No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended. Accordingly, except pursuant to an exemption to the United States Securities Act of 1933, these securities may not be offered or sold within the United States and this short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".

New Issue **April 25, 2002**

SHORT FORM PROSPECTUS

ENERGY
SAVINGS INCOME FUND

$75,000,000

3,000,000 Subscription Receipts, each representing the right to receive one trust unit

Energy Savings Income Fund (the "Fund") is hereby qualifying for distribution (the "Offering") 3,000,000 subscription receipts ("Subscription Receipts"), each of which will entitle the holder thereof to receive, upon closing of the Acquisition (as defined below) and without payment of additional consideration one trust unit ("Unit") of the Fund. The 3,000,000 Units issuable on exercise of the Subscription Receipts are also qualified hereby. The proceeds from the sale of the Subscription Receipts (the "Escrowed Funds") will be held by Computershare Trust Company of Canada, as escrow agent (the "Escrow Agent"), and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments) pending the closing of the acquisition (the "Acquisition") by the Fund of the retail natural gas business pursuant to which Sunoco Inc. ("Sunoco") markets natural gas to residential and small to medium commercial customers in the provinces of Ontario and Québec (the "Acquired Business").

If the Acquisition fails to close by 5:00 p.m. (Toronto time) on June 15, 2002, or the agreement governing the terms of the Acquisition is terminated at any earlier time (in either case, the "Termination Date"), the Escrow Agent and the Fund will return to holders of Subscription Receipts commencing on the second business day following the Termination Date an amount equal to the issue price therefor and their pro rata entitlements to interest on such amount. Whether or not holders of Subscription Receipts become entitled to receive Units, such holders will be entitled to receive an amount equal to the distributions that would have been payable on the Units if such Units had been issued and outstanding from the date of closing of the Offering until either the date the Units are issued or the Termination Date, as the case may be (net of their pro rata share of the interest on the Escrowed Funds in the event the Acquisition fails to close or is terminated). See "Details of the Offering".

Subscribers who purchase Subscription Receipts pursuant to the Offering and who hold such Subscription Receipts or Units to which such Subscription Receipts entitle them on the relevant record date will be eligible to receive distributions commencing with the distribution payable on May 31, 2002, provided closing of the Offering occurs by May 15, 2002, the anticipated record date for such distribution. Subscribers will not be eligible to receive the distribution to be paid to Unitholders on April 30, 2002, the record date for which is April 15, 2002.

In the opinion of counsel, the Subscription Receipts and Units into which Subscription Receipts are exchanged, on the date of issue, (i) will be qualified investments under the Income Tax Act (Canada) and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, and (ii) will not be precluded as investments under certain other statutes as set forth herein under "Eligibility for Investment".

Price: $25.00 per Subscription Receipt

	Price to the Public	Underwriters' Fee(1)	Net Proceeds to the Fund
Per Subscription Receipt	$25.00	$1.25	$23.75
Total	$75,000,000	$3,750,000	$71,250,000

Note:

(1) One-half of the underwriters' fee is payable at the closing of Offering. The other half is payable only upon release of the Escrowed Funds to the Fund. If the Acquisition is not completed, the underwriters' fee will be reduced to the amount paid upon the closing of the Offering.

CIBC World Markets Inc., National Bank Financial Inc., BMO Nesbitt Burns Inc., Canaccord Capital Corporation and Dundee Securities Corporation (collectively, the "Underwriters"), as principals, conditionally offer the Subscription Receipts, subject to prior sale, if, as and when issued by the Fund and delivered and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to approval of certain legal matters relating to the qualification for distribution of Subscription Receipts on behalf of the Fund by Burnet, Duckworth & Palmer LLP, Calgary, Alberta, and on behalf of the Underwriters by Torys LLP, Toronto, Ontario.

There is no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this short form prospectus.

Subscriptions for Subscription Receipts will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Certificates representing the Subscription Receipts will be available for delivery at the closing of the Offering, which is expected to take place on or about April 30 but not later than May 17, 2002. Units issued upon exchange of Subscription Receipts will be issued pursuant to the Book Entry Only System. A holder of Subscription Receipts will receive only a customer confirmation from the registered dealer, which is a CDS participant and from or through which the Subscription Receipts are purchased, that Units have been issued. Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Units at levels other than those which might otherwise prevail on the open market. See "Plan of Distribution".

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DEFINED TERMS AND CURRENCY

For an explanation of certain terms and abbreviations used in this short form prospectus, reference is made to the "Glossary of Terms".

All dollar amounts set forth in this short form prospectus are in Canadian dollars.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this short form prospectus, and in certain documents incorporated by reference into this short form prospectus, constitute forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Fund and OESC believe the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this short form prospectus should not be unduly relied upon. These statements speak only as of the date of this short form prospectus or as of the date specified in the documents incorporated by reference into this short form prospectus, as the case may be.

In particular, this short form prospectus, and the documents incorporated by reference, contain forward-looking statements pertaining to the following:

- customer revenue and margins;
- customer additions and renewals;
- customer consumption levels;
- distributable cash; and
- treatment under governmental regulatory regimes.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set out in this short form prospectus or incorporated by reference herein. Neither the Fund nor OESC undertakes any obligation to publicly update or revise any forward-looking statements.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of OESC at Suite 2830, The Exchange Tower, 130 King Street West, Toronto, Ontario M5X 1E1, telephone (416) 367-5930. For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Corporate Secretary of OESC at the above-mentioned address and telephone number.

The following documents of the Fund, filed with the securities commissions or similar authorities in the provinces of Canada, are specifically incorporated by reference into and form an integral part of this short form prospectus:

(a) the Fund's Initial Annual Information Form dated March 1, 2002 (the "Fund's AIF");

(b) the audited financial statements of OESC as at and for the years ended March 31, 2001, 2000 and 1999, together with the notes thereto and the auditors' report thereon;

(c) the unaudited consolidated financial statements of the Fund and management's discussion and analysis of financial condition and results from operations of the Fund as at and for the three month period ended December 31, 2001 and for the eight month period ended December 31, 2001; and

(d) the material change report of the Fund dated April 11, 2002 with respect to the announcement of the Acquisition.

Any material change reports (excluding confidential reports), interim financial statements, annual financial statements and the auditors' report thereon, management's discussion and analysis of financial condition and results of operations in respect of the periods covered by such interim or annual financial statements, and information circulars (excluding those portions that are not required pursuant to National Instrument 44-101 of the Canadian Securities Administrators to be incorporated by reference herein) filed by the Fund with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of this short form prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference in this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

ENERGY SAVINGS INCOME FUND

General

The Fund is an open-ended limited purpose trust established by the Declaration of Trust and governed by the laws of the Province of Ontario. The Fund is administered by OESC, which is governed by its board of directors. The principal and head office of the Fund is located at Suite 2830, The Exchange Tower, 130 King Street West, Toronto, Ontario M5X 1E1 and OESC is located at Suite 200, 6345 Dixie Road, Mississauga, Ontario L5T 2E6.

