



MANAGEMENT INFORMATION CIRCULAR

SPECIAL MEETING

OF

ENERGY SAVINGS INCOME FUND

TO BE HELD ON THURSDAY, DECEMBER 20, 2007

TORONTO, ONTARIO

NOVEMBER 23, 2007



November 23, 2007

Dear Unitholder:

Please accept my personal invitation to attend a Special Meeting of Energy Savings Income Fund which takes place at 4:00 p.m., on Thursday December 20, 2007 at the Toronto Stock Exchange — Broadcast Centre, in Toronto which is located on the main floor of The Exchange Tower, 2 First Canadian Place, 130 King Street West.

Energy Savings has proven to be an unique Income Fund. Since its inception on April 30, 2001, the Fund has delivered not only stable predictable distributions to our Unitholders but also has steadily increased the rate of distribution. Since its IPO, the Fund has increased its rate of distribution 28 times. Adjusted for two Unit subdivisions, the distribution rate has increased from \$0.30 per Unit to \$1.21 per Unit today, an increase of 303%. We believe this makes us unique within the Income Trust sector. Your management is optimistic about the continued growth and profitability of the Fund.

On November 9, 2007 the Fund announced its intention to declare a special distribution in December 2007 which it presently estimates will be between \$35 - \$40 million (\$0.33 to \$0.37 per Unit), which the Fund anticipates will equal its undistributed income at December 31, 2007. The special distribution will be payable at various times in 2008 as to 50% in cash and 50% in Units of the Fund to: (a) the Holders of its outstanding Units; and (b) the Holders of the outstanding Class A Preference Shares, unit appreciation rights and directors deferred unit grants of Ontario Energy Savings Corp. ("OESC"), in each case, outstanding on December 31, 2007, the proposed record date.

To accommodate the payment of the special distribution a special meeting is necessary to amend the Fund's Declaration of Trust. At the same time the Fund will be seeking approval to amend the Fund's 2004 Unit Appreciation Rights Plan for purposes unrelated to the special distribution. Each of the special items of business is described in the accompanying Information Circular.

Information concerning the Fund and its operating entities is available at our website at www.esif.ca. You will also find recently filed corporate disclosure documents on the website, including the unaudited financial statements for the quarter ended September 30, 2007.

I hope you will be able to attend as the meeting is your opportunity to discuss items of interest to you and to receive a presentation outlining our continuing efforts to ensure that the Fund remains one of your most valued holdings.

If you are unable to attend in person, I urge you to vote indicating your preferences by signing and returning the enclosed Form of Proxy in the envelope provided.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rebecca MacDonald', written in a cursive style.

REBECCA MACDONALD
Executive Chair



NOTICE OF SPECIAL MEETING

TO: THE UNITHOLDERS OF ENERGY SAVINGS INCOME FUND

AND TO: THE HOLDERS OF CLASS A PREFERENCE SHARES OF ONTARIO ENERGY SAVINGS CORP.

TAKE NOTICE that a Special Meeting (the "Meeting") of the holders of: (i) trust units ("Units") of Energy Savings Income Fund (the "Fund") and/or (ii) Class A Preference Shares of Ontario Energy Savings Corp. ("OESC") (collectively, the "Holders") will be held at the Toronto Stock Exchange — Broadcast Centre, The Exchange Tower, 2 First Canadian Place, 130 King Street West, Toronto, Ontario, Canada M5X 1J2 on Thursday, the 20th day of December, 2007 (the "Meeting Date"), at 4:00 p.m. (Toronto time) for the following purposes:

1. to consider, and if thought advisable to pass without variation a Special Resolution of the Fund, in the form described in the accompanying Information Circular, to approve an amendment to the Fund's Declaration of Trust to facilitate the declaration in December 2007 of a special distribution to Holders of Units of the Fund;
2. to consider, and if thought advisable to pass without variation an Ordinary Resolution of the Fund, in the form described in the accompanying Information Circular, to approve certain amendments to the Fund's 2004 Unit Appreciation Rights Plan relating to "Eligible Participants" and the period during which unit appreciation rights may be exchanged for Units; and
3. to transact such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

The specific details of the special item of business proposed to be put before the Meeting are set forth in the Information Circular accompanying and forming part of this Notice.

