

TSX: SIF.UN

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PRESS RELEASE

**Energy Savings Increases Distribution Rate for 16th Time
- To \$0.805 per year (\$1.61 pre-split) effective April Distribution**

TORONTO, ONTARIO - - February 12, 2004 - -

Energy Savings Income Fund announced that its Board of Directors approved, effective the distribution paid April 30, 2004, an increase in the annual distribution rate on the Funds units to \$0.805 per unit (post split) or \$0.067/unit per month. This is the 16th such increase since the Fund's IPO in April, 2001.

Rebecca MacDonald, CEO of Energy Savings, stated: "As always, we have applied a very conservative test to ensure that our distribution rate is sustainable going forward. We have chosen April as the effective month in order to have the increase coincide with the first cash flow from our new operations in Illinois. At the end of Q3 we had more than \$30 million in cash and a payout ratio of 64%. Energy Savings is on a very sound financial footing to fund the distribution increase."

"Our policy continues to call for distributions to track growth in cash flow over time."

The Fund

Energy Savings' business, which is conducted in Ontario, Manitoba and most recently, Illinois, involves the sale of natural gas to residential, small to mid-size commercial and small industrial customers under long term, irrevocable fixed price contracts. Energy Savings also supplies electricity to Ontario customers under contracts secured prior to the November 11, 2002 price freeze and to certain large volume users who do not fall under the Government's price cap. 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. Energy Savings, 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. For the purpose of its disclosure, Energy Savings defines a

“customer” as a residential customer equivalent consuming 106 GJs of gas or 10,000 kWhs of electricity per year.

Forward-Looking Statements

The Fund’s press releases may contain forward-looking statements including statements pertaining to customer revenues and margins, customer additions and renewals, customer consumption levels, distributable cash and treatment under governmental regulatory regimes. These statements are based on current expectations that involve a number of risks and uncertainties which could cause actual results to differ from those anticipated. These risks include, but are not limited to, levels of customer natural gas and electricity consumption, rates of customer additions and renewals, fluctuations in natural gas and electricity prices, changes in regulatory regimes and decisions by regulatory authorities, competition and dependence on certain suppliers. Additional information on these and other factors that could affect the Fund’s operations, financial results or distribution levels are included in the Fund’s annual information form and other reports on file with Canadian securities regulatory authorities which can be accessed through the SEDAR website at www.sedar.com or through the Fund’s website at www.esif.ca

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

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