

The Consumers' Waterheater Income Fund Announces Agreement to Purchase Stratacon Inc.

Acquisition Provides Additional Stability and Growth

Transaction Highlights:

- Provides the Fund with additional growth and entry into markets across Canada
- Expected to be accretive to EBITDA¹ within the first year after closing
- Initial \$21 million investment plus approximately \$7.2 million in net debt obligations, and further payments earned by increasing customer base over three years
- Stratacon's experienced management team will remain in place
- Stratacon products help support and promote conservation of energy

TORONTO - August 7, 2008 – The Consumers' Waterheater Income Fund (the "Fund") (TSX:CWI.UN), announced today that a wholly-owned subsidiary of the Fund has entered into a definitive purchase agreement to purchase all of the outstanding shares in Stratacon Inc. ("Stratacon").

Stratacon is engaged principally in providing the equipment and services to allow "smart" sub-metering and remote measurement of electricity, heat and water consumption in individual units in apartment buildings and condominiums. The equipment and services are provided under long-term contracts with customers. With almost 35,000 units under contract, Stratacon's business is similar to the Fund's in many key aspects, including earning a return on investment over a long-term customer relationship.

The Fund expects its investment in Stratacon to be accretive to EBITDA¹ within the first year after closing, based on initial financial projections. This expectation is based on projected growth in units installed and billed, and the current run rates on margins and expense levels. No assurance can be given, however, that these projections will be achieved.

This marks the Fund's first acquisition since unit holders approved amendments to the Fund's Declaration of Trust to allow for greater operating flexibility and growing the business beyond the traditional asset base of water heaters.

"Stratacon's business and long-term customer relationships perfectly complement the Fund's business model and growth strategy," said John Macdonald, President and Chief Executive Officer. "In addition to accessing greater rental opportunities in Ontario's growing multi-residential market, we expect the acquisition will enable us to develop opportunities outside of Ontario."

"Joining the Fund provides outstanding financial strength and stability assuring our customers that we will deliver value over the long-term," said Ian Stewart, Co-Founder of Stratacon. "I'm also pleased that our full team will remain intact to deliver the opportunities that are ahead of us. We are proud of our role in promoting energy conservation and the opportunity to reduce energy costs significantly."

¹ EBITDA is a non-GAAP measure, and therefore has no standardized meaning prescribed by GAAP and may not be comparable to similar terms and measures presented by other issuers. This measure comprises net earnings plus income taxes, interest expenses and amortization expense, less interest income.

Pursuant to the definitive share purchase agreement, a subsidiary of the Fund plans to acquire all of the outstanding shares in Stratacon for an initial cash investment of \$21 million plus approximately \$7.2 million of net outstanding debt obligations of Stratacon. Over the next three years, additional consideration will be paid based on the number of sub-meters above agreed thresholds that are contracted by Stratacon. Based on current projections, approximately 60% of the estimated purchase price will be payable over that three year period. Stratacon will be an affiliate, not a subsidiary of The Consumers' Waterheater Operating Trust. While most of the Stratacon business is currently in Ontario and Alberta, it also has customers in British Columbia, Saskatchewan and the Northwest Territories. Stratacon is licensed under the *Ontario Energy Board Act* to provide sub-metering activities in Ontario condominiums.

Closing is scheduled to occur by August 29, 2008. While the Fund has completed its due diligence of Stratacon and the Fund's board has unanimously approved the transaction, the acquisition is subject to certain closing conditions, including receipt of third party consents. Consequently, there can be no assurance that the proposed acquisition will close. Additional information on Stratacon is attached to this news release.

Conference Call and Webcast

Management will host a conference call and live audio webcast to discuss the Stratacon transaction on **Thursday, August 7, 2008 at 10:30 a.m. (ET)**. John Macdonald, President and Chief Executive Officer, Steve Bower, Chief Financial Officer and Ian Stewart, Co-Founder of Stratacon, will be on the call.

The call can be accessed as follows:

Toll free:	1-866-299-8690
Local area:	1-416-641-6139
Joining by webcast:	www.consumerswaterheaters.com

The audio webcast will be archived at www.consumerswaterheaters.com. A taped rebroadcast will be available until midnight on August 14, 2008.

The rebroadcast can be accessed by dialing 416-695-5800 or 1-800-408-3053 and entering the pass code 3268334.

About The Consumers' Waterheater Income Fund

The Fund owns a portfolio of approximately 1.4 million installed water heaters and other assets, rented primarily to residential customers in Ontario.

Additional information regarding the Fund, including its current Annual Information Form dated March 28, 2008, is available at www.sedar.com.