Holders who are unable to attend the Meeting in person are requested to date and sign the enclosed form of proxy and to mail it to or deposit it with the Fund, c/o Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, or deposit it on the Meeting Date with the Chair of the Meeting prior to the commencement of the Meeting. In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the aforesaid address not less than 24 hours before the time set for the holding of the Meeting or any adjournment or postponement thereof or be deposited with the Chair of the Meeting on the Meeting Date prior to the commencement of the Meeting.

OESC, as administrator of the Fund, has fixed the record date for the Meeting as the close of business on November 20, 2007 (the "Record Date"). Holders of record at the close of business on the Record Date will be entitled to vote at the Meeting. No person who became a Holder after the Record Date shall be entitled to vote at the Meeting.

Dated at Toronto, Ontario
this 23rd day of November, 2007.

**ENERGY SAVINGS INCOME FUND,
BY ITS ADMINISTRATOR,
ONTARIO ENERGY SAVINGS CORP.**

A handwritten signature in black ink, appearing to read 'Rebecca MacDonald', is written over a light blue horizontal line.

REBECCA MACDONALD
Executive Chair
Ontario Energy Savings Corp.

TABLE OF CONTENTS

	<u>Page</u>
SOLICITATION OF PROXIES	1
APPOINTMENT OF PROXIES	1
REVOCABILITY OF PROXIES	2
EXERCISE OF DISCRETION BY PROXYHOLDERS	2
INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON ..	2
UNITS, PREFERENCE SHARES AND THE PRINCIPAL HOLDERS THEREOF	2
Units and Preference Shares	2
Principal Holders of Units and Preference Shares	2
Voting of Units — Advice to Beneficial Holders of Units	3
Quorum for Meeting	3
MATTERS TO BE ACTED UPON AT THE MEETING	3
SPECIAL ITEMS OF BUSINESS	3
Amendment to the Fund’s Declaration of Trust	3
Amendments to the Fund’s 2004 Unit Appreciation Rights Plan	5
DISTRIBUTION REINVESTMENT PLAN	6
COMPENSATION OF THE TRUSTEE AND THE ADMINISTRATOR	6
Compensation of Trustee	6
Administration of the Fund	6
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS	7
ADDITIONAL INFORMATION	7
APPROVAL AND CERTIFICATION	7
SCHEDULE A — SPECIAL RESOLUTION	8
SCHEDULE B — ORDINARY RESOLUTION	9

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies on behalf of Montreal Trust Company of Canada (the "Trustee") by Ontario Energy Savings Corp. ("OESC" or the "Administrator"), the administrator of Energy Savings Income Fund (the "Fund"), for use at the Special Meeting (the "Meeting") of the holders (the "Unitholders") of units ("Units") of the Fund and the holders of Class A Preference Shares of OESC (the "Preference Shares") (the Holders of Units and Preference Shares being collectively referred to as "Holders"), to be held at the Toronto Stock Exchange — Broadcast Centre, the Exchange Tower, 2 First Canadian Place, 130 King Street West, Toronto, Ontario, Canada M5X 1J2 on Thursday, the 20th day of December, 2007 (the "Meeting Date"), at 4:00 p.m. (Toronto time) for the purposes set forth herein and in the Notice of Meeting accompanying this Information Circular. References herein to "Holder" shall mean the holder of either Units or Preference Shares, as applicable.

FOR PURPOSES OF THE MEETING AND PURSUANT TO AN AMENDED AND RESTATED DECLARATION OF TRUST BETWEEN THE TRUSTEE AND OESC DATED AS OF APRIL 30, 2007 (THE "DECLARATION OF TRUST"), THE HOLDERS OF PREFERENCE SHARES ARE ENTITLED TO BE TREATED AS IF THEY ARE THE HOLDERS OF THE NUMBER OF UNITS THAT THEY WOULD BE ENTITLED TO RECEIVE ON THE RELEVANT DATE, IF THEY EXERCISED ON SUCH DATE, THE SHAREHOLDER EXCHANGE RIGHTS WITH RESPECT TO ALL OF THE PREFERENCE SHARES HELD BY THEM. ACCORDINGLY, PURSUANT TO THE DECLARATION OF TRUST AND AN AGREEMENT AMONG THE FUND, OESC, OESC EXCHANGE CO II INC., THE HOLDERS OF PREFERENCE SHARES AND CERTAIN OTHER PARTIES DATED APRIL 30, 2001 AS AMENDED (THE "OESC SHAREHOLDERS' AGREEMENT") THE ENCLOSED PROXY MAY BE COMPLETED BY ANY PERSON WHO HOLDS UNITS AND/OR WHO HOLDS PREFERENCE SHARES.

