

MATERIAL CHANGE REPORT

1. Reporting Issuer:

Energy Savings Income Fund (“Energy Savings” or the “Company”)
by its attorney, Ontario Energy Savings Corp.
6345 Dixie Road, Suite 200
Mississauga, Ontario L5T 2E6

2. Date of Material Change:

November 12, 2002

3. News Releases:

A press release disclosing the details outlined in this Material Change Report was issued by Energy Savings from Toronto, Ontario on November 12, 2002 and disseminated through the facilities of Canada NewsWire.

4. Summary of Material Change:

Energy Savings announced yesterday that, in response to a Provincial Action Plan regarding Hydro Bills (the “Action Plan”), Energy Savings has concluded it will indefinitely suspend its highly successful five year fixed price offering of electricity to Ontario residents.

The Action Plan proposed by the Government of Ontario proposes a fixed price for electricity in the Province of Ontario at \$0.043 per kilowatt hour for the next five years. This price is substantially below the current long-term wholesale price for power in the Province of Ontario. Accordingly, unsubsidized public market participants like Energy Savings will not be able to offer a competitive five year offering to new customers. Based on an analysis of costs of power generation for the Ontario market, Energy Savings management views it as highly unlikely that prices will fall to a point where a profitable free market offering could be made for the foreseeable future.

The Action Plan (which requires enactment of legislation), states that all customers who are on existing fixed price contracts (including Energy Savings customers) will see their prices subsidized down to \$0.043 per Kwh. The Company has been advised in a Government briefing that its margins will be maintained at the contracted levels and that the customers will be directly subsidized to the extent of any difference.

5. Full Description of Material Change:

Energy Savings announced yesterday that, in response to the Action Plan Energy Savings has concluded it will indefinitely suspend its highly successful five year fixed price offering of electricity to Ontario residents.

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generation for the Ontario market, Energy Savings management views it as highly unlikely that prices will fall to a point where a profitable free market offering could be made for the foreseeable future.

The Action Plan (which requires enactment of Legislation), states that all customers who are on existing fixed price contracts (including Energy Savings customers) will see their prices subsidized down to \$0.043 per Kwh. The Company has been advised in a Government briefing that its margins will be maintained at the contracted levels and that the customers will be directly subsidized to the extent of any difference.

As of the date of the announcement, Energy Savings had approximately 140,000 residential customer equivalents on its electricity package. Consistent with the Government's proposed treatment of these contracts, the net margin based on established supply contracts is estimated by management to be \$9.4 million for the year ended March 31, 2003 (of which \$325,000 was realized in the first quarter). Management of the Company estimates that margins will be \$14 million in the year ending March 31, 2004 based on historically established attrition levels.

While only seven months into the year, the Company had already exceeded its published target of 120,000 electricity customers by year-end. This had been accomplished by focusing its marketing agents on electricity rather than gas aggregation. Given the suspension of electricity marketing, the Company anticipates that aggregation levels in Ontario natural gas will increase substantially for the remainder of the year and during future years. In addition, the Company will accelerate its entry into other profitable Canadian markets and the United States.

None of Energy Savings current \$1.15 per unit annual rate of distribution is dependent on margins from electricity. Internal budgets had shown electricity marketing consuming more than \$20 million in cash over the coming 12 months. To the extent that these funds cannot be profitably deployed on other marketing, they will be paid out to unitholders in higher distributions.

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 November 12, 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