Texas on May 24, 2007, which contributed to the sales increase. The Fund also had a full 12 months of results from National Fuel Gas ("NFG") in New York and Northern Indiana Public Service Company ("NIPSCO") in Indiana which were two new jurisdictions entered in 2007.

The increase in net income from $93.9 million to $152.8 million and in net income per unit is a result of an increase in gross margin per customer as well as a decrease in bad debt expense, offset by increases in general and administrative costs, marketing expenses and other expenses relating primarily to the change in market value of derivative financial instruments. Effective credit and collection processes implemented during fiscal 2008 reduced the bad debt expense. In addition, collections from the winter billings of fiscal 2007 were higher than anticipated which resulted in a reduction in the associated reserve. General and administrative expenses increased primarily as a result of the additional number of employees and infrastructure necessary to support the Fund's expansion into Texas. The increase in marketing expenses is due to higher overhead costs associated with opening additional offices and additional recruiting expenses.

Adjusted net income increased by 54% from $101.9 million in fiscal 2007 to $156.7 million in fiscal 2008. In fiscal 2008 and 2007, Just Energy had elected to use hedge accounting and thus was able to book the changes in fair value of the Fund's derivative instruments predominantly to other comprehensive income. Therefore, the differences between adjusted net income and net income are not large since most of the unrealized and realized gains and losses were not flowing through the consolidated statement of operations.

Total assets increased by 99% primarily as a result of the implementation of a new accounting standard for derivative financial instruments. Just Energy was required to record other assets and liabilities representing the estimated fair value on a mark to market basis of all derivative instruments effective fiscal 2008. In fiscal 2007, only certain derivative instruments were required to be fair valued and recorded in the consolidated financial statements.

Long-term liabilities increased in fiscal 2008 primarily due to the increase in other liabilities – long term as a result of the implementation of a new accounting standard for derivative financial instruments. In addition, there was a reclassification of the debt from current to long term on the change of the credit facility renewal period to three years from a previous annual renewal term.

Summary of quarterly results

(thousands of dollars, except per unit amounts)

Fiscal 2009	Q1	Q2	Q3	Q4	Total
Sales per financial statements	**$ 377,910**	**$ 294,122**	**$ 513,608**	**$ 713,573**	**$ 1,899,213**
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**	**(8.31)**	**(0.44)**	**(1.49)**	**(9.93)**
Adjusted net income	**27,631**	**6,872**	**46,682**	**88,744**	**169,929**
Adjusted net income per unit – basic	**0.25**	**0.06**	**0.42**	**0.81**	**1.54**
Adjusted net income per unit – diluted	**0.25**	**0.06**	**0.42**	**0.79**	**1.52**
Amount available for distribution					
After gross margin/customer 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/customer replacement	**108%**	**100%**	**93%**	**48%**	**80%**
After marketing expense	**111%**	**122%**	**111%**	**56%**	**92%**

Fiscal 2008	Q1	Q2	Q3	Q4	Total
Sales per financial statements	$ 352,869	$ 283,531	$ 449,673	$ 652,617	$ 1,738,690
Gross margin (seasonally adjusted)	55,309	57,664	71,247	87,960	272,180
General and administrative expense	10,942	11,142	12,416	17,138	51,638
Net income	25,918	4,754	28,064	94,025	152,761
Net income per unit – basic	0.24	0.05	0.26	0.87	1.42
Net income per unit – diluted	0.24	0.04	0.26	0.87	1.41
Adjusted net income	25,777	8,393	34,890	87,663	156,722
Adjusted net income per unit – basic	0.24	0.08	0.32	0.81	1.46
Adjusted net income per unit – diluted	0.24	0.08	0.32	0.80	1.45
Amount available for distribution					
After gross margin replacement	30,832	37,589	47,242	54,334	169,997
After marketing expense	26,690	29,690	42,462	53,992	152,834
Payout ratio[1]					
After gross margin replacement	99%	86%	164%	61%	102%
After marketing expense	114%	109%	183%	61%	114%

[1] Includes a one-time Special Distribution of $18.6 million in fiscal 2009 and $44.7 million in fiscal 2008.

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 consumption is highest during the winter months and approximately 55% of the current customer base comprises gas customers. The 9% increase in sales compared to the prior comparable quarter is attributable to an increased customer base for the U.S., related consumption increases and favourable U.S. exchange rates during this time period. Adjusted net income which excludes the impact of the change in fair value of the Fund's derivative instruments increased by 1% to $88.7 million for the three months ended March 31, 2009.

Gross margin increased by 21% in the fourth quarter of fiscal 2009 to $106.1 million from $88.0 million in the same period last year. Increased customer additions, change in the U.S. exchange rate and higher per customer consumption accounted for this increase. General and administration costs were $18.2 million for the quarter, an increase of 6% over $17.1 million last year.

The distributable cash after customer gross margin replacement was $72.2 million, up 33% from $54.3 million in the prior comparable quarter. The increase in gross margin was due to an increased number of customers, favourable exchange rates and improved per unit margins quarter over quarter.

After the deduction of all marketing expenses, distributable cash totalled $62.5 million, up 16% from $54.0 million in the fourth quarter of fiscal 2008. Distributions for the quarter were $34.9 million, an increase of 5% over the same period last year. The payout ratio for the fourth quarter of fiscal 2009 was 56% versus 61% for the same period last year.