The costs incurred in the preparation and mailing of the proxy, notice of annual general meeting and this Information Circular will be borne by the Fund. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of the Administrator, who will not be specifically remunerated therefor.

All references to numbers of Units, Preference Shares, Unit Appreciation Rights, Deferred Units and Options in this Information Circular reflect the 2:1 subdivision of Units and Preference Shares which occurred on each of July 29, 2002 and on January 30, 2004.

APPOINTMENT OF PROXIES

Holders have received with this Information Circular a form of proxy for the Meeting. The persons named in such form of proxy are directors and officers of the Administrator. A Holder submitting a proxy has the right to appoint a person (who need not be a Holder) to attend and act on his or her behalf at the Meeting, other than the persons designated in the enclosed form of proxy. Such appointment may be exercised by striking out the names of the persons designated in the enclosed form of proxy and by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy. A form of proxy will not be valid unless it is completed and delivered to the Fund, c/o Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, for receipt not less than 24 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting Date or any adjournment or postponement thereof at which the proxy is to be used or be deposited with the Chair of the Meeting prior to the commencement of the Meeting. A proxy should be executed by the Holder or his attorney duly authorized in writing or, if the Holder is a corporation, by an officer thereof or an attorney thereof duly authorized.

OESC, as administrator of the Fund, has fixed the record date for the Meeting as the close of business on November 20, 2007 (the "Record Date"). Only Holders of record as at that date are entitled to receive notice of, and to vote at, the Meeting. No person who became a Holder after the Record Date shall be entitled to vote at the Meeting.

REVOCABILITY OF PROXIES

A Holder who has submitted a proxy may revoke it at any time insofar as it has not been exercised. A proxy may be revoked, as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by instrument in writing executed by the Holder or by his or her attorney duly authorized in writing or, if the Holder is a corporation, by an officer or attorney thereof duly authorized in writing and deposited either at the head office of the Fund located at First Canadian Place, 100 King Street West, Suite 2630, P.O. Box 55, Toronto, Ontario, M5X 1E1, as the case may be, at any time up to and including the last business day preceding the Meeting Date or with the Chair of the Meeting on the Meeting Date and upon either of such deposits the proxy is revoked. A proxy may also be revoked if a Holder personally attends the Meeting and votes his or her Units or Preference Shares, as the case may be, or in any other manner permitted by law.

EXERCISE OF DISCRETION BY PROXYHOLDERS

The persons designated as nominees in the enclosed form of proxy will, on a poll, vote or withhold from voting, or vote as instructed, the securities in respect of which they are appointed in accordance with the instructions of the Holders appointing them. In the absence of such a voting instruction such securities will, on a poll or otherwise, be voted **FOR APPROVAL** or **FOR** those matters set out in the enclosed proxy and, at the discretion of the proxyholders, with respect to other matters that may properly come before the Meeting. **THE ENCLOSED FORM OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN WITH RESPECT TO AMENDMENTS OR VARIATIONS TO MATTERS IDENTIFIED IN THE PROXY AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING.** At the time of printing this Information Circular, management of the Administrator is not aware of any such amendments, variations or other matters. If any matters which are not now known to the Administrator should properly come before the Meeting, the persons named in the accompanying form of proxy will vote on such matters in accordance with their best judgment.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Montreal Trust Company of Canada is the Trustee of the Fund. The Trustee holds all the common shares of OESC on behalf of the Fund and must vote them pursuant to the direction of the Holders.

