

## Message

**From:** Ed Houghton [edwin.houghton@gmail.com]  
**Sent:** 1/22/2012 12:03:15 PM  
**To:** Ed Houghton [/O=TOC/OU=First Administrative Group/cn=Recipients/cn=ehoughton]  
**Subject:** Fw: new era ISSI

Sent wirelessly from my BlackBerry device.

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**From:** "Peter Budd" [REDACTED]  
**Date:** Sat, 21 Jan 2012 08:37:15 -0500  
**To:** <edwin.houghton@gmail.com>; 'Paul Bonwick'<paulbonwick@compenso.ca>  
**Cc:** 'Tom' [REDACTED]  
**Subject:** new era ISSI

Good morning gentlemen,

You may recall the suggestion that we gather the clan together in January in Collingwood to discuss the structural issues surrounding ISSI and the marketing successes and general company plans for 2012. We are looking at a mid-day meeting on Sunday afternoon, Jan 22, if that is possible; if not, then whenever you and Tom can get together works for me as I am leaving Jan 31 – Feb 18.

I thought it might be helpful if I were to set out in advance what Tom and I are considering in respect of the above business and structure concepts. Tom will advise me if I have misunderstood his direction on the matters below.

As you know, we attended at the offices of Howard Lerner to have him run hypothetical business models, now that we know our cost structures better. In précis form, I can advise of the following:

1. There will be a separate marketing company established, funded and owned presumably and exclusively by Ed and Paul ('EPCO').
2. PB and AY will continue to provide support services to EPCO, as are provided today, for example, in the Ontario LDC sales.
3. Notwithstanding 2. above, PB and TB's income will derive exclusively from ISSI and not EPCO.
4. Tom will continue to grant EPCO an exclusive licence to sell to Ontario LDCs, and will entertain other marketing proposals for other territories on a proposal by proposal basis.
5. Tom will continue to be responsible for all other aspects of ISSI.
6. Specific programs and costs relating to the product sales may be the subject of a future Costs Sharing Agreement, but the plan is that each of ISSI and EPCO shall bear its own costs. The immediate exception to this item is that ISSI will pay 50% of Abby Stec's compensation and 100% of her travel expenses on ISSI business since the time in 2011 when Abby commenced her work at Compenso.
7. All units will be sold by ISSI to EPCO at a predetermined price, which shall be adjusted to whatever makes sense in the market according to the decision of EPCO and ISSI.
8. EPCO will earn a minimum \$30 to a maximum of \$50 per unit above the wholesale price.
9. Where it is evident that the marketing work of EPCO has contributed to other ISSI product sales, ISSI will recognize that goodwill and effort through a further marketing recognition fee, to be established on a case by case basis.
10. ISSI and EPCO will work closely together, shall remain separate corporate entities and will share product and market information with the goal of enhancing product sales.

Those are the basics of the business structure that Tom feels he is comfortable with.

I trust this will allow for our meeting to continue either this Sunday or at a later date.

Best,

PB