Customer volumes

The expansion of the business outside Ontario makes, in the view of management, the continued sole use of RCEs as a customer measurement inappropriate. With continued focus on commercial, small industrial customers and new markets where customer usage is materially different from Ontario, the Fund believes showing straight volumetric measurement of the customer base (annual GJ for natural gas and annual MWh for electricity) will provide meaningful information for analysis. The Fund therefore reported volumetric measures for gas and electricity in Canada and the United States effective this fiscal year. Based on requests by external analysts and Unitholders, the Fund will continue to report RCE data going forward as well.

There are two measures of volume which are being reported – "Annualized volumes/Customers" and "Delivered volumes in the year" in the following two tables on page 30 and 31. The first measure, "Annualized volumes/Customers" represents the utility projection of the total volume of gas or electricity to be delivered for each 12-month period for customers in place at a point in time. This is the best measure of the relative success of customer aggregation efforts and the long-term expectations for profitability of the customers. The second measure is "Delivered volumes in the year", which details the change in the actual growth of volumes delivered to customers for fiscal 2009 as compared to fiscal 2008. This measure tracks our actual financial results and reflects weather and other volume variances.

Just Energy's published targets for fiscal 2009 were to increase natural gas volumes by 5% and electricity volumes by 15%.

Annualized volumes/Customers

The following table identifies how the annualized volumes have changed from April 1, 2008 to March 31, 2009:

	Annualized volume at April 1, 2008	Annualized volume increase	Annualized volume attrition	Annualized volumes not renewed	Annualized volume as at Mar. 31, 2009	% increase (decrease)
Natural gas (GJ)						
Canada	80,666,000	10,070,000	(8,162,000)	(3,816,000)	78,758,000	(2)%
United States	22,578,000	9,540,000	(7,208,000)	–	24,910,000	10%
Total gas	103,244,000	19,610,000	(15,370,000)	(3,816,000)	103,668,000	0%
Electricity (MWh)						
Canada	6,090,000	650,000	(680,000)	(280,000)	5,780,000	(5)%
United States	1,040,000	1,680,000	(300,000)	(80,000)	2,340,000	125%
Total electricity	7,130,000	2,330,000	(980,000)	(360,000)	8,120,000	14%

For the 12-month period ended March 31, 2009, total gas customer numbers are flat as compared to last year which reflects customer additions above targeted levels in the U.S. offset by higher than expected attrition in Canada. U.S. gas annualized volume additions increased by 10% due to strong growth in New York and Indiana.

Total electricity annualized volumes were up 14% for the fiscal year. All customer growth was in the United States with Canada lagging due to high relative five-year prices in Ontario. All electricity contracts entered into by the Province of Ontario since deregulation have been at prices far higher than the current regulated rate and management believes that, over time, regulated prices should move toward that of our five-year offering. U.S. electricity volumes were up 125% with strong growth in both New York and Texas.

RCE comparison

In past periods, Just Energy has reported its customer volumes as RCEs. To allow continuity of comparison, the table below shows the growth of RCEs for the fiscal year ended March 31, 2009.

Customer aggregation

Long-term customers

	April 1, 2008	Additions	Attrition	Failed to renew	March 31, 2009
Natural gas					
Canada	761,000	95,000	(77,000)	(36,000)	743,000
United States	213,000	90,000	(68,000)	–	235,000
Total gas	974,000	185,000	(145,000)	(36,000)	978,000
Electricity					
Canada	609,000	65,000	(68,000)	(28,000)	578,000
United States	104,000	168,000	(30,000)	(8,000)	234,000
Total electricity	713,000	233,000	(98,000)	(36,000)	812,000
Combined	1,687,000	418,000	(243,000)	(72,000)	1,790,000

Gross customer additions for the year, excluding the CEG acquisition, were 372,000, up 9% from 342,000 in fiscal 2008. This was due to the opening of additional sales offices in fiscal 2009 and improved recruiting success. Total net customer additions for the year excluding acquisitions were 57,000 in fiscal 2009. In fiscal 2008 the net customer additions were 28,000.

The fourth quarter saw a substantial increase in customer additions compared to the prior year. On an RCE basis, 85,000 gross customers were added in the quarter, up 57% from the fourth quarter additions of 54,000 in fiscal 2008. Net customer additions in the fourth quarter of fiscal 2009 were 15,000 compared to the same period in fiscal 2008 in which the Fund reported negative customer growth.

Delivered volumes in the year

The following table shows the actual delivered volumes for the current and prior comparable year.

For the years ended March 31	Fiscal 2009	Fiscal 2008	% increase (decrease)
Natural gas (GJ)			
Canada	**73,133,170**	75,039,726	(3)%
United States	**23,433,805**	20,707,436	13%
Total gas[1]	**96,566,975**	95,747,162	1%
Electricity (MWh)			
Canada	**5,802,096**	6,366,741	(9)%
United States	**1,729,086**	667,540	159%
Total electricity[1]	**7,531,182**	7,034,281	7%

[1] Includes 709,736 GJ of GEO gas and 160,953 MWh of GEO electricity delivered in fiscal 2009.

Gas deliveries increased by 1% in the 12 months ended March 31, 2009, primarily due to colder weather conditions and increased U.S. customer base noted during the year. Electricity volumes increased by 7% over the prior comparable year due to strong customer additions in Texas and New York.