UNITS, PREFERENCE SHARES AND THE PRINCIPAL HOLDERS THEREOF

Units and Preference Shares

The Fund is an open-ended, limited purpose trust, established by the Declaration of Trust for the purpose of investing in and holding, directly or indirectly, certain securities of OESC and Exchangeco and 100% of the securities of several affiliated entities and issuing Units to the public. The sole beneficiaries of the Fund are the Holders of the Units and Preference Shares. Pursuant to the terms of the Declaration of Trust: (a) Unitholders of record are entitled to notice of and to attend at the Meeting in person or by proxy, and to one vote per Unit held on any ballot thereat; and (b) the Holders of Preference Shares are entitled to notice of and to attend the Meeting in person or by proxy, and to vote in all votes of Unitholders as if they were the Holders of the number of Units which they would receive if they exercised all of their shareholder exchange rights pursuant to the OESC Shareholders' Agreement as of the record date for such votes and are treated in all respects as Unitholders for the purpose of any such votes.

As at November 20, 2007, the Record Date, the Fund had 99,397,102 issued and outstanding Units and OESC has 8,706,212 issued and outstanding Preference Shares so that 108,103,314 votes are entitled to be cast at the Meeting.

Principal Holders of Units and Preference Shares

Except as disclosed below, to the best of the knowledge of the Trustee, the Administrator and the directors and senior officers of the Administrator, there is no person or corporation which beneficially owns, directly or indirectly, or exercises control or direction over, Units and Preference Shares, collectively carrying more than 10% of the voting rights attached to all Preference Shares of OESC and all Units of the Fund, in the aggregate, entitled to vote at the Meeting. Acuity Investment Management Inc. ("Acuity") filed a report on Sedar as an eligible institutional investor pursuant to Part 4 of National Instrument 62-103 for the period ending April 30, 2007 indicating that as at

April 30, 2007, it held as an eligible institutional investor, in accounts managed by Acuity 14,362,450 Units of the Fund (14.64% of the then outstanding Units of the Fund and 14.45% of the outstanding Units of the Fund on the date hereof). The report states that: “the securities were acquired in the ordinary course of business for investment purposes and not for the purpose of exercising control or direction over the Reporting Issuer” (ie., the Fund).

As at November 20, 2007, the officers and directors of OESC and its affiliates held beneficially, directly or indirectly, in the aggregate, approximately 3,143,592 Units and 8,706,212 Preference Shares.

Voting of Units — Advice to Beneficial Holders of Units

The information as set forth in this section is of significant importance to all Unitholders of the Fund, as none of the Unitholders (“Beneficial Unitholders”) of the Fund hold Units in their own name. If you are a Beneficial Unitholder and wish to vote in person at the Meeting, please contact your broker or agent well in advance of the Meeting to determine how you can do so.

Beneficial Unitholders should note that only proxies deposited by Unitholders whose names appear on the records of the Fund as the registered Holders of Units can be recognized and acted upon at the Meeting. All of the Units are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited (“CDS”). CDS maintains books showing through which of its participants, such as investment dealers or brokers, the Units are owned. Investment dealers and brokers maintain their own records showing the Beneficial Unitholders of such Units by their clients. Units held by CDS can be voted only upon the instructions of the Beneficial Unitholder. Without specific instructions, CDS and its participants are prohibited from voting Units for their clients. The Administrator does not know for whose benefit the Units registered in the names of CDS are held. Therefore, Beneficial Unitholders cannot be recognized at the Meeting for purposes of voting their Units in person or by way of proxy unless they comply with the procedure designated below.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Unitholders in advance of Unitholder’s meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Unitholders in order to ensure that their Units are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Unitholder by its broker is identical to that provided to CDS. However, its purpose is limited to instructing the registered Unitholder how to vote on behalf of the Beneficial Unitholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Solutions, Canada (“Broadridge”). Broadridge typically prepares a voting instruction form (the “Voting Form”) which it mails to the Beneficial Unitholders and asks Beneficial Unitholders to return the Voting Form directly to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Units to be represented at the Meeting. A Beneficial Unitholder receiving a Voting Form cannot use that Voting Form to vote Units directly at the Meeting. The Voting Form must be returned to Broadridge well in advance of the Meeting in order to have the Units voted.

IF YOU WISH TO VOTE IN PERSON AT THE MEETING, PLEASE CONTACT YOUR BROKER OR AGENT WELL IN ADVANCE OF THE MEETING TO DETERMINE HOW YOU CAN DO SO.