DESCRIPTION OF BUSINESS

The Fund

The Fund was established to hold securities of its subsidiaries. The Fund's principal assets are its investments in debt and equity securities of OESC and Exchangeco. To the maximum extent possible, the Fund makes cash distributions to Unitholders of amounts received on the redemption of, and dividends received on, the Common Shares and interest income earned from the OESC Notes and the Exchangeco Notes, after expenses of the Fund and any cash redemptions of Units. See "Description of Units — Cash Distributions".

OESC

Natural Gas

OESC's principal business, which is presently conducted solely in Ontario, involves the sale of natural gas 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 under its Fixed Price Contracts for a period of four or five years, OESC's customers eliminate their exposure to changes in natural gas prices which have been volatile over the past several years. It is OESC's policy to match the estimated requirements of its customers by purchasing offsetting volumes of natural gas from Gas Suppliers. The Corporation derives its margin or gross profit from the difference between the fixed price at which it is able to sell gas to its customers and the price at which it purchases the offsetting volumes from Gas Suppliers. In addition to revenues earned by OESC based upon its ability to lock in margins between the price it pays for gas supply and the price it charges its customers, OESC augments cash flows by the sale of excess gas supply.

As of December 31, 2001, OESC had residential, small to mid-size commercial and small industrial customers under Fixed Price Contracts, representing approximately 300,000 RCEs, making it the second largest residential, small to mid-size commercial and small industrial ABMs in Canada, currently enjoying approximately a 14% share of the Ontario direct purchase market for residential customers.

Electricity

OESC has commenced a marketing campaign for commercial and retail electricity customers in an effort to become a significant participant in the electricity supply market in the Province of Ontario which is expected to be deregulated on May 1, 2002.

RECENT DEVELOPMENTS

The Electricity Management Group

To enable OESC to participate and capitalize on the electricity opportunity, OESC has retained the Electricity Management Group which has significant experience with respect to the structure and operation of the deregulated electricity market. This experienced team, all of whom are senior officers of Electrico and led by Paul DeVries, a former Vice-President of Enron Canada, will co-ordinate all aspects of the electricity business and will manage supply and customer demand in a manner consistent with the matching policy of OESC.

Pursuant to an agreement dated January 22, 2002, each of the four executives (i) will enter into five year employment contracts with Electrico (guaranteed by OESC), similar to the employment agreements between OESC and its executive group, (ii) have been granted options (two-thirds of which are subject to the achievement of specific performance targets) to purchase in the aggregate 700,000 Units of the Fund (subject to TSE approval), at $20.03 per Unit pursuant to the Fund's Option Plan, (iii) have been loaned on a full recourse basis a total of $750,000 by OESC to assist them to purchase $1,000,000 of Units of the Fund and (iv) will be entitled along with certain other persons (including Jim Hamilton, an officer of OESC who will have a 2% interest in the revenue stream) to a revenue stream based on the number of fixed price contracts for electricity supply secured by OESC and the Electricity Management Group.

On April 5, 2002, Electrico entered into an electricity purchase agreement which provides for five year fixed price supply sufficient to match approximately 65,000 RCEs. These purchases are contingent on electricity market opening and have phased start dates with the latest start being October 2002. The volume purchased was based on OESC management projections considering marketing success since March 15, 2002.

Marketing

On March 31, 2002 OESC and Synergy entered into the Amending Marketing Agreement to amend the Marketing Agreement, pursuant to which: (i) the termination date of the Marketing Agreement was accelerated to March 31, 2002 from March 31, 2006, (ii) all of the Independent Commission Agents formerly associated with Synergy became associated with OESC and (iii) Synergy released and transferred to OESC, all of its rights to market natural gas and electricity in the Province of Ontario. OESC believes that the early termination of the Marketing Agreement will have a positive impact on OESC's cash flow based upon economies of scale and OESC's belief that its in-house marketing costs and expenses will be less than under the Marketing Agreement with Synergy.

Sunoco Acquisition

On April 5, 2002 OESC signed the Acquisition Agreement with Sunoco to purchase the Acquired Business. See "Acquisition" below.

ACQUISITION

Acquisition Agreement

Summary

Pursuant to the Acquisition Agreement, OESC agreed to purchase from Sunoco, its retail natural gas business involving the marketing of natural gas to residential and small to medium commercial customers in the provinces of Ontario and Quebec (the "Acquired Business"). The closing (the "Closing") of the Acquisition is expected to be on or about April 30, 2002, and is subject to several conditions including, financing, regulatory approvals and other conditions described in greater detail below.

Purchase Price, Purchased Assets and Assumed Liabilities

For a purchase price (the "Purchase Price") of $66 million, which is payable in cash on Closing (subject to certain adjustments), OESC will acquire effective April 1, 2002 (the "Effective Date"): (i) approximately 120,000 Sunoco customer contracts (approximately 280,000 RCE's) substantially all of which relate to customers located in the Province of Ontario (the "Sunoco Customer Contracts"), (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 will not acquire certain assets (and related liabilities) including: (a) Sunoco's employees related to the Acquired Business (including all independent agents associated therewith), (b) Sunoco's affinity program, (c) all Sunoco trade marks 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 will also assume 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 and Transitional Services

Concurrently with the Closing, OESC and Sunoco will enter into a non-competition agreement. Under the non-competition agreement, Sunoco will agree, subject to certain limited exceptions, *inter alia*, not to engage, directly or indirectly, in the marketing of natural gas contracts for a period of five years from the Effective Date in the Provinces of Ontario and Quebec. Under the transitional services arrangements, Sunoco will, *inter alia*, assist OESC in integrating Sunoco's customer base with the customers presently served by OESC, refer calls from Sunoco's customers to OESC's customer service department and notify Sunoco's customers in writing of the change in agency and supply arrangements.

Representations and Warranties

The Acquisition Agreement includes covenants, representations and warranties which are customary in a transaction of this nature including as regards Sunoco, clear title to the purchased assets, valid licences, the absence of litigation and unpaid taxes and financial, environmental and other matters relating to the Acquired Business.

Interim Period and Closing Conditions

Sunoco is obligated to carry on the Acquired Business in the ordinary course between April 5, 2002 and the Closing which is subject to a number of conditions including inter alia: (i) no material adverse change, (ii) compliance with all terms, covenants, conditions, representations and warranties provided for in the Acquisition Agreement, (iii) the absence of any proceedings prohibiting the Closing, (iv) compliance with the pre-notification provisions of the Competition Act (Canada) and (v) the completion by the Fund of the Offering.

Closing

The Acquisition Agreement provides that the Closing shall take place on a business day which is five days after the later of: (a) the receipt of all required regulatory approvals and (b) the closing of the Offering but, in any event, not later than May 15, 2002 unless extended by the mutual agreement of the parties. The parties expect to close the Acquisition on or about April 30, 2002.