Green Energy Option

Sales of the GEO product continue to support and reaffirm the great demand for the GEO product in all markets. The GEO 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, 2007 through December 31, 2008, validating the Fund's purchases of renewable energy and carbon offsets.

Attrition

Natural gas

Natural gas attrition in Canada was 10% for the year, in line 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% but decreased from the 33% and 31% noted in the second and third quarters of fiscal 2009, respectively. Annualized attrition for the fourth quarter was 7% for Canada but increased to 34% for the United States.

Electricity

Electricity attrition in Canada for the year was 11%, slightly above management's target of 10%. However, annualized attrition for the fourth quarter was 9%, below our internal target. Electricity attrition in the United States was 17% over the last 12 months, below management's target of 20%. Annualized U.S. electricity attrition for the fourth quarter was 22%, slightly above target.

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 his or her existing contract term. Efforts begin up to 15 months in advance of contract expiry allowing a customer to re-contract for an additional four or five years. Presently, the only contracts under which the terms are completed, and therefore are eligible for renewal, are the Ontario, British Columbia and Manitoba gas and Ontario electricity customers.

During the year, renewals for Canadian gas customers in Ontario, British Columbia and Manitoba were 73%. 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. This renewal rate is a blend of one-year and five-year contracts and 45% of the 75% of Ontario customers renewed were for a one-year term.

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. Management targets a renewal rate for electricity customers of 60%. For the fiscal year ended March 31, 2009, 67% of all expiring electricity customer volumes were successfully renewed.

In fiscal 2010, management expects to have the following annualized attrition and renewal rates:

	Attrition fiscal 2010	Renewals fiscal 2010
Natural gas		
Canada	10%	70%
United States	20	5
Electricity		
Canada	10%	65%
United States	20	60

Gas and electricity contract renewals

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

Fiscal period	Canada gas	Canada electricity	U.S. gas	U.S. electricity
2010	25%	7%	11%	14%
2011	25	22	15	8
2012	21	22	13	12
2013	15	30	30	15
Beyond 2013	14	19	31	51
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

During fiscal 2009, the Fund continued to see the positive impact of continued efforts to maintain strong margin per customer during challenging marketing periods. The table below depicts the higher margins realized on customers signed in the year.

Annual gross margin per customer[1]

	Fiscal 2009	Annual target fiscal 2009
Customers added in the year		
Canada – gas	$ 166	$ 170
Canada – electricity	147	143
United States – gas	208	170
United States – electricity	206	143
Customers lost in the year		
Canada – gas	184	
Canada – electricity	105	
United States – gas	175	
United States – electricity	102	

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

General and administrative expenses

General and administrative costs were $59.6 million for the year, representing a 15% increase from $51.6 million in fiscal 2008. The increased expenses in fiscal 2009 were primarily staffing costs in our corporate office to support our current and future growth, U.S. exchange rate 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. Corporate headcount increased by 25 to a total of 700 full-time employees primarily to enable operations to prepare for the new Alberta customers to be billed internally, for sales support for our commercial expansion, and for customer service and IT to service our expanding customer base. Collection costs were up in fiscal 2009 reflecting outsourced costs related to the Texas residential market expansion to address increased collection activities. In addition, the call centre was operational for only five months of fiscal 2008 versus a full year this year.

Marketing expenses

Marketing expenses, which consist of commissions paid to independent sales contractors for signing new customers as well as an allocation of corporate costs, were $68.1 million, an increase of 21% from $56.1 million for the 12-month period of fiscal 2008. The largest single component of the increase was the impact of the higher U.S. dollar on our U.S.-based marketing costs. The increase also reflects the growth in customer additions, offset by higher costs related to commissions, recruiting and corporate marketing overhead required to build our commercial sales team. During the current fiscal year, management undertook a sales and marketing reorganization to accelerate the customer additions. We are seeing the impact of this reorganization. Customers signed by our marketing sales force increased in fiscal 2009 to 372,000 compared to 342,000 additions in fiscal 2008, an increase of 9%.

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 fiscal year. Marketing expenses to maintain gross margin were $41.9 million, an increase of 8% from $39.0 million from fiscal 2008.

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 period. Marketing expenses to add new gross margin totalled $26.2 million, an increase of 52% from $17.2 million in the prior year comparable period. The large increase is consistent with the net customer additions of 57,000 in fiscal 2009 (excluding acquired customers) versus 28,000 net additions fiscal 2008. All marketing costs related to the GEO product offerings are allocated against new margin and there has been a significant increase in our GEO product in the current year.

The actual aggregation costs per customer added compared to the fiscal 2009 target were as follows:

	Fiscal 2009	Target fiscal 2009
Natural gas		
Canada	$ 185/RCE	
United States	199/RCE	
Total gas	194/RCE	$ 170/RCE
Electricity		
Canada	$ 181/RCE	
United States	146/RCE	
Total electricity	156/RCE	$ 143/RCE

Actual total aggregation costs for gas and electricity customers to date for fiscal 2009 were $194 per customer for gas and $156 per customer for electricity.

