



DOMINICA ELECTRICITY SERVICES LIMITED
NOTICE OF A SPECIAL MEETING OF SHAREHOLDERS

August 22nd 2013

Dear Shareholder:

NOTICE IS HEREBY GIVEN THAT a Special Meeting of Shareholders of Dominica Electricity Services Limited will be held at the **Fort Young Hotel**, Victoria Street, Roseau, Commonwealth of Dominica on **Friday September 13th at 11a.m.**, to transact the following business:

1. To consider the following resolution proposed by the Audit Committee of the Board of Directors as an ordinary resolution pursuant to sections 112 and 165 of the Companies Act.

RESOLUTION

BE IT RESOLVED THAT PricewaterhouseCoopers is hereby removed as auditors of the company and BE IT FURTHER RESOLVED THAT Ernst and Young be appointed as auditors of the company in their place and stead for the remainder of their term at such remuneration as may be fixed by the directors and the directors are hereby authorised to fix such remuneration.

Background information in respect of the resolution is enclosed.

A member entitled to attend and vote at the meeting is entitled to appoint any person or persons (whether a member of the Company or not) to attend and, on a poll, to vote in his stead. Proxy forms must be lodged at the registered office of the Company not less than 48 hours before the meeting.

By Order of the Board

Ellise Darwton
Company Secretary



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LEGISLATION

Section 14.2 of Domlec By - Laws states:

Special Meeting: Special meetings of the shareholders may be convened by order of the Chairman, the Managing Director, or by the Directors at any date and time and at any place within Dominica, or , if all the shareholders entitled to vote at such meeting so agree, outside Dominica.

Section 112 of the Companies Act states:

112. (1) All business transacted at a special meeting of shareholders, and all business transacted at an annual meeting of shareholders, is special business, except –
- (a) the consideration of the financial statements;
 - (b) the directors' report, if any;
 - (c) the auditor's report, if any;
 - (d) the sanction of dividends;
 - (e) the election of directors; and
 - (f) the re-appointment of the incumbent auditor.
2. Notice of a meeting of shareholders at which special business is to be transacted shall state –
- (a) the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment thereon; and
 - (b) the text of any special resolution to be submitted to the meeting.

Section 165 of the Companies Act states:

165. (1) The shareholders of a company may by ordinary resolution at a special meeting remove an auditor other than an auditor appointed by a court order under section 166.
- (2) A vacancy created by the removal of an auditor, may be filled at any meeting at which the auditor is removed, or, if the vacancy is not so filled, it may be filled under section 166.



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BACKGROUND

On May 19th 2013, the company received notification from the St. Lucia office of PricewaterhouseCoopers (PWC) that they were in preliminary discussions with the PWC Eastern Caribbean firm, of which they were partners, concerning their separation from the grouping to move to Grant Thornton – another international audit firm. The company's audit is conducted by the St. Lucia office of PWC. They informed then that the PWC Eastern Caribbean firm would continue to operate with offices in Barbados, Antigua, and St. Kitts. They also indicated that the separation was amicable.

The board of directors was informed of the circumstances and at the Annual General Meeting of shareholders held on May 22nd 2013, shareholders were also informed of the matter and were put on notice that a special shareholders' meeting may be convened to deal with the change.

On June 25th 2013 the company received a letter from PWC in St. Lucia confirming that effective July 1st 2013, the St. Lucia, St. Kitts and Antigua offices would no longer be affiliated with PricewaterhouseCoopers but would change affiliation to Grant Thornton. PWC Eastern Caribbean now consists of only the Barbados office.

The company has no disagreement with PWC and recognizes that over the past years PWC has provided creditable service to the company. However, this change at PWC has made it necessary for the company to review its options for auditor and decide on what would serve the best interest of the company.

Ernst and Young (E&Y) is currently the auditor for the Emera group of companies. With E&Y as auditor, Emera would be able to ensure the same audit process for the entire group of companies and instruct them on the areas to be focused on in order to meet Emera's deadlines. This would streamline the Group's year end audit exercise. If another firm was appointed as Domlec's auditor, E&Y would have to perform an independent review of the working papers of that auditor in January after the end of the financial year. The Accounts Department would be tasked with yet another set of schedules and deadlines to comply with. This would be time consuming and could lead to delays in the presentation of the final accounts. In these circumstances it would be in the best interest of the company to appoint E&Y as auditors.

Management sought a proposal from E&Y and submitted the same to the audit committee for consideration. At a meeting of the audit committee held on August 8th 2013, the committee reviewed the proposal and noted that the terms and conditions are comparable to that which existed with PWC. Most significantly however, the fee structure is more beneficial to the company as it stipulates a fixed value for the services which it covers.

After review, the audit committee recommended that the above stated Resolution be put to the shareholders for their approval at a special shareholders' meeting. The recommendation of the audit committee was approved by the Board of Directors on August 14th 2013.