Termination

The Acquisition Agreement may be terminated:

(i) by the mutual consent of OESC and Sunoco;

(ii) by either Sunoco or OESC if the Closing does not occur on or before May 15, 2002 unless extended by the mutual written agreement of the parties; or

(iii) if any closing condition is not satisfied or waived by the applicable party.

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. Contemporaneous with the Closing, Sunoco will enter into agreements with Coral Energy, OESC's principal gas supplier, pursuant to which Coral Energy will assume all of Sunoco's obligations pursuant to the Sunoco Gas Supply Contracts and Sunoco Transportation Contracts. In addition, as security therefor, OESC will grant to Coral a security interest in 100% of the Sunoco Customer Contracts and issue directions to the LDC's which are parties to the Sunoco Utility Contracts to pay 100% of OESC's monthly gas revenues relating to the Sunoco Customer Contracts on the basis 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. In addition, the contracted supply acquired will be managed under existing arrangements with Coral Energy. In the event the above arrangements with Coral Energy cannot be concluded, the Acquisition Agreement provides that similar contractual arrangements to those described above will be entered into by Sunoco with OESC prior to Closing.

Business Rationale

Economies of Scale and Operating Leverage

The Acquisition allows OESC to substantially increase the size of its customer base at a cost that management believes is very attractive. Although the cost per customer exceeds the $120 per RCE cost that OESC incurs today, it would take over a year to add this many customers at OESC's target of 80,000 new RCEs per year. Given OESC's historical and long-term target margins, payback on the per-RCE acquisition cost is expected to be inside OESC's 3 year internal target.

In addition, OESC management believes that the Acquisition will allow OESC to leverage its existing infrastructure, increasing its customer base with marginal incremental general and administrative costs. Sunoco spent in excess of $9 million on general and administrative costs on the Acquired Business in 2001. Although the exact incremental general and administrative costs necessary to absorb the Sunoco customers has not yet been determined, OESC expects these costs will be less than $1 million per year.

The Fund announced that it will increase its distribution rate by $0.22 to $1.85 annually contingent on the closing of the Acquisition. This indicates management's belief that the Acquisition will be accretive to Unit distributions.

OESC's Plans for the Sunoco Business

The Acquired Business is very similar to that of OESC. The vast majority of the Sunoco Customer Contracts were generated through door-to-door marketing. In addition, based on the assessment of OESC management, the Sunoco Customer Contracts are matched back-to-back with same term natural gas supply. Of Sunoco's approximately 280,000 RCEs, more than 50% are due for renewal by the end of 2002. Sunoco's renewal rate has historically been in excess of 95%, which is also OESC's renewal experience to date.

The customer volumes per Sunoco Customer Contract are, on average, larger than OESC's (2.3 RCEs per customer versus OESC's 1.4 RCEs per customer). This reflects a number of higher volume customers in the Sunoco book who OESC management believes may be more price sensitive and prone to one year (rather than five year) contracts. The current Sunoco book generated an annualized $91 margin per RCE in the month of March 2002. This is lower than both OESC's annualized margins to date of $228 per RCE and OESC's longer term target margin of $170 per RCE. It is management's intention to offer standard OESC Fixed Price Contracts to Sunoco customers on renewal increasing the margin per RCE over time.

It is OESC management's expectation that loss on renewal of the Sunoco Customer Contracts may be much higher than historical experience, particularly with the larger volume customers. In setting the Fund's initial distribution level after the closing of the Acquisition, management estimated a loss on the first round of renewals of 50% for the Sunoco customers. This would result in approximately 140,000 additional RCEs at OESC's standard margin following the renewal process.

OESC plans to target the Ontario Sunoco customers for long term electricity contracts under the pending deregulation in the same fashion that OESC is currently targeting its own customers.

DESCRIPTION OF UNITS

Units

An unlimited number of Units may be issued pursuant to the Declaration of Trust. Each Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund whether of net income, net realized capital gains or other amounts, and in the net assets of the Fund in the event of termination or winding-up of the Fund. All Units are of the same class with equal rights and privileges. The Units are not subject to future calls or assessments, and entitle the holder thereof to one vote for each whole Unit held at all meetings of Unitholders. Pursuant to the Declaration of Trust, the holders of the Preference Shares are entitled to vote in all votes of Unitholders (including resolutions in writing) as if they were the holders of the number of Units which they would receive if they exercised their Shareholder Exchange Rights as of the record dates for such votes and will be treated in all respects as Unitholders for the purposes of any such vote. Except for the redemption right described in the Fund's AIF, the Units have no conversion, retraction, redemption or pre-emptive rights.

As at the date hereof, there are 14,423,735 Units outstanding, 2,448,500 Units reserved for issuance upon exercise of outstanding options to purchase Units (of which 323,500 are subject to Unitholder and TSE approval) and 6,842,137 Units reserved for issuance on exercise of the Shareholder Exchange Rights.

Issuance of Units

The Declaration of Trust provides that Units may be issued at the times, to the persons, for the consideration and on the terms and conditions that OESC, the administrator of the Fund, determines. Units may be issued in satisfaction of any non-cash distribution of the Fund to Unitholders on a pro rata basis. The Declaration of Trust also provides that immediately after any pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution. In this case, each certificate representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation.

Cash Distributions

The amount of cash to be distributed monthly per Unit shall be equal to a pro rata share of interest and principal repayments on the OESC Notes and Exchangeco Notes and distributions, if any, received by the Fund on or in respect of the Common Shares owned by the Fund less: (i) administrative expenses and other obligations of the Fund; (ii) amounts which may be paid by the Fund in connection with any cash redemptions of Units; and (iii) any other interest expense incurred by the Fund between distributions. Any income of the Fund which is applied to any such cash redemptions of Units or is otherwise unavailable for cash distribution will be distributed to Unitholders in the form of additional Units. Such additional Units will be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing.

The Fund derives interest income from its holding of OESC Notes and Exchangeco Notes. The OESC Notes bear interest at 13% per annum, payable monthly, and will mature on April 30, 2031, subject to prepayment from time to time as considered advisable by the board of directors of OESC with the consent of the Fund and the holders of the OESC Notes. The Exchangeco Notes bear interest at 13% per annum payable monthly and will mature on April 30, 2031, subject to prepayment from time to time as considered advisable by the board of directors of Exchangeco with the consent of the Fund and the holders of the Exchangeco Notes. The Fund also expects to receive proceeds from dividends on its Common Shares.

The Fund's current policy is to distribute $0.1358 per Unit per month ($1.63 per Unit per annum). After the Closing of the Acquisition, the Fund will increase its distribution to $0.1542 per Unit per month ($1.85 per Unit per annum).