In Canada, gas and electricity aggregation costs were $185 and $181 per customer, respectively. Gas and electricity costs were above target due to lower than expected Canadian customer additions for the current year and therefore, higher corporate, marketing and customer service costs were allocated to each unit of volume. Approximately 40% of the total marketing expense relates to the costs associated with corporate, marketing and customer service overhead.

In the U.S., gas aggregation costs and electricity aggregation costs were $199 and $146 per customer which is above target for the year. U.S. customer additions were above expectations but the cost per RCE was higher than our target reflecting the higher exchange rate noted during fiscal 2009. U.S. customers (the Fund's highest growth market) were signed with a less than one-year margin payback period.

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 $4.1 million, an increase of 33% from the $3.1 million paid in fiscal 2008. The increased expense in fiscal 2009 is a result of the increase in the number of fully paid unit appreciation rights awarded to employees in fiscal 2009.

Bad debt expense

In Illinois, Alberta and Texas, 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 2009 was $13.9 million versus $7.0 million expensed in the prior comparable year. The bad debt expense increase of 100% was partially due to the 20% increase in total revenues for the year in the markets where Just Energy assumes the risk for accounts receivable collections. The increase in the U.S. exchange rate and increased default rates noted in the U.S. markets are due to the recessionary conditions. Also, during fiscal 2008, improved collection procedures had resulted in a significant excess reserve for bad debt, which was released lowering the 2008 bad debt expense. 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.

For the 12 months ended March 31, 2009, the bad debt expense represents 2.6% of $543.5 million in revenues, near the midpoint of the Fund's 2–3% target range. Higher credit losses should be expected with the current North American recession. Management continues to target bad debt expense of approximately 2–3% during fiscal 2010 and believes that the upper end of the range will be adequate even during a severe and extended recession.

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 regulated fee.

Interest expense

Total interest expense for the 12 months ended March 31, 2009, amounted to $3.9 million, a decrease from $5.3 million in fiscal 2008. The decrease is due to reduced U.S. direct borrowing costs under the credit facility agreement. The U.S. line was completely repaid at the end of fiscal 2009. Just Energy is required to meet a number of financial covenants under the credit facility agreement and as at March 31, 2009, all of these covenants were met.

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 the year, a foreign exchange unrealized loss of $1.9 million was reported in other comprehensive income (loss) versus an unrealized gain of $4.0 million reported in the same period last year. In fiscal 2009, all monies earned in the U.S. were redeployed in the U.S. to fund continued growth. Overall, the high U.S. dollar increases sales and gross margin but this is partially offset by higher operating costs denominated in U.S. dollars.

Class A preference share distributions

The remaining holder of the Ontario Energy Savings Corp. ("OESC") 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 12 months ended March 31, 2009, including tax and the Special Distribution amounted to $7.7 million versus $13.7 million paid in fiscal 2008. The decrease in the preference share distributions resulted from the exchange of 1,442,484 shares into units over the past year and a lower Special Distribution 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 2008 and would have been subject to tax at 46% for any undistributed taxable income. In order to ensure all of the taxable income is distributed to its Unitholders, the Board of Directors of OESC, as attorney and administrator of the Fund, 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 of $18.6 million ($0.165 per unit) was funded by operating cash flow and the Fund's credit facility and was paid in cash on January 30, 2009. In fiscal 2008, a Special Distribution of $44.7 million ($0.41 per unit) was declared in the third quarter and included a combination of 50% cash and 50% units.

Normal course issuer bid

During the third quarter of fiscal 2009, 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, with a maximum of 44,754 units that can be purchased during any trading day. In fiscal 2009, the Fund purchased and cancelled 909,700 units for cash consideration of $6.6 million (an average price of $7.26 per unit).

Recovery of income tax

For the years ended March 31
(thousands of dollars)

	Fiscal 2009	Fiscal 2008
Current income tax expense (recovery)	**$ 3,861**	$ (757)
Amount credited to Unitholders' equity	**2,767**	4,948
Future tax recovery	**(64,088)**	(18,692)
Recovery of income tax	**$ (57,460)**	$ (14,501)

The Fund recorded a current income tax expense of $3.9 million for the year versus a recovery of $0.8 million in the same period last year. The change is mainly attributable to state income taxes that our U.S. entities paid, Canadian income tax expense and a small portion of U.S. withholding tax remitted. 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 OESC. 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 shareholder are included as distributions on the Statement of Unitholders' equity, net of tax. For the year ended March 31, 2009, the tax impact of these distributions, based on an estimated tax rate of 33%, amounted to $2.8 million as compared to $4.9 million in fiscal 2008. During the year, the Fund had significant temporary differences attributed to the mark to market losses from the financial derivatives. As a result, all of the future tax liability recorded during the year was offset by a portion of the mark to market losses. A future tax recovery of $64.1 million has been recorded for fiscal 2009.

Effective January 1, 2011, the Fund will be taxed as a Canadian income Specified Investment Flow-Through ("SIFT") trust that has not been subject to a Canadian corporate income tax in the Canadian operating entities. Therefore, the future tax asset or liability associated with Canadian 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. As the U.S. subsidiaries had combined operating losses for tax purposes at March 31, 2009, no provision for current U.S. income tax has been made by those U.S. entities.

