

MATERIAL CHANGE REPORT

1. Reporting Issuer:

Energy Savings Income Fund (the "Fund")
by its attorney, Ontario Energy Savings Corp. ("OESC")
6345 Dixie Road, Suite 200
Mississauga, Ontario L5T 2E6

2. Date of Material Change:

May 2, 2002

3. News Releases:

A press release disclosing the details outlined in this Material Change Report was issued by the Fund from Toronto, Ontario on May 2, 2002 and disseminated through the facilities of Canada NewsWire and would have been received by the securities commissions where the Fund is a "reporting issuer" (being those commissions in each of the Provinces of Canada) and The Toronto Stock Exchange (the "Exchange"), the stock exchange on which the securities of the Fund are listed and posted for trading, in the normal course of its dissemination.

4. Summary of Material Change:

Pursuant to an agreement dated April 5, 2002 (the "Acquisition Agreement") with Sunoco Inc. ("Sunoco"), OESC (a 100% owned subsidiary of the Fund) acquired effective April 30, 2002 all of Sunoco's customer contracts and certain related assets with respect to the supply of natural gas to Sunoco's residential and commercial customers in the provinces of Ontario and Quebec (the "Sunoco Customer Contracts" or the "Acquired Business") effective April 1, 2002 (the "Effective Date"). The purchase price of \$66 million (the "Purchase Price") which included the assumption by OESC of certain liabilities (described below), relating to the Sunoco Customer Contracts was financed by the completion on April 30, 2002 of an issue of 3,000,000 Subscription Receipts at \$25 per Receipt which Receipts were listed on the Exchange for trading commencing May 1, 2002 and which will be exchanged, for no additional consideration, on a 1:1 basis for 3,000,000 Units of the Fund at the close of business on May 8, 2002 such Units will be listed for trading on The Toronto Stock Exchange commencing May 9, 2002. Of the gross proceeds of \$75,000,000, 5% thereof (\$3,750,000) was paid as a commission to the underwriting syndicate led by CIBC World Markets Inc. After payment of the \$66 million purchase price to Sunoco on May 2, 2002, the remaining proceeds of \$5.250 million were paid to the Fund to increase the working capital of OESC.

5. Full Description of Material Change:

On April 25, the Fund filed a final prospectus pursuant to which the Fund issued 3,000,000 Subscription Receipts for \$25.00 per Receipt for gross proceeds of \$75 million of which 5% (\$3.75 million) was paid in underwriting commissions, \$5.125 million was added to working capital of the Fund and \$66 million (the "Purchase Price") was paid to Sunoco in cash (subject to certain adjustments). OESC, a 100% subsidiary of the Fund acquired, as of the Effective Date: (i) approximately 120,000 Sunoco Customer Contracts (approximately 280,000 residential customer equivalents ("RCEs")) substantially all of which relate to customers located in the Province of

Ontario; (ii) all but one of Sunoco's associated utility contracts (the "Sunoco Utility Contracts"), (iii) the associated transportation contracts (the "Sunoco Transportation Contracts"), (iv) all associated wholesale natural gas supply contracts (the "Sunoco Gas Supply Contracts"), (v) all accounts receivable arising after the Effective Date and (vi) all books and records and certain other miscellaneous assets relating to the Acquired Business; but did not acquire certain assets (and related liabilities) including: (a) Sunoco's employees related to the Acquired Business, (b) Sunoco's Affinity program, (c) all Sunoco trademarks and other intellectual property used in connection with the Acquired Business and (d) all cash and accounts receivable relating to the period prior to the Effective Date. OESC also assumed certain additional liabilities including those relating to the Sunoco Customer Contracts, the Sunoco Utility Contracts, the Sunoco Transportation Contracts and the Sunoco Gas Supply Contracts. See "Arrangements with Coral Energy" below.

Non-Competition Agreement and Transitional Services

Concurrently with the Closing, OESC and Sunoco entered into two non-competition agreements pursuant to which Sunoco and its affiliates have agreed, subject to certain exceptions, *inter alia*, not to engage, directly or indirectly, in the marketing of natural gas contracts or electricity contracts to residential, small to mid commercial and small industrial customers for a period of five years from the Effective Date in the Provinces of Quebec and Ontario. Under the transitional services arrangements, Sunoco has agreed, *inter alia*, to assist OESC in integrating Sunoco's customer base with the customers presently served by OESC, to refer calls from Sunoco's customers to OESC's customer service department and to notify Sunoco's customers in writing of the change in agency and supply arrangements.