Subscribers who purchase Subscription Receipts pursuant to the Offering and who hold such Subscription Receipts or the Units to which such Subscription Receipts entitle them on the relevant record date will be eligible to receive distributions commencing with the distribution payable on May 31, 2002, provided closing of the Offering occurs by May 15, 2002, the anticipated record date for such distribution. Subscribers will not be eligible to receive the distribution to be paid to Unitholders on April 30, 2002, the record date for which is April 15, 2002.

For additional information respecting the Units, including information respecting Unitholders' limited liability, the redemption right attached to the Units, meetings of Unitholders, and amendments to the Declaration of Trust, see "Declaration of Trust and Description of Units" at pages 21 through 27, inclusive, of the Fund's AIF.

CONSOLIDATED CAPITALIZATION OF THE FUND

The following table (presented in 000's other than Unit amounts) sets forth the consolidated capitalization of the Fund as at December 31, 2001 and at March 31, 2002, both before and after giving effect to the Offering and the Acquisition.

Designation (Authorized)	As at December 31, 2001 before giving effect to the Offering and the Acquisition	As at March 31, 2002[5] before giving effect to the Offering and the Acquisition	As at March 31, 2002 after giving effect to the Offering and the Acquisition
	(unaudited)	(unaudited)	(unaudited)
Equity[1]			
Preference Shares[3]	$76,235	$68,421	$68,421
(unlimited)	(7,623,435)	(6,842,137)	(6,842,137)
Units[4]	$114,336	$122,293[6]	$193,543[2][6]
(unlimited)	(13,628,069 Units)	(14,423,735 Units)	(17,423,735 Units)

Notes:

(1) As at December 31, 2001, the Fund had no long term or current secured debt.

(2) After deducting the Underwriters' fee of $3,750,000.

(3) The Preference Shares are non-voting, exchangeable for Units in accordance with the Shareholder Exchange Rights and entitle the holders to vote at all votes of Unitholders as if they were the holders of the number of Units which they would receive if they exercised their Shareholder Exchange Rights. For additional information respecting the Preference Shares, see "Ontario Energy Savings Corp. — Share and Loan Capital of Ontario Energy Savings Corp." at pages 14 through 16, inclusive, of the Fund's AIF.

(4) In addition, as at the date hereof 2,448,500 Units are reserved for issuance on exercise of outstanding options to purchase Units under the Fund's unit option plan (of which 323,500 are subject to Unitholder and TSE approval) at exercise prices ranging from $10.00 to $24.35 per Unit. 6,842,137 Units are reserved for issuance on exercise of the Shareholder Exchange Rights and 181,128 Units are reserved for issuance to accommodate the additional Units which may be issuable on the exercise of Shareholder Exchange Rights relating to Class B Preference Shares.

(5) After giving effect to the exercise by the holders of Preference Shares on March 27, 2002 of Shareholder Exchange Rights relating to 250,000 Class A Preference Shares and 531,298 Class B Preference Shares, the exercise by Exchangeco of an equivalent number of Exchangeco Exchange Rights, the issue by the Fund of an additional 14,368 Units and the purchase for cancellation by OESC of 250,000 Class A Preference Shares and 531,298 Class B Preference Shares, all pursuant to the OESC Shareholders' Agreement.

(6) Before giving effect to net income (loss) of the Fund for the three months ended March 31, 2002 and Unitholder distributions and Class B Preference Share distributions exchangeable for Units during the same period.

As at December 31, 2001 the Fund had a contributed surplus of $755,000, a provision for future income taxes of $48.3 million, payments under lease obligations aggregating $4.1 million over the next five years and long term gas contracts aggregating $629.2 million over the next five years.

PRICE RANGE AND TRADING VOLUME OF THE UNITS

The outstanding Units are traded on the TSE under the trading symbol "SIF.UN". The following table sets forth the closing price range and trading volume of the Units as reported by the TSE from April 30, 2001.

Period	High	Low	Volume (000's)
2001			
May (including April 30)	$11.99	$10.15	3,591
June	12.75	11.80	801
July	12.45	12.05	444
August	14.00	12.40	927
September	14.25	13.55	681
October	15.35	13.89	619
November	17.00	15.05	1,403
December	18.98	16.93	859
2002			
January	20.16	18.60	1,129
February	24.73	20.15	1,258
March	24.93	24.02	1,066
April (to April 24)	26.50	24.15	622

On April 11, 2002, the last trading day before the announcement of the Offering, the closing price of the Units on the TSE was $24.70. On April 24, 2002 the closing price of the Units was $26.00.

RECORD OF CASH DISTRIBUTIONS

The following table sets forth the per Unit amount of monthly cash distributions paid by the Fund since inception.

	Distribution Per Unit
2001	
June	$ 0.10
July	$ 0.10
August	$ 0.10
September	$ 0.1125
October	$ 0.1208
November	$ 0.1208
December	$ 0.1208
2002	
January	$0.12747
February	$0.12747
March	$0.12747

The Fund announced on February 20, 2002 that the next monthly distribution of distributable cash will be in the amount of $0.1358 per Unit and will be paid on April 30, 2002 to Unitholders of record on April 15, 2002.

The Fund makes cash distributions on the last day of each month (or the first business day thereafter) to holders of Units of record on the immediately preceding record date.

Subscribers who purchase Subscription Receipts pursuant to the Offering and who hold such Subscription Receipts or the Units to which such Subscription Receipts entitle them on the relevant record date will be eligible to receive distributions commencing with the distribution payable on May 30, 2002, provided closing of the Offering occurs by May 15, 2002, the anticipated record date for such distribution. Subscribers will not be eligible to receive the distribution to be paid to Unitholders on April 30, 2002, the record date for which is April 15, 2002.

USE OF PROCEEDS

The net proceeds to the Fund from the sale of the Subscription Receipts hereunder will be $71.25 million after deducting the fees of $3.75 million payable to the Underwriters. Of the net proceeds to the Fund $66 million will be used to fund the purchase price of the Acquisition and $5.25 million will be used for general working capital purposes. All of net proceeds of the Offering will be advanced by the Fund to OESC in exchange for additional OESC Notes. See "Plan of Distribution".

DETAILS OF THE OFFERING

The following is a summary of the material attributes and characteristics of the Subscription Receipts. This summary does not purport to be complete and is subject to, and qualified in its entirety by, reference to the terms of the Subscription Receipt Agreement.

The Subscription Receipts will be issued at the closing of the Offering pursuant to the Subscription Receipt Agreement. Pursuant to the Subscription Receipt Agreement, holders of Subscription Receipts will be entitled to receive Units as specified in their respective Subscription Receipt certificates. The proceeds from the issuance of the Subscription Receipts (the "Escrowed Funds") will be delivered to and held by the Escrow Agent and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments) pending the closing of the Acquisition. Provided that the Acquisition closes on or before 5:00 p.m. (Toronto time) on June 15, 2002, the Escrowed Funds will be released to the Fund and the Units will be issued to holders of Subscription Receipts who will receive, without payment of additional consideration or further action, one Unit for each Subscription Receipt held.