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 anticipated 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 2009	Fiscal 2008
Operating activities	**$ 172,767**	$ 136,007
Investing activities	**(8,187)**	(41,242)
Financing activities, excluding distributions	**2,330**	58,033
Gain on foreign exchange	**2,691**	707
Increase in cash before distributions	**169,601**	153,505
Distributions (cash payments)	**(137,817)**	(142,981)
Increase in cash	**31,784**	10,524
Cash – beginning of year	**27,310**	16,786
Cash – end of year	**$ 59,094**	$ 27,310

Operating activities

Cash flow from operating activities for the 12 months ended March 31, 2009, was $172.8 million, an increase from $136.0 million in the prior comparable year. The increase is primarily attributable to an increase in gross margin during fiscal 2009.

Investing activities

The Fund purchased capital assets totalling $6.3 million during the year, a decrease from $7.8 million in the prior year. In fiscal 2009, Just Energy's capital spending related to the water heater business and purchases of office equipment and IT software. Last year, purchases were primarily for IT systems associated with customer service operations supporting the Fund's expanding customer base. During the second quarter, 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. The customer contracts had annualized volumes of approximately 4.9 million GJ or 46,000 RCEs. The remaining term of the contracts at the time of acquisition was estimated to be 20 months. In fiscal 2008, the fund completed the acquisition of Just Energy Texas L.P., including all of its electricity contracts for a total, net of cash, of $33.4 million, of which $18.1 million involved the issuance of units of the Fund.

Financing activities

Financing activities excluding distributions relate primarily to an increase of the operating line for working capital requirements. During the current year, Just Energy had drawn a total of $87.7 million against the credit facility versus $97.3 million drawn last year. As Just Energy continues to expand in the U.S. markets, the need to fund working capital and security requirements will increase, driven primarily by the number of customers aggregated and to a lesser extent by the number of new markets. Based on the markets in which Just Energy currently operates and others that management expects to enter, funding requirements will be supported through the credit facility.

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") on December 20, 2007, a portion of distributions declared is not paid in cash. This program was suspended on December 1, 2008, with the commencement of the normal course issuer bid and was re-instituted on March 31, 2009. Under the program, Unitholders can elect to receive their distributions in units at a 2% (formally 5%) discount to the prevailing market price rather than the cash equivalent. During the year, the Fund made cash distributions to its Unitholders and Class A preference shareholder in the amount of $137.8 million, compared to $143.0 million in fiscal 2008.

Just Energy will continue to utilize its cash resources for expansion into new markets, growth in its existing customer base, acquisitions like the CEG customers as well as 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.

In both fiscal 2009 and 2008, a Special Distribution was made to ensure that the Fund distributed all of its taxable income. See "Special Distribution" on page 35 for additional information.

Balance sheet as at March 31, 2009, compared to March 31, 2008

Cash increased from $27.3 million as at March 31, 2008, to $59.1 million. The utilization of the credit facility increased from $67.6 million to $76.5 million as a result of 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. Under the terms of the credit facility, Just Energy is able to make use of Bankers' Acceptances and LIBOR advances at stamping fees of 1.5%, prime rate advances at Canadian and U.S. prime plus 0.5% and letters of credit at 1.5%.

The increase in accounts receivable from $207.8 million to $249.5 million is primarily attributable to the improved margin and increased customers for both gas and electricity. Accounts payable and accrued liabilities has also increased from $128.7 million to $165.4 million relating to increased customer consumption associated with the normal seasonality of the Fund.

Gas in storage has increased from $4.3 million to $6.7 million for the year ended March 31, 2009. The increased balance reflects injections into storage for the expanding U.S. customer base.

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 $57.8 million and accrued gas accounts payable of $41.4 million. At March 31, 2008, Just Energy had unbilled revenues amounting to $47.3 million and accrued gas accounts payable of $38.5 million.

Effective July 1, 2008, Just Energy elected to discontinue the practice of hedge accounting. Previously, the Fund had elected to use hedge accounting and thus was able to book the changes in fair value predominantly to other comprehensive income. The mark to market gains and losses can result in significant changes in net income and accordingly Unitholders' equity from quarter to quarter due to commodity price volatility. Given that the Fund has purchased this supply to cover future customer usage at fixed prices, management believes that these non-cash quarterly changes are not meaningful.

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
Property and equipment lease agreements	$ 25,498	$ 5,499	$ 9,150	$ 5,034	$ 5,815
EPCOR billing and collections	31,205	10,111	21,094	–	–
Gas and electricity supply purchase commitments	3,549,055	1,343,509	1,661,520	531,174	12,852
	$ 3,605,758	$ 1,359,119	$ 1,691,764	$ 536,208	$ 18,667

Other obligations

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. In the normal course of business the Fund could be subject to certain contingent obligations that become payable only if certain events were to occur. The inherent uncertainty surrounding the timing and financial impact of any events 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.

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. 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 and Texas. 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 2009 and as a result of the review, it was determined that no impairment of goodwill existed at March 31, 2009.

Fair value of derivative financial instruments and risk management

The Fund has entered into a variety of derivative financial instruments as part of the business of purchasing and selling gas, electricity and the GEO. Just Energy enters into contracts with customers to provide electricity and gas at fixed prices and 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 cover its estimated delivery or green commitment obligations.

The Fund's business model 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 and electricity 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 Funds' price exposure and serves to fix acquisition costs of gas and electricity 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.

Just Energy's expansion in the U.S. has introduced foreign exchange-related risks. Just Energy has entered into foreign exchange forwards in order to hedge the exposure to fluctuations in cross border cash flows.