Quorum for Meeting

At the Meeting, a quorum shall consist of two or more persons either present in person or represented by proxy and representing in the aggregate not less than 25% of the outstanding Units and Preference Shares. If a quorum is not present at the Meeting within one half hour after the time fixed for the holding of the Meeting, it shall stand adjourned to such day being not less than 14 days later and to such place and time as may be determined by the Chair of the Meeting. At such Meeting, the Unitholders present either personally or by proxy shall form a quorum.

MATTERS TO BE ACTED UPON AT THE MEETING

SPECIAL ITEMS OF BUSINESS

(i) AMENDMENT TO THE FUND’S DECLARATION OF TRUST

General Background

On November 9, 2007, the Fund issued a press release and filed a material change report announcing its intention to declare a special distribution in December 2007 in an amount equal to its undistributed income at

December 31, 2007 which management currently estimates will be between \$35 to \$40 million (\$0.33 to \$0.37 per Unit). The payment of this special distribution should eliminate substantially all income tax which the Fund would otherwise be required to pay, at a rate of approximately 46%, for the Fund's taxation year ended December 31, 2007.

In the context of the Fund's working capital and cash flow requirements to grow the business in fiscal 2009, based on management's recommendation, the Board of Directors of OESC (the Fund's Administrator), has determined that the special distribution be declared as to 50% in cash (payable as to one third thereof on the last day of each of January, February and March of 2008) and as to 50% in Units of the Fund (payable by the issuance of Units as to one third thereof on the last day of each of June, September and December of 2008 based, as required by the Fund's Declaration of Trust, on the closing TSX market price of Units on December 31, 2007).

In December of this year, OESC will know more precisely the amount of undistributed income which will be used to determine the amount of the special distribution. Accordingly, the Fund will, before the end of December, issue a press release indicating the amount of the special distribution to be declared in December with a December 31, 2007 record date including a schedule indicating the cash and Units (including payment dates), to be made to Unitholders during 2008.

Declaration of Trust

The Fund's Declaration of Trust provides for the declaration in December of each year and the related payment of the Fund's year end undistributed income "so that the Trust will not have any liability for **[income]** tax... in any year." It also provides that "the Trustee on the advice and recommendation of the Administrator", i.e. OESC, in declaring a year end distribution "may include the issuance of additional trust units... having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined... to be available for the payment of the distribution." However, if Units are to be included as part of a distribution, the Declaration of Trust requires that such Units be immediately consolidated so that the number of Units held by a Unitholder be the same after as immediately before the distribution.

The Board of Directors of OESC has concluded that, in the current circumstances, it would be disadvantageous to Unitholders of the Fund if, based on the current provisions of the Declaration of Trust, Units issued as part of the special distribution, were immediately consolidated as Unitholders would still be required to include in their 2007 income for tax purposes the December 31, 2007 closing market price of the Units issued to them in 2008 as part of the special distribution. Accordingly, OESC (as Administrator of the Fund), is recommending that a Special Resolution be approved amending section 3.6(a) of the Declaration of Trust to provide that OESC (as Administrator of the Fund), may in its sole discretion, determine that Units issued as part of a distribution not be immediately consolidated after the issue thereof.

On November 9, 2007, the Board of Directors of OESC, (as Administrator of the Fund), approved the Special Resolution, subject to Unitholder approval, to amend the Fund's Declaration of Trust as described in Schedule A and determined that, subject to the approval of the Special Resolution by the Holders of Units and Preference Shares, all Units issued with respect to the special distribution to be declared in December, 2007 not be consolidated.

Approval of the Holders of Units and Preference Shares

The Fund's Declaration of Trust requires that an amendment thereto for the purposes outlined above be approved by persons entitled to vote at a meeting of the Unitholders by way of a special resolution. The text of the Special Resolution approving the amendment is described below. In order to be passed, the Special Resolution must be approved by at least a 66 $\frac{2}{3}$ % of the votes cast by Unitholders and the Holders of Preference Shares represented in person or by proxy at the Meeting.

