

MATERIAL CHANGE REPORT
(Form 51-102 F3)

1. Reporting Issuer:

Energy Savings Income Fund (the "Fund") -
6345 Dixie Road, Suite 200 -
Mississauga, Ontario -
L5T 2E6 -

TSX Symbol – SIF.UN

2. Date of Material Change:

November 9, 2007.

3. News Release:

A copy of the press release issued by the Fund and filed with the TSX and through Canadian News Wire Service on November 9, 2007 is attached as Schedule A. Reference page 4.

4. Summary of Material Change:

The Fund announced its intention to declare a Special Distribution on December 31, 2007 to be payable during 2008 in cash and units of the Fund.

5. Full Description of Material Change:

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 on December 31, 2007 in an amount equal to its undistributed income at that date which management currently estimates will be in a range 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 be able to better estimate the amount of undistributed income upon which to base the amount of the special distribution. Accordingly, the Fund will, on or before the end of December issue a press release indicating the amount of the special distribution to be declared on December 31, 2007 including a schedule indicating the cash and units to be paid to unitholders during 2008.

Declaration of Trust

The Fund's April 30, 2007 amended and restated declaration of trust, (the "Declaration of Trust") provides for the declaration on December 31 of each year the 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 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 to be declared on December 31, 2007 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 and determined that, subject to the approval of the Special Resolution by the holders of units and Class A Preference Shares, all units issued with respect to the special distribution 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 Fund will shortly mail to Unitholders a management proxy circular for a special meeting to be on December 20, 2007 at which unitholders will be requested to approve a Special Resolution the text of which will be described in the Circular. In order to be passed, the Special Resolution must be approved by at least a 66 2/3% of the votes cast by Unitholders and the Holders of Preference Shares represented in person or by proxy at the Meeting.

The Board of Directors of OESC 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 will recommend in the Circular that the Holders of Units and Preference Shares vote "FOR" the Special Resolution approving the proposed amendment.

6. Reliance on Confidentiality Provision:

Not Applicable.

7. Omitted Information:

Not Applicable.

8. Executive Officer:

For further information, please contact Ken Hartwick (President and Chief Financial Officer of the Fund) at (905) 795-3557 or Brennan Mulcahy (Chief Executive Officer of the Fund) at (905) 795-4220.

9. Date of Report:

November 9, 2007

c.c. The Toronto Stock Exchange

SCHEDULE A

TSE: SIF.UN

FOR IMMEDIATE RELEASE

PRESS RELEASE

**SECOND QUARTER RESULTS FOR 3 MONTHS
AND 6 MONTHS ENDED SEPTEMBER 30, 2007**

TORONTO, ONTARIO – November 9, 2007 --

Highlights for the second quarter ended September 30, 2007 included:

- Gross customer additions of 94,000
- Seasonally adjusted gross margin of \$57.7 million, up 30% year over year.
- Net income of \$4.8 million (\$0.04/unit), up from a net loss of \$(1.3) million (\$0.01)/unit).
- Distributable cash after gross margin replacement of \$37.6 million (\$0.35 per unit), up 42% year over year.
- Distributable cash after marketing expenses of \$29.7 million (\$0.28 per unit), up 56% year over year.
- Distributions of \$0.30 per unit, up 20% year over year.
- Strong customer receptivity for “Green Energy Option”, a green electricity product. Roll out of a carbon neutral natural gas offering is underway.

Energy Savings Second Quarter Results

Energy Savings is an Income Fund and it reports in the attached Management's Discussion and Analysis a detailed calculation of distributable cash both before and after marketing expenditures to expand the gross margin from the Fund's customer base.

Energy Savings Income Fund announced its results for the three and six months ended September 30, 2007.