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 majority of the change in fair value to be 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 accounting 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 OESC and trust units

As at May 13, 2009, there were 5,263,728 Class A preference shares of OESC outstanding and 106,170,109 units of the Fund outstanding.

Taxability of distributions

Cash and unit distributions received in calendar 2008 were allocated 100% to other income. Additional information can be found on our website at www.justenergy.com. Management estimates the distributions for calendar 2009 will be allocated in a similar manner to that of 2008.

Adoption of new accounting policies

On April 1, 2008, the Fund adopted three new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"); Handbook Section 1535, Capital Disclosures; Handbook Section 3862, Financial Instruments – Disclosures; Handbook Section 3863, Financial Instruments – Presentation. Just Energy adopted these standards prospectively as required by the standards.

Capital Disclosures

Section 1535 requires disclosure of information related to the objectives, policies and processes for managing capital. In addition, the disclosure includes whether externally imposed capital requirements have been complied with. As this standard only addresses disclosure requirements, there was no impact on the financial position of the Fund.

Financial Instruments – Disclosures and Financial Instruments – Presentation

Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation replace Section 3861, Financial Instruments – Disclosure and Presentation. The new disclosure standards increase the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standards carry forward the former presentation requirements. As these standards only address presentation and disclosure requirements, there was no impact on the financial position of the Fund.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

On January 20, 2009, the Emerging Issues Committee of the CICA approved an abstract (EIC 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities), which clarifies that own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of derivative instruments. Just Energy has adopted this standard retrospectively as required which resulted in a gain of $2,964 being recorded to its accumulated earnings.

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.

Goodwill and Intangible Assets – CICA Section 3064

As of April 1, 2009, the Fund will be required to adopt Section 3064, Goodwill and Intangible Assets, which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard is effective for fiscal years beginning on or after October 1, 2008. The Fund has not yet determined the impact of this standard on its financial statements.

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 January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, the AcSB confirmed in February 2008 that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP in 2011 for profit-oriented Canadian publicly accountable enterprises.

Just Energy will transition to IFRS effective April 1, 2011, and intends to issue its first interim financial statement 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.

Just Energy has identified differences between Canadian GAAP and IFRS relevant to the Fund and an initial assessment has been made of the impact of the required changes to accounting systems, business processes, and requirements for personnel training and development. Based on the initial assessment of the differences applicable to the Fund, a project team was assembled and a conversion plan was developed in March 2009 to manage the transition to IFRS. 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. Just Energy is currently on target with its conversion plan.

Pursuant to the requirements of CSA Staff Notice 52-320, the following is the high level summary of the key elements of the IFRS conversion plan:

The Fund is currently analyzing various options available under IFRS including options available under IFRS 1 (First-time Adoption of International Financial Reporting Standards). Areas that may have a significant impact on the Fund's financial statements as a result of adopting IFRS are IFRS 1, financial instruments, impairment of assets, intangible assets, business combinations and income taxes.

Information technology and data systems will be assessed, documentation updated and system changes implemented as required. It is expected that, at a minimum some changes in systems may need to be enhanced. In addition, system options are under consideration to generate financial information under both Canadian GAAP and IFRS.

As part of the current solution development phase, changes in Internal Control over Financial Reporting ("ICFR") are being identified due to changes in the processes and systems. Concurrently with implementation of these changes, the ICFR documentation of internal controls will be updated as required, as will the test plans related to management's ongoing assessment of ICFR.

Disclosure Controls and Procedures ("DC&P"), including investor relations and external communications plans, will be assessed and documentation of DC&P will be updated as required, as will test plans related to management's ongoing assessment of DC&P (which includes investor relations and external communication processes).

Just Energy recognizes that training at all levels is essential to a successful conversion and integration. To date, finance staff, other relevant employees, including certain members of senior management, have attended initial IFRS training sessions. Additional training and communication programs will be developed for delivery to the Audit Committee, Board of Directors, senior management and other stakeholders, as required. Finance staff and other relevant employees will continue to receive ongoing training, as needed, throughout the conversion process.

While a detailed analysis of the impact of conversion on business activities is progressing, based on the diagnostic review, management does not anticipate any significant changes to the business activities. As part of its review, the Fund will assess the impact of adopting IFRS on various items such as debt covenants and capital requirements.

The above disclosure related to IFRS is based on management's current interpretation of requirements and may change as new information becomes available.

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 and dependence on Shell Energy

The risk of supply default is mitigated through credit and supply diversity arrangements. Just Energy's business model is based on contracting for supply to lock in margin. While Just Energy has the ability to select alternative commodity suppliers, approximately 49% of its gas and 54% of its electricity supply contracts are currently with the Shell Entities. 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 Shell Entities. Just Energy continues to investigate opportunities to identify or secure additional gas suppliers and electricity suppliers. In addition to the Shell Entities, Just Energy has contracts with other commodity suppliers including the BP Entities, Bruce Power, Constellation and EPCOR. Other suppliers represent less than 1% and 2% of our gas and electricity supply, respectively.

Volatility of commodity prices – Enforcement

A key risk to 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

Just Energy operates in the Illinois, Texas, Indiana and Alberta markets, which provide for payment by LDCs only when the customer has paid for the consumed commodity (rather than when the commodity is delivered). Also, in the Illinois and Indiana 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 and Newten). 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. denominated funds for Canadian 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 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.