Directors' Recommendation

The Board of Directors of OESC has determined that the amendment to the Declaration of Trust is in the best interests of the Fund, OESC and their respective Unitholders and the Holders of Preference Shares and recommends that the Holders of Units and Preference Shares vote "FOR" the Special Resolution approving the proposed amendment as described in Schedule A. Persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, will vote such proxy "FOR" the Special Resolution.

Income Tax Implications

The special distribution is intended to ensure that the Fund will not be liable to pay income tax under Part I for 2007. In general, taxable Canadian residents who hold Units will be required to include the special distribution in income for their 2007 taxation year on the basis that the Unit portion of the distribution will be valued based on the TSX closing market price for Units on December 31, 2007 which latter amount will be added to the adjusted cost base for the Units held by the recipient thereby reducing capital gains that may be realized on the future disposition of Units held by such Unitholder.

Non-resident Holders of the Units will be subject to applicable Canadian withholding tax on the special distribution. For taxable United States residents who hold Units, the amount of the Unit portion of the distribution should not be included in income nor should it be included in the adjusted cost base of the Units held.

Comments on the tax implications of the special distribution are provided as general information only. They are not intended to be legal or tax advice to any particular Unitholder. All Unitholders should consult legal, business and tax advisors about the tax implications of the special distribution.

(ii) AMENDMENTS TO THE FUND'S 2004 UNIT APPRECIATION RIGHTS PLAN

General Background

At the Meeting, the Holders of Units of the Fund and the Holders of Preference Shares of OESC will be requested to consider an Ordinary Resolution approving amendments to the Fund's 2004 Unit Appreciation Rights Plan (the "2004 UAR Plan"), which was originally approved by the Holders of Units of the Fund and the Holders of Class A Preference Shares of OESC on June 29, 2004.

The 2004 UAR Plan is an integral component of the Fund's compensation policy for a large number of senior level employees of the Fund and its affiliates including the senior executive officers of OESC (the "Named Executive Officers"). In lieu of paying year end bonuses to which the Named Executive Officers are entitled to receive in cash at year end, their employment agreements require them to receive in lieu of cash, fully paid Unit Appreciation Rights ("UARs") based on the current 30 day simple average TSX closing market price for Units of the Fund. The UARs generally vest equally over a period of three years providing on each applicable vesting date, the UAR grantee continues to be a senior officer of OESC or one of its affiliates. Accordingly, the issue of UARs in lieu of cash bonuses is a useful retention technique, conserves cash and aligns the interests of employees with those of Unitholders. As authorized by the Plan, UARs are also granted on a similar basis to: (i) employees of the Fund and its affiliates below the level of the Named Executive Officers and (ii) service providers. UARs are not assignable, and, subject to vesting, are exchangeable on a 1:1 basis into Units of the Fund. If, before the expiry of an UAR, the employment of an UAR grantee is terminated for any reason other than for cause or by reason of death of the UAR grantee, a UAR may be exchanged for Units at any time on or prior to the earlier of: (i) the expiry date of the UAR and (ii) the day that is three months following the date of termination of employment, but only to the extent that the UAR grantee was entitled to exchange such UAR at the date of the termination of his or her employment. To the extent that the UAR grantee was not entitled to exchange the UAR at the date of such termination, or does not exchange such UAR within the time specified, the UAR shall terminate.

If, before the expiry of an UAR in accordance with its terms, the employment of an UAR grantee shall terminate by reason of the death of the UAR grantee, such UAR (whether or not exchangeable at the time of death of the UAR grantee) may be exchanged by the legal representatives of the estate of the UAR grantee at any time on or prior to the earlier of: (i) the expiry date of the UAR and (ii) the first anniversary of the date of death of such UAR grantee.

The Holders of Units and Preference Shares approved amendments to the 2004 UAR Plan at the Annual and Special Meeting held on June 28, 2007 for purpose of: (i) increasing the number of UARs to be made available under the UAR Plan to eligible plan participants by one million and (ii) to clarify the amending provisions of the 2004 UAR Plan in accordance with the requirements of the Toronto Stock Exchange (the "2007 Amendments"). There are presently 1,072,389 UARs available for grant. The 2004 UAR Plan currently provides that the Board of Directors may amend or discontinue the 2004 UAR Plan providing no amendment may be made without Unitholder approval to: (i) increase the maximum number of Units that may be exchanged under the 2004 UAR Plan, (ii) change the 1:1 exchange ratio of UARs for Units, (iii) without the consent of a UAR grantee, alter or impair any UAR previously granted to an UAR Grantee under the 2004 UAR Plan or (iv) extend the term of a UAR benefiting an insider of the Fund.