Forthwith upon the closing of the Acquisition, the Fund will execute and deliver to the Escrow Agent a notice of such closing and approval, and will issue and deliver the Units to the Escrow Agent. Contemporaneously with the delivery of such notice, the Fund will issue a press release specifying that the Units have been issued. A Book Entry Only System certificate representing the Units will be issued in registered form to CDS or its nominee and will be deposited with CDS. A holder of Subscription Receipts will receive only a customer confirmation from the registered dealer, which is a CDS participant and from or through which the Subscription Receipts are purchased that Units have been issued. A customer confirmation in a purchaser's account will require the surrender of the certificates representing the Subscription Receipts at the principal office of the Escrow Agent in Toronto, Ontario.

In the event that the Acquisition does not close on or before 5:00 p.m. (Toronto time) on June 15, 2002 or if the Acquisition Agreement is terminated at any earlier time (the "Termination Date"), holders of Subscription Receipts shall, commencing on the second business day following the Termination Date, be entitled to receive an amount equal to the full subscription price therefor and their pro rata entitlements to interest on such amounts. The Escrowed Funds will be applied toward payment of such amount. The issuance of a cheque in payment of the purchase price for the Subscription Receipts will require the surrender of the certificate(s) representing the same at the principal office of the Escrow Agent in Toronto, Ontario. If any certificates representing Subscription Receipts have not been surrendered one year after the Termination Date, the Escrow Agent will mail the cheques which the holders thereof are entitled to receive to their last addresses of record.

Whether or not holders of Subscription Receipts become entitled to receive Units, pursuant to the Subscription Receipt Agreement such holders will be entitled to receive an amount equal to the distributions that would have been payable on the Units if such Units had been issued and outstanding from the date of the closing of the Offering until either the date the Units are issued or the Termination Date, as the case may be. All or a portion of this amount will be satisfied by the payment by the Escrow Agent to holders of Subscription Receipts of interest earned on the Escrowed Funds. The difference, if any, between the amount of interest earned on the Escrowed Funds and the distribution that would have been payable on the Units will be paid by the Fund. If holders of Subscription Receipts become entitled to receive Units, the Escrow Agent and the Fund will pay such amounts to holders of record on the business day immediately preceding the day the Units are issued.

Under the Subscription Receipt Agreement, purchasers of Subscription Receipts will have a contractual right of rescission following the issuance of Units to such purchaser upon surrender of the Subscription Receipts to receive the amount paid for the Subscription Receipts where this short form prospectus and any amendment contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days of closing of the Offering.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Fund has agreed to issue and sell an aggregate of 3,000,000 Subscription Receipts to the Underwriters, and the Underwriters have severally agreed to purchase such Subscription Receipts on April 30, 2002, or on such other date as may be agreed among the parties to the Underwriting Agreement. Delivery of the Subscription Receipts is conditional upon payment on closing of $25.00 per Subscription Receipt by the Underwriters to the Fund. The Underwriting Agreement provides that the Fund will pay the Underwriters' fee of $1.25 per Subscription Receipt for Subscription Receipts issued and sold by the Fund, for an aggregate fee payable by the Fund of $3,750,000, in consideration for their services in connection with the Offering. One-half of the Underwriters' fee is payable at the closing of Offering. The other half is payable only upon release of the Escrowed Funds to the Fund. If the Acquisition is not completed, the Underwriters' fee will be reduced to the amount paid upon the closing of the Offering. The terms of the Offering were determined by negotiation between OESC, on behalf of the Fund, and CIBC World Markets Inc. on its own behalf and on behalf of the other Underwriters.

The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated at their discretion upon the occurrence of certain stated events. If an Underwriter fails to purchase the Subscription Receipts which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Subscription Receipts. The Underwriters are, however, obligated to take up and pay for all Subscription Receipts if any are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Fund and OESC will indemnify the Underwriters and their directors, officers, agents, shareholders and employees against certain liabilities and expenses.

The Fund has been advised by the Underwriters that, in connection with the Offering, the Underwriters may effect transactions which stabilize or maintain the market price of the Units at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Fund has agreed that, subject to certain exceptions, it will not offer or issue, or enter into an agreement to offer or issue, Units or any securities convertible into or exchangeable for Units for a period of 90 days subsequent to the closing date of the Offering without the consent of the Underwriters, which consent may not be unreasonably withheld. In addition to any lock-up to which they are currently subject, the insiders of the Fund and holders of the Class A Preference Shares, and Class B Preference Shares of OESC have also agreed that they will not sell, contract to sell or otherwise dispose of, directly or indirectly, Units, shares of OESC or any other securities convertible into or exchangeable for Units (other than Subscription Receipts or Units acquired under this short form prospectus) for a period of 90 days subsequent to the closing date of the Offering without the consent of the Underwriters.

The TSE has conditionally approved the listing of the Units issued on exchange of the Subscription Receipts. Listing is subject to the Fund fulfilling all of the requirements of the TSE on or before June 15, 2002.

The Subscription Receipts have not been and will not be registered under the United States Securities Act of 1933, as amended (the "US Securities Act") and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the US Securities Act and applicable state securities laws. Each of the Underwriters has agreed that, except in accordance with Rule 144A under the US Securities Act, it will not offer, sell or deliver Subscription Receipts within the United States.

In addition, until 40 days after the commencement of the Offering, any offer or sale of the Units within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the US Securities Act.

INTEREST OF EXPERTS

Certain legal matters relating to the Offering will be passed upon by Burnet, Duckworth & Palmer LLP, Calgary, Alberta, on behalf of the Fund, and by Torys LLP, Toronto, Ontario, on behalf of the Underwriters. No person or company whose profession or business gives authority to a statement made by such person or company and who is named in this short form prospectus or in a document that is specifically incorporated by reference into this short form prospectus as having prepared or certified a part of this short form prospectus, or a report or valuation described in this short form prospectus or in a document specifically incorporated by reference into this short form prospectus, has received or shall receive a direct or indirect interest in the property of the Fund or of any associate or affiliate of the Fund. John A. Brussa, one of the directors of OESC, is a partner of Burnet, Duckworth & Palmer LLP. As at the date hereof, the aforementioned persons and companies beneficially own, directly or indirectly, less than 1% of the securities of the Fund and its associates and affiliates. Further, as of the date hereof, the partners of Deloitte & Touche LLP, as a group, did not beneficially own, directly or indirectly, any of the Units of the Fund. In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Fund or of any associates or affiliates of the Fund.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Burnet, Duckworth & Palmer LLP, counsel to the Fund, and Torys LLP, counsel to the Underwriters (collectively, “Counsel”), the following is, at the date hereof, a general summary of the principal Canadian federal income tax considerations pursuant to the Tax Act generally applicable to a subscriber who acquires Subscription Receipts hereunder and who, at all relevant times, for the purposes of the Tax Act, is a resident or is deemed to be a resident of Canada, holds Subscription Receipts or the Units evidenced thereby (collectively, the “Securities”) as capital property and deals at arm’s length with the Fund and the Underwriters. Generally, the Securities will be considered to be capital property to a holder provided that the holder does not hold the Securities in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain holders who might not otherwise be considered to hold their Securities as capital property may be entitled, in certain circumstances, to elect that all the holders’ “Canadian Securities” as defined in the Tax Act constitute capital property by making the irrevocable election under subsection 39(4) of the Tax Act.