Three months ended September 30 (\$ millions except per Unit)	F2008	Per Unit	F2007	Per Unit
Sales ¹	\$381.9		\$330.1	
Gross Margin ¹	57.7	\$0.53	44.2	\$0.41
Distributable Cash ¹				
After Margin Replacement	37.6	\$0.35	26.5	\$0.25
After Marketing for New Customers	29.7	\$0.28	19.1	\$0.18
Net Income (loss)	4.8	0.04	(1.3)	(0.01)
Distributions	32.3	\$0.30	26.9	\$0.25
Long Term Customers	1,693,000		1,647,000	
Six months ended September 30 (\$ millions except per Unit)	F2007	Per Unit	F2006	Per Unit
Sales ¹	\$756.2		\$651.2	
Gross Margin ¹	113.0	\$1.05	92.4	\$0.86
Distributable Cash ¹				
After Margin Replacement	68.4	\$0.63	58.1	\$0.54
After Marketing for New Customers	56.4	\$0.52	40.6	\$0.38
Net Income	30.7	0.28	9.7	0.09
Distributions	62.7	\$0.58	52.5	\$0.49

¹ Seasonally adjusted

Energy Savings saw very strong operating results in the second quarter. All key financial measures saw year over year growth with a 16% increase in sales translating into 30% gross margin growth, 42% growth in distributable cash after gross margin replacement and 56% growth in distributable cash after marketing for new customers.

This performance reflected continued improvement in margin per customer in all markets. The Fund showed natural gas margins of 16.8% in Q2 versus 16.2% in Q1 and 14.2% a year earlier. Electricity margins also showed improvement at 13.3% up from 12.9% in Q1 and 12.4% a year earlier. The Fund was able to improve margins by maintaining disciplined pricing, while reducing supply costs.

The US market led the Fund's growth with sales up 168% and margin up 151%. Overall, sales and margins were adversely impacted by the decline in the US dollar exchange rate but distributable cash was relatively unaffected as investment into US growth continues to exceed US cash flow.

At the same time that margins were growing, operating productivity gains are being achieved resulting in lower fixed costs per customer. General and administrative costs were up 1% year over year and bad debt expense declined from \$2.4 million a year ago to \$0.8 million in Q2. The result was higher growth in distributable cash than either sales or gross margin.

General and administrative costs showed little growth as past spending on infrastructure has built a platform sufficient to handle continued revenue growth without significant cost inflation. Bad debt expense benefited from continued improvements in customer screening and more effective collection activity.

The chart below illustrates our marketing results in comparison to our published targets and the prior year.

<i>Market</i>	<i>Published Target</i>	<i>F2008 Q2 Additions</i>	<i>F2008 YTD Additions</i>	<i>% of Target</i>	<i>F2007 Q2 Additions</i>
<i>Canada – Gas</i>	100,000	10,000	29,000	29%	26,000
<i>Canada Electricity</i>	115,000	32,000	53,000	46%	41,000
<i>United States Gas</i>	110,000	34,000	69,000	63%	20,000
<i>U.S. Electricity</i>	90,000	18,000	38,000	42%	6,000
<i>Total</i>	415,000	94,000	189,000	46%	93,000
<i>Net Additions</i>	125,000	15,000	34,000	27%	59,000

Customer aggregation was again strong in Q2. After weak results in Q3 and Q4 of fiscal 2007, the Fund signed over 90,000 customers for the second consecutive quarter. Our strength was in the US market where the rebuilding of the Fund's sales force of independent contractors resulted in record additions. For the second consecutive quarter, US additions exceeded those in Canada. While Canadian sales are behind pace, overall additions are 46% of target after six months and prospects for a ramp up of US sales for the remainder of the year (particularly in New York and Texas) give support to meeting the overall annual target.

Net additions were impacted by very high volumes of Ontario electricity renewals. Renewal percentage for these customers was a disappointing 51% year to date.

This is due to a very large disparity between the current regulated floating utility price and the five year price. Given that all recent Ontario electricity "Requests for Proposals" have been filled at prices well above Energy Savings current offering price, management believes that this spread will contract and that improved renewal rates will be seen in the future. Renewal rates for natural gas were at the target 80% level.

At 9%, attrition was under the target 10% in Canada. In the US, attrition remained above our 20% target at an annualized 25%. This was, however, an improvement from 33% in fiscal 2007 and 31% in the first quarter. Management is optimistic that US attrition will reach target levels by year end with the slow down of US home sales and continued reduction in customer switching in New York.