Listing of 3,000,000 Subscription Receipts and Trust Units

The 3,000,000 Subscription Receipts of the Fund issued on April 30, 2002 at \$25 per receipt (three million Receipts) to fund the acquisition of the Acquired Business were listed and commenced trading on the Exchange on May 1, 2002. In accordance with the rules of the Exchange, the Fund designated May 8, 2002 as the record date for the exchange of Subscription Receipts for Trust Units of the Fund on a one for one basis for no additional consideration. The Units of the Fund trade on the Exchange under the trading symbol SIF.UN.

Arrangements with Coral Energy

The Acquired Business is, based on the assessment made by OESC management, fully matched between customer natural gas demand and contracted natural gas supply. The contracted supply acquired will be managed under existing arrangements with Coral Energy. Coral Energy Canada Inc. ("Coral Energy") is OESC's principal gas supplier. Contemporaneous with the Closing, except for the months of April and May 2002, Sunoco entered into agreements with Coral Energy pursuant to which Coral Energy assumed all of Sunoco's obligations pursuant to the Sunoco Gas Supply Contracts and Sunoco Transportation Contracts. Coral Energy holds a security interest in 100% of the Sunoco Customer Contracts and OESC issued directions to the local distribution companies (the "LDCs") which are parties to the Sunoco Utility Contracts, to pay 100% of OESC's monthly gas revenues relating to the Sunoco Customer Contracts to Coral Energy except for the months of April and May, 2002 for which months directions were issued in favour of Sunoco. Sunoco and Coral Energy will deduct the cost of the gas purchased pursuant to the Sunoco Gas Supply Contracts and remit the difference to OESC. The remittance amount will represent OESC's gross margins from the sale of natural gas through the LDC's.

6. Reliance on Confidentiality Provision:

Not Applicable

7. Omitted Information:

Not Applicable

8. Senior Officer:

For further information, please contact Rebecca MacDonald (Chair, President and Chief Executive Officer of the Fund) at (416) 367-2872 or James H. McKelvie C.A. (Executive Vice President and Chief Financial Officer of the Fund) at (905) 795-4202.

9. Statement of Senior Officer:

The foregoing accurately discloses the material change referred to in this report.

DATED May 8, 2002

Energy Savings Income Fund by its attorney
Ontario Energy Savings Corp.

By (signed) James H. McKelvie
James H. McKelvie C.A.
Executive Vice-President and
Chief Financial Officer
Ontario Energy Savings Corp.

c.c. The Toronto Stock Exchange

TSE: SIF.UN

FOR IMMEDIATE RELEASE

PRESS RELEASE

ENERGY SAVINGS INCOME FUND ANNOUNCES INCREASED ANNUAL DISTRIBUTION TO \$1.85 AND ANNOUNCES MAY DISTRIBUTION OF \$0.15417 PER UNIT PAYABLE MAY 31, 2002.

TORONTO, ONTARIO - -May 7, 2002 - - Energy Savings Income Fund today filed notice with the Toronto Stock Exchange announcing its May 31, 2002 distribution of \$0.15417 per Unit.

The distribution of \$0.15417 per Unit declared May 7, 2002 is payable on May 31, 2002 to the holders of record of Units of the Fund as at the close of business on May 15, 2002. The Units trade on the Toronto Stock Exchange under the symbol "SIF.UN".

Energy Savings' business, which is conducted in Ontario through its subsidiary Ontario Energy Savings Corp. ("OESC"), involves the sale of natural gas and electricity to residential, small to mid-size commercial and small industrial customers under long term, irrevocable fixed price contracts. By fixing the price of natural gas or electricity under its fixed price contracts for a period of three to five years, Energy Savings' customers eliminate their exposure to changes in the price of these essential commodities. OESC, which commenced business in July of 1997, derives its margin or gross profit from the difference between the fixed price at which it is able to sell the commodities to its customers and the fixed price at which it purchases the matching volumes from its suppliers.

The Toronto Stock Exchange has neither approved nor disapproved of the contents of this release.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Ms. Rebecca MacDonald
Chair, President and Chief Executive Officer
Phone: (416) 367-2872

or

Mr. James H. McKelvie
Executive Vice President and Chief Financial Officer
Phone: (905) 795-4202