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, 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 effect on the operations and cash flow of Just Energy. Management factors default from credit risk in its margin expectations for all customers in Illinois, Texas 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 OESC. 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, 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 intends to begin 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. 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 (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 sales 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 contract renewals and attrition rates

As at March 31, 2009, Just Energy held long-term electricity contracts reflecting approximately 812,000 long-term electricity RCEs, of which 8% renew in 2010, 18% renew in 2011, 19% in 2012, 25% in 2013, and 30% beyond 2013. Although Just Energy has experienced electricity contract attrition rates of approximately 13% per year, there can be no assurance that this rate of annual attrition will not increase in the future or that Just Energy will be able to renew its existing electricity 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 discussion under "Failed to renew" on page 32. Just Energy's experience is that approximately 67% of its electricity customers have renewed at the expiry of the term of their contract.

Gas contract renewals and attrition rates

As at March 31, 2009, Just Energy had long-term gas contracts reflecting approximately 978,000 long-term gas RCEs, of which 21% renew in 2010, 22% renew in 2011, 18% in 2012, 19% in 2013, and 20% renew beyond 2013. The experience of Just Energy is that approximately 73% of gas customers renew at the expiry of the term of their contract. Although Just Energy has experienced gas contract attrition rates of approximately 15% per year, there can be no assurance that this rate of annual attrition will not increase in the future or that Just Energy will be able to renew its existing gas contracts at the expiration 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 discussion under "Failed to renew" on page 32.

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 go 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 Fund does not invest in a significant capital asset program and the vast majority of capital asset expenditures are with respect to information technology including telephony. The capital asset expenditure cash flow in fiscal 2009 represents 4% of operating cash flow and has been funded through operations. Replacement of capital assets is not considered significant.

Material debt arrangements

The Fund's credit facility is in the amount of $170.0 million. There are various covenants pursuant to the credit facility that govern most of the Fund's subsidiaries and affiliates. In addition, the Fund is required to submit monthly reporting covering, among other things, mark to market exposure, borrowing base certificate and a supply/demand projection. To date, the Fund has met the requirements of the credit facility. Should the credit facility be unavailable, there would be a significant material adverse effect as the likely result would be either a replacement facility with increased costs or an inability to operate.

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 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 license 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 48 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 on 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

Securities such as the units are hybrids in that they share certain attributes common to both equity securities and debt instruments. The units 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. OESC 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), which may be distributed in specie to Unitholders in connection with a redemption, will not be listed on any stock exchange and no established market is expected to develop for such OESC 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' shares 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, OESC 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, OESC Notes, or the Fund Notes. In addition, the common shares, Exchangeco common shares, Exchangeco II Notes, OESC 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 the OESC 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.

Legal proceedings

On March 3, 2008, the Citizen's Utility Board ("CUB"), AARP and Citizen Action/Illinois filed a complaint before the Illinois Commerce Commission alleging claims very similar to those in the Illinois AG Complaint. Just Energy has commenced discussion with CUB to address and defend the allegations and intends to seek a constructive resolution to the matter.

On March 20, 2008, an Indiana resident filed a proposed consumer class action against JE Illinois in Illinois also based on allegations similar to those made by the Illinois Attorney General. The court dismissed the action and ordered the plaintiff to refile with proper jurisdiction cited (citizenship and quantum). The action has been restricted to Indiana plaintiffs on a limited basis. The plaintiff will now have to seek certification.

On April 4, 2008, NYESC was served with a complaint initiated by a commercial customer in New York that proposes a class action against NYESC, the Fund and the LDC (Consolidated Edison) on behalf of residents of New York City. On December 16, 2008, the court dismissed the complaint against the Fund and the complaint against NYESC was referred to arbitration. The plaintiff's representative filed an appeal but has yet, under state court rules, perfected it, which it has until July 15, 2009, to do so.

Just Energy will resolve or vigorously contest the claims in these matters. Management believes that the pending legal actions against JE Illinois, NYESC or the Fund are not expected to have a material impact on the financial condition and liquidity of the Fund at this time.

Controls and procedures

Just Energy maintains appropriate information 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, 2009, and have concluded that such disclosure controls and procedures were appropriately designed and were operating effectively.

Just Energy has also 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, 2009, using the Committee of Sponsoring Organizations Internal Control – Integrated Framework. Based on that assessment, it was determined that Just Energy's internal controls over financial reporting were appropriately designed and were operating effectively.

Just Energy did not make any changes to the design of its internal controls over financial reporting during the year ended March 31, 2009, that would have materially affected or would reasonably likely to materially affect the Fund's internal controls over financial reporting.

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.

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 will be included in the Fund's May 15, 2009 management information circular. Just Energy actively monitors the corporate governance and disclosure environment to ensure timely compliance with current and future requirements.