Energy Savings saw high customer acceptance of its new *Green Energy Option* (GEO) product in the quarter. This product allows a customer to ensure that 20% to 100% of his or her electricity usage is matched by green source electricity purchased by Energy Savings. Given the success of the GEO product, the Fund is in the process of rolling out a carbon neutral natural gas product which will use purchased credits to allow customers to eliminate the carbon footprint of their home or business. Management believes that green offerings are an innovation that will improve marketing success and increase renewal rates.

Solid operating results and strong customer additions at high margins resulted in a 20% year over year growth in distributions. As in the past, Energy Savings has demonstrated that customer additions lead to higher gross margin and distributable cash. In turn, this leads to increased distributions.

The Fund's Board of Directors has approved a Special Distribution which will be declared on December 31, 2007 and will be paid during calendar 2008 in a combination of cash and units. The payment of this Special Distribution will substantially eliminate income tax payable by the Fund for the taxation year ended December 31, 2007. The potential tax liability occurred because the Fund has under-distributed its income in past quarters. The expected size of the distribution is between \$35 and \$40 million (\$0.33 to \$0.37 per unit). This is not expected to be a recurring distribution. The Fund's core distribution rate remains \$1.21 per year paid monthly.

A Special Meeting of Unitholders of the Fund and the holders of Class A Preference Shares is scheduled for December 20, 2007 to amend the Fund's Declaration of Trust. The Special Resolution which, if approved, will assume that all units issued as part of the Special Distribution will not be consolidated after their issue.

The Fund's payout ratio for the quarter was 86% after margin replacement versus 102% last year and 109% after all marketing down from 141% a year ago. Because the business is both predictable and seasonal, management is comfortable that the payout ratio on an annual basis will be less than 100% excluding any special distributions for tax purposes.

Regarding the second quarter results, CEO Brennan Mulcahy stated: "I am pleased to see another strong quarter in marketing for Energy Savings. While

we had the expected high attrition from the rollover of our first Ontario electricity customers, our discipline in growing our margins allowed us to generate a 56% year over year growth in distributable cash. While we are currently ahead of pace to meet our target of 15% to 20% growth in both margin and distributable cash, we continue to believe that that range is realistic given the very warm fall we have experienced. Investors should not anticipate that we will exceed our annual targets.”

“I am cautiously optimistic with respect to our customer addition target. We have added slightly less than half of our 415,000 annual target in six months. Prospects for higher additions as we build out in new territories in New York and Texas look solid. Net additions are behind pace but the bulk of our heavy electricity renewals have passed and we should see stronger net additions in Q3 and Q4.”

Executive Chair Rebecca MacDonald noted: “Energy Savings remains unique. A 56% year over year growth in distributable cash is evidence that our growth is far from over. Our track record of 28 distribution rate increases reflects our past growth and profitability and our future remains bright. We have built a strong team and they continue to deliver.”

The Fund

Energy Savings’ business 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 (price protected for electricity). Energy Savings offers natural gas in Manitoba, Quebec, British Columbia, Illinois and Indiana and both gas and electricity in Ontario, Alberta and New York as well as electricity only in Texas. By securing the price for natural gas or electricity under such contracts for a period of up to five years, Energy Savings’ customers reduce or eliminate their exposure to changes in the price of these essential commodities.

Non GAAP financial measures

All non-GAAP financial measures do not have standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

Management believes the best basis for analyzing both the Fund’s operating results and the amount available for distribution is to focus on amounts actually received (“seasonally adjusted”). Seasonally adjusted analysis applies solely to the Canadian gas market (excluding Alberta). In Canada (excluding Alberta), Energy Savings receives payment from the LDCs upon delivery of the commodity not when the customer actually consumes the gas. Seasonally adjusted analysis eliminates seasonal commodity consumption variances and recognizes amount available for distribution based on cash received from the LDCs.

“Distributable cash after gross margin replacement” represents the net cash available for distribution to Unitholders. as defined above. However, only the marketing expenses associated with maintaining the Fund’s gross margin at a stable level equal to that in place at the beginning of the year are deducted.

“Distributable cash after marketing expense” represents the net cash available for distribution to Unitholders as defined above after deduction of all marketing expenses.

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.

FOR FURTHER INFORMATION PLEASE CONTACT:

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or

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