About Stratacon

Founded in 1997, Stratacon is engaged principally in providing the equipment and services to allow "smart" sub-metering and remote measurement of electricity, heat and water consumption in individual units in apartment buildings and condominiums. With almost 35,000 units under contract, Stratacon also provides strategic and focused utility and energy management projects and programs for the multi-residential, commercial and residential markets across Canada. For additional information visit www.stratacon.ca.

Forward-looking Information

Certain statements in this news release are forward-looking statements, which reflect management's expectation regarding the Fund's growth, results of operations, performance, business prospects and opportunities. Such forward-looking information reflects management's current beliefs and is based on information available to them and/or assumptions management believes are reasonable. Many factors could cause results to differ materially from the results discussed in the forward-looking information. Although the forward-looking information is based on what management believes to be reasonable assumptions, the Fund cannot assure investors that actual results will be consistent with this forward-looking information. Except as required by applicable securities laws, the Fund does not intend and does not assume any obligation to update or revise the forward-looking information, whether as a result of new information, future events or otherwise.

Fact Sheet - Stratacon

On August 7, 2008, The Consumers' Waterheater Income Fund (the "Fund") announced that a subsidiary of the Fund has entered into a definitive purchase agreement to purchase all the outstanding shares of Stratacon Inc. ("Stratacon").

Stratacon – Overview

Stratacon is a full service smart sub-metering company based in Woodbridge, Ontario. Smart sub-metering provides measurement and billing of electricity consumption in individual units of condominiums and apartments so unit owners and tenants can understand and reduce their consumption more easily. Stratacon provides strategic and focused utility and energy management projects and programs for the multi-residential, commercial and residential markets. Stratacon is not just about meters or billing but, rather providing smart energy solutions which save its customers time and money.

For electrical sub-metering, the sub-meters are connected to the main electrical panel in an apartment or condominium building, measuring the energy consumed by each unit and reporting the consumption information back to the data centre. There, the data is processed and monthly billing and usage information is prepared for each resident. This allows each customer to understand their usage, and reduce their consumption.

To grow its business further, Stratacon entered into the heat allocation services market in 2007. Stratacon is the only company in Canada currently providing heat allocation services, and currently serves 3,500 units.

Stratacon – History

Stratacon was founded as a water management company in February 1997 by Ian Stewart and Peter Mills. Now one of Canada's largest water management companies, Stratacon retrofits multi-residential, commercial and residential buildings with water conservation devices such as low-consumption toilets and shower heads. Since 1997, Stratacon has been responsible for retrofitting over 275,000 multi-family suites across Canada. These retro-fits represented one-time sales and are not recurring revenue streams.

In January 2001, Stratacon entered the electricity sub-metering business with its initial installation of a system to service a 110-suite rental property.

Since 2001, Stratacon has signed agreements with several of Canada's largest property owners to provide sub-metering services in buildings in Ontario, Alberta and other provinces.

In June 2006, Stratacon opened an office in Calgary to serve existing customers and the growing opportunity in Alberta. That month, the company passed the 5,000 unit threshold in the number of installed sub-meters.

In the fall of 2007, Stratacon received a Certificate of Recognition from the Ontario Power Authority for its sub-metering of Park Properties' portfolio.

Alliances & Regulatory

Stratacon has a five-year, exclusive agreement with ista North America Inc. ("ista") to provide sub-metering billing services in the Canadian market. ista was established in 1902, and is one of the largest providers of sub-metering solutions in the world. ista provides service to more than 11,000,000 multi-family suites around the world.

In the past, financial support had been provided to Stratacon through third party financing of most of the contracts signed by Stratacon.

Stratacon is licensed by the Ontario Energy Board (“OEB”) to operate as a smart sub-meter service provider in the Ontario condominium market.

Senior Management at Stratacon

Ian Stewart, Co-Founder, Co-CEO and President
Peter Mills, Co-Founder, Co-CEO and Chief Operating Officer
Chris Wild, VP Operations
Peter Anderson, VP Finance & Administration

Units Contracted by Stratacon – July 31, 2008

Stratacon is a leading Canadian sub-metering company.

At July 31, 2008, Stratacon had 34,600 units under contract. This represents a 288% increase from the 8,900 units under contract at July 31, 2007.

Stratacon’s capital investment per unit has historically been lower on average than the Fund’s investment per rental unit.

Next Steps

The Fund plans to acquire all the shares of Stratacon, its entire 36-person team including all assets and operations. Stratacon’s management team will continue to drive the Stratacon business, with oversight and guidance provided by top management and the Board of Trustees of the Fund. The Fund will leverage its current commercial customer relationships, and looks forward to the growth expected from the sub metering and heat allocation businesses.

Contact Us:

For additional information on Stratacon and/or Consumers, please contact:

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About Stratacon Inc.

Additional information regarding Stratacon is available at www.stratacon.ca.