Outlook

On April 22, 2009 Just Energy announced that it entered into a definitive agreement to acquire by way of plan of arrangement (the "Arrangement") all of the outstanding common shares of the Universal Energy Group Ltd. ("UEG"), a TSX listed marketer of deregulated natural gas and electricity. The Arrangement will provide for a share exchange through which each outstanding share of UEG will be exchanged for 0.58 of a share (the "Exchangeable Shares") of a subsidiary of the Fund. Each Exchangeable Share will be exchangeable into one Just Energy trust unit at any time at the option of the holder for no additional consideration. The transaction is expected to close in early July and is subject to certain conditions including approval of UEG shareholders, compliance with the Competition Act, approval of Just Energy's lenders and satisfaction of other customary approvals. The transaction would require the issuance of approximately 21.1 million Exchangeable Shares increasing the diluted units of the Fund to 132.6 million.

The Fund has entered into support agreements (the "Support Agreements") with holders of 51% of the outstanding shares of UEG. These Support Agreements require these holders to, among other things, (i) vote or cause to be voted, the holder's UEG securities in favour of the proposed Arrangement at the UEG meeting; (ii) not to exercise any dissent rights or other rights available to delay, upset or challenge the Arrangement; (iii) not to sell or otherwise dispose of the holder's UEG securities; (iv) not to solicit or otherwise knowingly encourage any other acquisition proposal of UEG; (v) to refrain from taking or causing to be taken any actions that would reduce the likelihood of the Arrangement being successfully completed; and, with respect to certain holders, (vi) to enter into an escrow agreement at closing under which 60% of the holder's Exchangeable Shares shall be escrowed as of closing and released as to 50% on the first anniversary of the closing date and as to 50% on the second anniversary of the closing date.

Management believes that the acquisition of UEG will be immediately accretive to both gross margin and distributable cash per unit despite the transition costs of merging the operations. The full benefit of the acquisition will not be seen until fiscal 2011 when the savings from elimination of administrative overlap will be fully realized.

The UEG acquisition brings a total of 14 U.S. state marketing licenses which will provide an option for accelerated entry into attractive American markets. UEG currently supplies over 580,000 RCEs in Ontario, British Columbia, Michigan, California, Ohio, Pennsylvania, Maryland and New Jersey.

UEG operates a very successful home services business renting and selling water heaters and related products. This business will be merged with the Newten water heater business and management believes the growth of this business will accelerate significantly. UEG also owns a 66.7% interest in Terra Grain Fuels, a 150-million-litre-capacity ethanol plant located in Belle Plaine, Saskatchewan. The plant is currently making repairs to its facility to move to full capacity production. Management does not currently expect that ethanol will form a long-term segment of Just Energy's business.

On February 7, 2008, the Attorney General for Illinois filed a complaint against JE Illinois (the "Illinois AG Complaint"). The Illinois AG Complaint alleged that independent sales agents used deceptive practices in their sale of Just Energy contracts to Illinois customers. On May 12, 2009, a settlement of the action was reached subject to court approval. Under this settlement, JE Illinois will comply with several consumer safeguards, many of which JE Illinois has practiced for more than a year. In addition, $1.0 million will be paid to a limited number of customers in settlement of claims.

The financial positions of the Fund's commodity suppliers remain sound based on analysis by management as are those of the banks participating in the credit facility. Management does not believe that weakness in the global credit markets will have any near-term impact on either existing business or the Fund's ability to grow in the future.

Management's best estimation is that Just Energy will again grow its key operating measures during fiscal 2010. Gross margin and distributable cash after gross margin replacement per unit are expected to grow by approximately 5–10%, including the acquisition from UEG. Distributable cash after marketing expenses is expected to grow at a slightly lower rate due to increased marketing expenses associated with the forecasted volume additions and GEO product growth. Total RCEs are expected to grow after all attrition and failure to renew. However, management is not in a position to provide guidance on the level of customer growth pending acquisition of the UEG sales force and its integration into Just Energy. Investors will be updated in future quarters on the customer growth expectations.

The economies of Just Energy's markets are currently in the midst of a significant recession. These very weak North American economic conditions and the turmoil in the credit and financial markets have had a limited effect on Just Energy. In general, utility bills are among the last to go unpaid in times of financial hardship. Impact on the Fund to date has been limited to higher than expected attrition in the United States due to record foreclosures and utility shutoffs. Bad debt losses increased in the third and fourth quarter but remain comfortably in the mid range of the Fund's 2–3% long-term target range. There can be no assurance that bad debt losses will not increase further during an extended recession. The Fund does not bear bad debt risk in Ontario, Quebec, Manitoba, British Columbia (excluding large volume customers), New York and Indiana. These markets contain approximately 74% of Just Energy's customers.

In the past, times of financial stress have increased the importance of accurate budgeting for homeowners and small businesses. This has, to date, been positive for Just Energy and its insurance-type contracts, and strong marketing results for the past three quarters bear this out. Finally, tight credit and a weak economy should increase the number of competitors that fail or are forced to sell out. This will be favourable for a well-capitalized company like Just Energy.

The Fund intends to continue its geographic expansion into new markets in the United States both through organic growth and focused acquisitions. The Fund is actively reviewing a number of further possible acquisitions. Just Energy continues to actively monitor the progress of the deregulated markets in various jurisdictions.

Changes made to the Income Tax Act require certain income trusts, including Just Energy, to pay taxes after 2010, similar to those paid by taxable Canadian corporations. The payment of such taxes will, in the future, reduce the cash flow of the Fund, thereby reducing the amount available for distributions to unitholders. Just Energy is actively analyzing potential restructuring options in preparation for conversion from a trust to a corporation on or before 2011.