Proposed Amendments to the 2004 UAR Plan

To ensure approval from institutional Unitholders of the 2007 Amendments, OESC gave an undertaking that, at its next meeting of Unitholders, the Fund would seek approval of the Holders to further amend the 2004 UAR Plan to provide that:

“the Board [of directors of OESC] will not without Unitholder approval:

- (a) permit the issuance of Unit Appreciation Rights (the “UARs”), as opposed to Directors’ Deferred Units, to outside Directors of OESC or Trustees of the Fund; or
- (b) extend the exercise period of UARs beyond 10 years from the date of issuance.”

To comply with above undertaking, the Fund is seeking, from its Unitholders and the Holders of the OESC Class A Preference Shares approval for the amendments to its 2004 UAR Plan contained in the Ordinary Resolution described in Schedule B hereto.

The proposed amendments are subject to the acceptance by the TSX.

Ordinary Resolution

At the Meeting, Holders of Units and Preference Shares will be asked to consider and, if deemed advisable, pass an Ordinary Resolution approving the amendments to the 2004 UAR Plan to honour the above undertaking. The text of the Ordinary Resolution is attached to this Information Circular in Schedule B and must be approved by at least 51% of the votes cast by Holders of Units and Preference Shares represented in person or by proxy at the Meeting.

Directors’ Recommendations

The Directors, who approved the Ordinary Resolution on November 9, 2007 determined that the Ordinary Resolution is in the best interest of the Fund, its Unitholders and the Holders of Preference Shares and recommend that Holders of Units and Preference Shares vote “FOR” the Ordinary Resolution approving the amendments to the 2004 UAR Plan as described in Schedule B. Persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, will vote such proxy “FOR” the Ordinary Resolution.

The proposed amended 2004 UAR Plan will be available for review at the registered office of the Fund at Suite 2630, 100 King Street West, Toronto, ON, M5X 1E1.

DISTRIBUTION REINVESTMENT PLAN

On November 9, 2007 the Board of Directors of OESC approved a Distribution Reinvestment and Unit Purchase Plan which, commencing in January 2007, will entitle Canadian Unitholders to elect to reinvest all or any portion of their monthly cash distributions, including that portion of the special distribution payable in cash, in additional Units of the Fund. The Plan contains an optional cash payment provision which, subject to certain limitations, will permit plan participants to elect to purchase additional Units of the Fund. The Fund reserves the right, on advance notice, to suspend or terminate the Plan. While further details of the Plan will be provided before the end of 2007, Unitholders are encouraged to consult their brokers for further information about the Plan and the steps which must be taken to enrol as a plan participant.

COMPENSATION OF THE TRUSTEE AND THE ADMINISTRATOR

Compensation of Trustee

Pursuant to the provisions of the Declaration of Trust the Trustee receives an annual fee of \$10,000 per year for its services as Trustee to the Fund.

Administration of the Fund

On April 30, 2001, the Fund entered into an administration agreement (the “Administration Agreement”) with OESC, pursuant to which OESC agreed to provide or arrange for the provision of services required in the administration of the Fund. In consideration of its services, OESC receives an annual fee of \$100 plus certain out of pocket expenses. OESC received a fee of \$100 for the period from April 1, 2006 to March 31, 2007.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, there were no material interests, direct or indirect, of directors or executive officers of OESC, any securityholder who beneficially owns, directly or indirectly, or exercise control or direction over more than 10% of the outstanding Units, or any other Informed Person (as defined in National Instrument 51-102) or any known associate or affiliate of such persons, in any transaction since the commencement of the last completed financial year of the Fund or in any proposed transaction which has materially affected or would materially affect the Fund or any of its affiliates.

