

## Message

---

**From:** Ed Houghton [/O=TOC/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=EHOUGHTON]  
**Sent:** 11/3/2011 10:37:56 AM  
**To:** 'Shirley Houghton' [shirley.houghton@gmail.com]  
**Subject:** FW: ISSI Marketing Corp. ("IMC")

Mr. Ed Houghton, President & CEO  
.....

**Collingwood Utility Services Corp.**

P.O. Box 189, 43 Stewart Road

Collingwood, ON

L9Y 3Z5

Phone: 705-445-1800, 2222

Fax: 705-445-2549

Email: [ehoughton@collus.com](mailto:ehoughton@collus.com)

Important Notice: This message is intended only for the use of the person to whom it is addressed, and may contain information which is privileged and confidential. If you are not the intended recipient, you are hereby notified that distribution or copying this message is strictly prohibited. If you received this in error, please notify the sender and delete the original message and attachments.

**From:** Peter Budd [REDACTED]  
**Sent:** November-03-11 9:12 AM  
**To:** paulbonwick@compenso.ca; Ed Houghton  
**Subject:** ISSI Marketing Corp. ("IMC")

Good morning again.

In order to move this concept along within the next two weeks, I think we need to step up our discussions respecting the expectations of the participants in the proposed IMC.

I remain totally open to the concept and look forward to working this through. Please permit me to go for a run on this.

In order to set aside any potential misunderstandings due to incomplete information, I'll set out what I think are some of the basics Tom and I have in front of us; I know I do not have all of the machinations which are roaming and forming as the concept gestates.

We obviously need more working capital in the company as we are/were short of start-up capital and have invested our spare change as any other start-up would. Tom and I continue to fund all of those start up costs for the operation to move forward.

But, before you both, the LDC marketers joined, the deal was 70/30 TB/PB on everything from sales, costs, mktg, etc.

Then, with Paul and Ed, with the inaugural LDC deal in sight, we established an amended sharing arrangement: 35/35/30 for TB/EH-PB/PB. That worked well. Tom agreed to it. Cash was fully distributed to Compenso and partially to PB/TB.

We are contemplating evolving to an IMC.

I do not know the IMC details yet, but I understand that it is meant to create a different sharing arrangement. In its most basic terms, IMC would be owned and shared 33.3/33.3/33.3 for EH/PB/PB.

I could wait to see Paul's draft to submit any comments and react, but I can say now that Tom's expectation is that his share is not going to change again – and he expects any additional marketing expenses to be borne by whoever is marketing and being paid for from their income, not ISSI or TB. His view is that the corporate structure is changing and he has gone from profit sharing of 70% to 35%, and he is not going to go below that, I have been advised and reminded.

ISSI has no income or profit expectations other than from the sales of these units, which under the IMC model is exclusive to IMC and its three new shareholders. There is no other pie, or pieces of the pie.

IMC desires to sign for all of, and exclusively, the marketing rights to all the Nature's Power and ISSI product lines. In this model, there is no other income stream to ISSI other than IMC. The 2 shareholders of ISSI will only ever derive income from the sales which IMC will consummate.

If IMC moves to a 1/3 each model for EH, PB and PB, and if TB stays fixed at 35%, by necessity, does that not mean that the remainder of profit pool will be comprised of the EH/PB 35% share and the 30% PB share? Combined, the PB/EH/PB share is 65%. Is this the piece that Paul is proposing to combine, then split into 33.3% equal shares?

It is on these points that I would ask for clarification and for you to focus in your proposal with examples of how you would like this to work.

I am up against the wall on how Tom sees his already reduced share going forward.

Perhaps once you have this model conceptualized on paper, we could meet again with Howard to live model this concept during the week of Nov 14<sup>th</sup> when you are back from the camp. For most of my working life, I have relied on Howard to assist with working through business models, whether for the OEA, the family, the law firms and now this business.

Thanks Ed and Paul. I look forward to working all of these business items through.

PB