This summary is not applicable to a subscriber that is a “financial institution”, as defined in the Tax Act for purposes of the mark-to-market rules, a subscriber that is a “specified financial institution”, as defined in the Tax Act, or a subscriber an interest in which would be a “tax shelter investment”, as defined in the Tax Act.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Proposed Amendments”) and counsel’s understanding of the current published administrative and assessing practices of the Canada Customs and Revenue Agency (the “CCRA”). This summary is also based on a certificate as to certain factual matters provided by OESC, the administrator of the Fund.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be legal or tax advice to any particular holder of Securities. Consequently, prospective holders should consult their own tax advisors with respect to their particular circumstances.

This summary does not address any Canadian federal income tax considerations applicable to non-residents of Canada, and non-residents should consult their own tax advisors regarding the tax consequences of acquiring and holding Securities. All payments to non-residents in respect of distributions payable on the Units, whether in cash or Units, will be net of any applicable withholding taxes.

Status of the Fund

Mutual Fund Trust

Based upon representations made by OESC, in the opinion of Counsel, the Fund presently qualifies as a "unit trust" and a "mutual fund trust" as defined by the Tax Act, and this summary assumes that the Fund will continue to so qualify. The qualification of the Fund as a mutual fund trust requires that certain factual conditions generally be met throughout its existence. In order to so qualify, there must be at least 150 Unitholders, each of whom owns not less than 100 Units where the fair market value of one Unit is less than $25, and each of whom owns Units having an aggregate fair market value of not less than $500. Also, the Fund cannot at any time reasonably be considered to have been established or to be maintained primarily for the benefit of non-resident persons and the undertaking of the Fund must be restricted to the investing of its funds in property (other than real property), the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest therein) that is capital property of the Fund, or any combination of these activities. Based on representations to Counsel as to the estimated level of ownership by Canadian residents and the restrictions on ownership of Units by non-resident persons which are contained in the Declaration of Trust, Counsel has assumed (and views such assumption as reasonable) for the purposes of this opinion that the Fund has not been established and has not been maintained primarily for the benefit of non-residents.

If the Fund were not to qualify as a mutual fund trust, the income tax considerations described below would, in some respects, be materially different.

Qualified Investment

The Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, each as defined in the Tax Act (each a "Plan"), subject to the specific provisions of any particular Plan. **If the Fund ceases to qualify as a mutual fund trust, the Units will cease to be qualified investments for Plans.**

An OESC Note, Common Share or Exchangeco Note received as a result of a redemption of Units may under certain circumstances not constitute a qualified investment for a Plan. Such circumstance could give rise to adverse consequences to the Plan or the annuitant thereunder. Accordingly, Plans that own Units should consult their own tax advisors before deciding to exercise the redemption rights thereunder.

Foreign Property

Based in part on a certificate of OESC as to factual matters, counsel is of the opinion that Units will not constitute foreign property for Plans (other than registered education savings plans), registered pension plans or other persons subject to tax under Part XI of the Tax Act. Trusts governed by registered education savings plans are not subject to foreign property rules.

Taxation of the Fund

The taxation year of the Fund is the calendar year. The Fund is subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains. Such income will generally constitute its income as otherwise computed for the purposes of the Tax Act less the portion thereof that it deducts in respect of the amounts paid or payable in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the Fund, or if the Unitholder is entitled in that year to enforce payment of the amount.

The Fund will include in its income for each taxation year all interest on the OESC Notes and the Exchangeco Notes that accrues to the Fund to the end of the year (including deferred interest), or that becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. The Fund will also be required to include in its income certain royalty amounts in respect of the use of its license to market electricity. Any amount paid to the Fund in respect of the Common Shares as a return of capital for purposes of the Tax Act will generally not be included in the Fund's income but will reduce the adjusted cost base to the Fund of such Common Shares.

A distribution by the Fund of OESC Notes, Exchangeco Notes or Common Shares upon a redemption of Units will be treated as a disposition by the Fund of the securities so distributed for proceeds of disposition equal to their fair market value. The Fund's proceeds from the disposition of OESC Notes and Exchangeco Notes will be reduced by any accrued but unpaid interest in respect thereof, which interest will generally be included in the Fund's income in the year of disposition to the extent it was not included in the Fund's income in a previous year. The Fund will realize a capital gain (or a capital loss) to the extent that the proceeds from the disposition exceed (or are less than) the adjusted cost base of the relevant property and any reasonable costs of disposition.

In computing its income, the Fund may deduct reasonable administrative costs, interest and other expenses incurred by it for the purpose of earning income. During the first five taxation years of the Fund, the Fund may also deduct from its income for the year a portion of the expenses incurred by the Fund to issue Units pursuant to this Offering. The portion of such issue expenses deductible by the Fund in a taxation year is 20% of such issue expenses, pro-rated where the Fund's taxation year is less than 365 days.

Under the Declaration of Trust, an amount equal to all of the income of the Fund, together with the non-taxable portion of any net capital gain realized by the Fund, but excluding capital gains arising on a distribution in specie of OESC Notes, Exchangeco Notes or Common Shares on redemption of Units, will be payable in the year to the holders of the Units by way of cash distributions, subject to the exceptions described below. Under the Declaration of Trust, income of the Fund may also be used to finance redemptions of Units for cash and accordingly would not be payable to Unitholders by way of cash distributions but rather will be payable in the form of additional Units ("Reinvested Units"). Income of the Fund payable to Unitholders, whether in cash, Reinvested Units or otherwise, will generally be deductible by the Fund in computing its taxable income.

The Fund will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Units during the year (the "Capital Gains Refund"). In certain circumstances, the Capital Gains Refund in a particular taxation year may not completely offset the Fund's tax liability for such taxation year arising as a result of the distribution of OESC Notes, Exchangeco Notes or Common Shares in connection with the redemption of Units. The Declaration of Trust provides that the taxable portion of any capital gain realized by the Fund as a result of such redemption may, at the discretion of the Trustee, be treated as income paid to, and designated as a taxable capital gain of, the redeeming Unitholders. Such amount must be included in the income of the redeeming Unitholders and will be deductible by the Fund. In addition, certain accrued interest on a Note distributed to a redeeming Unitholder will be treated as an amount paid to such Unitholder and so will be deductible by the Fund.