ADDITIONAL INFORMATION

Additional information relating to the Fund is available on SEDAR at www.sedar.com. Financial information in respect of the Fund and its affairs is provided in the Fund's: (i) annual audited comparative financial statements for the year ended March 31, 2007 and the related management's discussion and analysis and (ii) unaudited comparative quarterly financial statements for the quarters ended June 30 and September 30, 2007 and the related management's discussion and analysis. Copies of the Fund's financial statements and related management discussion and analysis are available on SEDAR at www.sedar.com or upon request from the Corporate Secretary, Energy Savings Income Fund, 100 King Street West, Suite 2630, P.O. Box 355, Toronto, Ontario, M5X 1E1.

APPROVAL AND CERTIFICATION

The foregoing contains no untrue statements of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the circumstances in which it was made.

The undersigned hereby certifies that the contents of, and the sending of, this Information Circular have been approved by the Board of Directors of OESC, as the Administrator of the Fund.

DATED the 23rd day of November, 2007.

ENERGY SAVINGS INCOME FUND

By its administrator,
Ontario Energy Savings Corp.



REBECCA MACDONALD
Executive Chair
Ontario Energy Savings Corp.



KEN HARTWICK, C.A.
President and Chief Financial Officer
Ontario Energy Savings Corp.



BRENNAN MULCAHY
Chief Executive Officer
Ontario Energy Savings Corp.

SCHEDULE A
SPECIAL RESOLUTION

“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

- “1. Section 3.6(a) of the Amended and Restated Declaration of Trust of Energy Savings Income Fund (the “Fund”) dated April 30, 2007 be amended to read as follows:

“3.6 Consolidation of Trust Units

- (a) Immediately after any pro rata distribution of additional Trust Units to all Trust Unitholders pursuant to Section 5.8, the number of the outstanding Trust Units will be consolidated such that each Trust Unitholder will hold after the consolidation the same number of Trust Units as the Trust Unitholder held before the distribution of additional Trust Units provided however that the Administrator may in its sole discretion as part of a resolution of the Administrator approving any such pro rata distribution of additional Trust Units, determine that there be no such consolidation of Trust Units. In the event of a consolidation, each Trust Unit Certificate representing a number of Trust Units prior to the distribution of additional Trust Units is deemed to represent the same number of Trust Units after the non-cash distribution of additional Trust Units and the consolidation.”*

* The underscored language indicates the changes from Section 3.6 (a) as presently constituted.

2. Any director or officer of Ontario Energy Savings Corp. (“OESC”), as Administrator of the Fund, is hereby authorized and directed, for and on behalf of and in the name of the Fund, to do all such acts and things and to execute and deliver all such documents and instruments as may be considered necessary.
3. Notwithstanding the foregoing, OESC, as Administrator of the Fund may, without further approval of Unitholders and/or Holders of Preference Shares revoke the special resolution at any time before it is acted upon.”

SCHEDULE B
ORDINARY RESOLUTION

BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE FUND THAT:

the following amendments to the Fund's 2004 UAR Plan (the "Plan") be and they are hereby approved:

(a) Subsection 3.2(f) of the Plan be and it is hereby amended by adding the following language thereto:

"providing under no circumstances may the period during which an UAR may be exchanged for Units, be extended beyond 10 years from the Grant Date."

so that Section 3.2(f) of the Plan shall read as follows:

"3.2 The Compensation Committee shall have the power, where consistent with the general purpose and intent of the UAR Plan and subject to the specific provisions thereof and subject to the terms of any Marketing Fee Agreement and/or Employment Agreement:

(f) to determine the time or times when UARs will be granted, vested and exchangeable into Units including the expiry date of UARs providing under no circumstances may the period during which an UAR may be exchanged for Units, be extended beyond 10 years from the Grant Date."

(b) Section 5.5 of the Plan be and it is hereby amended by adding the following language thereto:

"and under no circumstances may the period which an UAR may be exchanged for Units, be extended beyond 10 years from the Grant Date."

so that Section 5.5 of the Plan shall read as follows:

"5.5 In no event may the term of a UAR exceed 10 years from the Grant Date and under no circumstances may the period during which an UARs may be exchanged for Units, be extended beyond 10 years from the Grant Date."; and

(c) The definition of the term "Eligible Person" in Section 2.1 of the Plan be and it is hereby amended by deleting the word "director" so that the definition of an "Eligible Person" shall read as follows:

"Eligible Person" means any senior officer, service provider or employee of the Fund or any Controlled Entity."