

September 30th, 2009

M. André Belisle
Président
Association Québécoise de Lutte Contre la Pollution Atmosphérique
489-A, rue Principale,
Saint-Léon-de-Standon (Québec), G0R 4L0

Dear Mr. Belisle:

Re: Termination of Program Funding Agreement

I write to advise you that the Association Québécoise de Lutte Contre la Pollution Atmosphérique ("AQLPA") is currently in breach of numerous obligations under the Program Funding Agreement (the "Agreement") between AQLPA and the Clean Air Foundation ("CAF"). CAF will terminate the Agreement with immediate effect if all breaches are not fully rectified to CAF's satisfaction by 14 October 2009.

NOTICE OF BREACH AND INTENDED TERMINATION

In accordance with Section 17.2 of the Agreement, I hereby advise you that AQLPA is currently in breach of the following of its obligations under the Agreement:

- (1) Section 2.1(c)(ii): AQLPA has consistently failed to provide agreements with Provincial Incentive Providers to CAF for prior review;
- (2) Section 2.2(i): AQLPA has consistently failed to provide the information required under this section;
- (3) Section 2.3(e): AQLPA has failed to make any modifications required to its pre-existing program to bring it into conformance with the Adieu Bazou program and operational plan;
- (4) Section 5.2(a): AQLPA has consistently failed to provide the quarterly claims for payment required under this section;
- (5) Section 5.2(b): AQLPA has consistently failed to provide the quarterly progress reports required under this section;
- (6) Section 5.2(c): AQLPA has consistently failed to provide the supporting documentation for program expenses as required under this section;
- (7) Section 5.2(d): AQLPA has consistently failed to provide monthly financial status reports to CAF as required under this section;
- (8) Section 5.3(a): AQLPA has failed to provide audited annual financial statements as required by this section;

- (9) Section 5.5: AQLPA has consistently failed to use the Computer Software as required;
- (10) Section 23(d): AQLPA has consistently failed to provide copies of agreements with third parties to CAF for comment;
- (11) Appendix K, Articles 1 and 8: AQLPA has consistently failed to devote adequate resources to the operation of the Call Centre or to maintain the equipment and personnel required to fulfill the requirements of the Agreement;
- (12) Appendix K, Article 3.2: AQLPA's Call Centre has consistently failed to respond to enquiries within 24 hours, as required by this article; and
- (13) Appendix K, Articles 3.3, 3.4 and 7: AQLPA's Call Centre has consistently failed to use the SPARQ software exclusively to manage the vehicle donation process and assign vehicles to recyclers as required by these articles.

These are all serious breaches of AQLPA's obligations under the Agreement. We cannot continue to permit AQLPA to recklessly disregard its obligations to CAF and CAF's obligations to Environment Canada and its other stakeholders. The Agreement is not just a piece of paper; it is an enforceable contract, and we intend to ensure that its terms are followed.

In accordance with Section 17.2, please be advised that CAF requires AQLPA to cure all the breaches required above to CAF's satisfaction within 15 days of the date of this letter -- that is, by 5 p.m. on 14 October 2009 (the "Deadline Date").

Specifically, CAF requires AQLPA to do all of the following before the Deadline Date:

- (1) Provide copies of all agreements with Provincial Incentive Providers to CAF for review, as required by Section 2.1(c)(ii);
- (2) Provide a complete copy of the results reporting and monitoring data described in Section 2.2(i) to CAF ;
- (3) Make all required any modifications required the pre-existing AQLPA program to bring it into conformance with the Adieu Bazou program and operational plan, and provide a complete copy of the modified program to CAF, in accordance with Section 2.3(e);
- (4) Provide complete copies all outstanding quarterly claims for payment in the required form to CAF, as required by Section 5.2(a);
- (5) Provide complete copies of all outstanding quarterly progress reports in the required form to CAF, as required by Section 5.2(b);
- (6) Provide complete copies of all outstanding supporting documentation for program expenses to CAF in a form compliant with the guidelines, as required by Section 5.2(c);
- (7) Provide complete copies of all outstanding monthly financial status reports in the required form to CAF, as required by Section 5.2(d);
- (8) Provide a full set of audited financial statements for the fiscal year ending 30 April 2009 to CAF, as required by Section 5.3(a);

- (9) Use the SPARQ computer software for all vehicles donated after 30 September 2009 as required by Section 5.5, and provide a plan to enter details of all previously-donated vehicles by 1 November 2009;
- (10) Provide copies of all agreements with third parties to CAF, as required by Section 23(d).
- (11) Provide adequate human, equipment and financial resources to the Call Centre to allow it to operate in a manner which is compliant with Appendix K, as required by Appendix K, Articles 1 and 8, and provide evidence of such increased resources which is satisfactory to CAF;
- (12) Ensure that AQLPA's Call Centre consistently responds to enquiries within 24 hours, as required by Appendix K, Article 3.2; and
- (13) Ensure that AQLPA's Call Centre uses the SPARQ software exclusively in performing its duties under the Agreement, as required by Appendix K, Articles 3.3, 3.4 and 7.

Please be advised that if any of these requirements are not completed by the Deadline Date, CAF will terminate the Agreement effective 15 October 2009 at 12:01 a.m. Please also be advised that CAF reserves the right to enter AQLPA's premises to verify that these requirements are being met, in accordance with Appendix A, Article 13 of the Agreement.

SUSPENSION OF PAYMENT

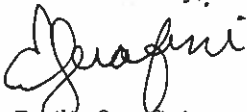
Section 2 of the Agreement stipulates that performance by AQLPA of its obligations under Sections 2.1 through 2.4 are "conditions to continued funding under this Agreement". Section 5 provides that the obligations contained in Sections 5.1 through 5.5 "must be met before payment is made."

Accordingly, as AQLPA has not met its obligations under Section 2 or Section 5, please be advised that all funding from CAF to AQLPA is suspended as of the date hereof. No funds will be provided to AQLPA unless all AQLPA's obligations, as described above, are met. To be clear, the suspension of funding is effective immediately; funding will only be restored if all requirements are fully met to CAF's satisfaction before the Termination Date on 14 October 2009.

TERMINATION FOR CONVENIENCE

In addition, please be advised that irrespective of AQLPA's performance or otherwise under the Agreement, CAF intends to terminate the Agreement for convenience in accordance with Section 17.5. This letter is AQLPA's written notice as required by Section 17.5: if not terminated earlier, this Agreement will terminate on 30 March 2010.

Yours faithfully,



Ersilia Serafini
COO, Clean Air Foundation

cc. Gwen Goodier, Acting Director, Environment Canada
Stephen Kelly, Chief of Staff, Environment Canada
Robert T. Clapp, President, Clean Air Foundation