Counsel has been advised that the Fund intends to make distributions in each year of its net income for tax purposes and net realized capital gains so that the Fund will generally not be liable in such year for income tax under Part I of the Tax Act. However, no assurance can be given in this regard.

Taxation of Holders of Subscriptions Receipts

Exchange of Subscription Receipts

No gain or loss will be realized by a holder on the exchange of a Subscription Receipt for a Unit evidenced thereby. This opinion is based upon the interpretation of counsel that a Subscription Receipt is an agreement to acquire a Unit on the satisfaction of certain conditions. No advance income tax rulings from the CCRA in respect of the Offering have been sought, and counsel is not aware of any judicial consideration of this interpretation.

Other Dispositions of Subscription Receipts

A disposition or deemed disposition by a holder of a Subscription Receipt will generally result in the holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition (adjusted as described below) are greater (or less) than the aggregate of the holder's adjusted cost base thereof and any reasonable costs of disposition.

One-half of any capital gain generally must be included in the holder's income for the taxation year of the disposition, and one-half of any capital loss realized in a taxation year is deducted from taxable capital gains realized in the year of disposition, and may be deducted from taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to detailed rules contained in the Tax Act in this regard.

A capital gain realized by a holder who is an individual may give rise to a liability for alternative minimum tax. If a holder is a "Canadian-controlled private corporation", as defined in the Tax Act, the holder may be liable to pay an additional refundable tax of 6⅔% on some types of income, including interest and taxable capital gains.

Taxation of Unitholders

Fund Distributions

A Unitholder is generally required to include in income for a particular taxation year the portion of the income of the Fund for a taxation year, including net realized taxable capital gains, that is paid or payable to the Unitholder in the particular taxation year, whether such portion is received in cash, Reinvested Units or otherwise.

Provided that appropriate designations are made by the Fund, such portion of its taxable dividends received from taxable Canadian corporations and net taxable capital gains as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from OESC, they generally will be subject, inter alia, to the gross-up and dividend tax credit provisions in respect of Unitholders who are individuals, to the refundable tax under Part IV of the Tax Act in respect of Unitholders that are private corporations and certain other corporations controlled directly or indirectly by or for the benefit of an individual or related group of individuals, and to the deduction in computing taxable income in respect of Unitholders that are corporations.

The non-taxable portion of any net realized capital gain of the Fund paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the year. Any other amount in excess of the net income of the Fund that is paid or payable to a Unitholder in such year (otherwise than as proceeds of disposition of the Units) will not generally be included in the Unitholder's income for the year. However, such amount will reduce the adjusted cost base of the Units to the Unitholder.

To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and will be added to the adjusted cost base of the Unit so that the adjusted cost base will be zero.

The cost to a Unitholder of Reinvested Units received in lieu of a cash distribution of income will be the amount of income paid to purchase Reinvested Units. For the purpose of determining the adjusted cost base to a Unitholder of Units, when a Unit is acquired, whether as a Reinvested Unit or otherwise, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by Unitholder as capital property immediately before such acquisition.

Purchasers of Units

Since the net income of the Fund is distributed on a monthly basis, a purchaser of a Unit or a security exchangeable into a Unit may become taxable on a portion of the net income of the Fund accrued or realized by the Fund in a month before the time the Unit or a security exchangeable into a Unit was purchased but which was not paid or made payable to Unitholders until the end of the month and after the time the Unit or a security exchangeable into a Unit was purchased. A similar result may apply on an annual basis in respect of a portion of capital gains accrued or realized by a Fund in a year before the time the Unit or a security exchangeable into a Unit was purchased but which is paid or made payable to Unitholders at year end and after the time the Unit or a security exchangeable into a Unit was purchased.

Dispositions of Units

On the disposition or deemed disposition of a Unit, the Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount that is otherwise required to be included in the Unitholder's income.

Where Units are redeemed by the distribution of OESC Notes, Exchangeco Notes and Common Shares to the Unitholder, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of the OESC Notes, Exchangeco Notes and Common Shares so distributed less any capital gain realized by the Fund as a result of the redemption of those Units which has been designated by the Fund to the Unitholder and, in the case of OESC Notes and Exchangeco Notes, any accrued interest thereon. Interest accrued on the OESC Notes or the Exchangeco Notes in the taxation year of the Fund in which the redemption occurs but which has not been paid at the time of redemption will be treated as an amount of income paid to the Unitholder.

The cost of any OESC Note, Exchangeco Note or Common Share distributed by the Fund to a Unitholder upon a redemption of Units will be equal to the fair market value of the OESC Note, Exchangeco Note or Common Share at the time of the distribution less, in the case of an OESC Note or Exchangeco Note, any accrued interest thereon. The Unitholder will thereafter be required to include in income interest on the Note or Exchangeco Note (including deferred interest) in accordance with the provisions of the Tax Act. To the extent that the Unitholder is thereafter required to include in income any interest accrued to the date of the acquisition of the Note or Exchangeco Note by the Unitholder, an offsetting deduction will be available.

Capital Gains and Capital Losses

One-half of any capital gain realized by a Unitholder and the amount of any net taxable capital gains designated by the Fund in respect of a Unitholder will be included in the Unitholder's income as a taxable capital gain. One-half of any capital loss realized by a Unitholder may generally be deducted only from taxable capital gains in accordance with the provisions of the Tax Act.

Alternative Minimum Tax

In general terms, net income of the Fund paid or payable to a Unitholder who is an individual that is designated as taxable dividends or as net realized capital gains and capital gains realized on the disposition of Units may increase the Unitholder's liability for alternative minimum tax.

Taxation of Unitholders Not Resident in Canada

This portion of the summary applies to a Unitholder who, for the purposes of the Tax Act and at all relevant times, is not resident in Canada and is not deemed to be resident in Canada, does not use or hold, and is not deemed to use or hold, Units in, or in the course of, carrying on a business in Canada, and is not an insurer who carries on or is deemed to carry on an insurance business in Canada and elsewhere (a "Non-Resident Unitholder").

Where the Fund pays or credits, or is deemed to pay or credit, an amount to a Non-Resident Unitholder out of the income of the Fund, such amount will be subject to Canadian withholding tax at the rate of 25%, unless such rate is reduced under the provisions of an applicable tax treaty. The rate of withholding is reduced to 15% of the gross income where such distributions are paid or credited, or deemed to be paid or credited, to Non-Resident Unitholders who are residents of the United States under the Canada-United States Income Tax Convention (1980).

A capital gain realized by a Non-Resident Unitholder from a disposition or deemed disposition of a Unit will not give rise to any tax under the Tax Act provided that the Unit does not constitute "taxable Canadian property". Units of a Non-Resident Unitholder will not generally constitute "taxable Canadian property" under the Tax Act unless either: (i) at any time during the period of sixty months immediately preceding the disposition of Units by such Non-Resident Unitholder, not less than 25% of the issued Units (taking into account any rights to acquire Units) were owned by the Non-Resident Unitholder, by persons with whom the Non-Resident Unitholder did not deal at arm's length or by any combination thereof; or (ii) the Non-Resident Unitholder's

Units are otherwise deemed to be taxable Canadian property. A Non-Resident Unitholder will generally compute the adjusted cost base of the Units under the same rules as apply to residents of Canada.

Interest payable on the OESC Notes and Exchangeco Notes will generally be subject to Canadian withholding tax at the rate of 25%, unless such rate is reduced under the provisions of an applicable tax treaty.

If the Fund ceases to qualify as a mutual fund trust, there may be adverse income tax consequences for Non-Resident Unitholders who acquire an interest in the Fund.

ELIGIBILITY FOR INVESTMENT

In the opinion of Burnet, Duckworth & Palmer LLP and Torys LLP, the Subscription Receipts and Units into which the Subscription Receipts are exchangeable will, on the date of closing, be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans under the Tax Act as in effect on the date hereof. In the opinion of such counsel, based in part of a certificate of OESC as to factual matters, the Subscription Receipts and the Units, if issued on the date hereof, would not constitute "foreign property" for such plans.

In the opinion of Burnet, Duckworth & Palmer LLP and Torys LLP, based on the legislation in effect on the date hereof, the provisions of:

Insurance Companies Act (Canada);
Trust and Loan Companies Act (Canada);
Cooperative Credit Associations Act (Canada);
Pension Benefits Standards Act, 1985 (Canada);
Loan and Trust Corporations Act (Alberta);
Employment Pension Plans Act (Alberta);
Insurance Act (Alberta);
Alberta Heritage Savings Trust Fund Act (Alberta);
Financial Institutions Act (British Columbia);
The Pension Benefits Act, 1992 (Saskatchewan);
The Insurance Act (Manitoba);
The Trustee Act (Manitoba);
The Pension Benefits Act (Manitoba);
Pension Benefits Act (Ontario);
Loan and Trust Corporations Act (Ontario);
Trustee Act (Ontario);
An Act respecting insurance (Québec) (in respect of insurers other than guarantee fund corporations)
An Act respecting trust companies and savings companies (Québec);
Supplemental Pension Plans Act (Québec);
Pension Benefits Act (Nova Scotia); and
Trustee Act (Nova Scotia)

would not preclude, subject to compliance with prudent investment and special knowledge standards or criteria, or, if applicable, investment policies, procedures or goals which have been established and filed, where required, with the appropriate regulatory authorities and the general investment provisions of such statutes and, if applicable, the regulations thereunder, an investment in the Subscription Receipts and the Units by companies, corporations, pension plans or persons registered thereunder or governed thereby.

RISK FACTORS

An investment in Subscription Receipts and Units involves a number of risks in addition to those described on pages 27 to 32 of the Fund's AIF. Before investing, prospective purchasers of Subscription Receipts should carefully consider, in light of their own financial circumstances, the factors set out below, as well as other information contained or incorporated by reference in this short form prospectus.

Market for Securities

There is currently no market through which the Subscription Receipts may be sold and there is no intention that the Subscription Receipts be listed on any exchange or market.

Electricity Purchases

Electrico has entered into binding five year contracts for the purchase of electricity. These volumes are intended to match new customer acquisitions. The contracts contain *force majeure* provisions and are contingent on opening of the electricity market in Ontario. To the extent that OESC is not successful in aggregating 65,000 customers, excess power will be sold, potentially at a loss that could be material.

The Acquisition

The Acquisition involves the purchase of approximately 120,000 Sunoco Customer Contracts, of which more than 50% are due for renewal by the end of 2002. In the current competitive market for natural gas customers and notwithstanding OESC's renewal record in excess of 95%, there is no assurance as to the number of Sunoco Customer Contracts which OESC will be able to renew nor is there any assurance that the margins applicable to such renewals will parallel the margins applicable to OESC's current customer base. In addition, OESC may be unable to integrate the Acquired Business successfully, or the costs to integrate may be greater than expected, either of which would adversely affect OESC's margins.

MATERIAL CONTRACTS

The material contracts to be entered into by the Fund in connection with the Offering are as follows:

(a) the Subscription Receipt Agreement referred to under "Details of the Offering";

(b) the Underwriting Agreement referred to under "Plan of Distribution"; and

(c) the Acquisition Agreement referred to under "Acquisition — Acquisition Agreement".

Copies of each of the foregoing agreements may be inspected during regular business hours at the offices of the Fund, at Suite 2830, 130 King Street West, Toronto, Ontario, M5X 1A9, until the expiry of the 30-day period following the date of the final short form prospectus.

LEGAL PROCEEDINGS

There are no outstanding legal proceedings material to the Fund to which the Fund or OESC is a party or in respect of which any of their respective properties are subject, nor are there any such proceedings known to be contemplated.

PROMOTER

OESC may be considered to be a promoter of the Fund by reason of its initiative in organizing the business and affairs of the Fund.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Fund are Deloitte & Touche LLP, Chartered Accountants, 5140 Yonge Street, Suite 1700, Toronto, Ontario, M2N 6L7.

The transfer agent and registrar for the Units and Subscription Receipts is Computershare Trust Company of Canada at its principal office in Toronto.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the province in which the purchaser resides for the particulars of these rights or consult with a legal advisor.

In addition, purchasers of Subscription Receipts will have a contractual right of rescission following the issuance of Units to such purchaser. See "Details of the Offering".

UNAUDITED PRO FORMA
CONSOLIDATED FINANCIAL STATEMENTS
OF THE FUND

COMPILATION REPORT

To The Trustee of
ENERGY SAVINGS INCOME FUND

We have reviewed, as to compilation only, the pro forma consolidated balance sheet of Energy Savings Income Fund (the "Fund") as at December 31, 2001 and the pro forma consolidated statement of operations for the year ended December 31, 2001. These pro forma consolidated financial statements have been prepared for inclusion in the prospectus relating to the proposed offering of Subscription Receipts of the Fund. In our opinion, the pro forma consolidated balance sheet and pro forma consolidated statement of operations have been properly compiled to give effect to the proposed transactions and the assumptions described in the notes thereto.

Toronto, Canada
April 25, 2002

(Signed) DELOITTE & TOUCHE LLP
Chartered Accountants

ENERGY SAVINGS INCOME FUND

PRO FORMA CONSOLIDATED BALANCE SHEET

December 31, 2001
(Unaudited)
(Thousands of dollars)

	FUND Consolidated Historical	Sunoco Inc.'s Natural Gas Marketing Business Historical	Pro forma Adjustments	Notes	The Fund Consolidated Pro forma
ASSETS					
CURRENT					
Cash	$ 19,768	$ —	$ 71,250	3(a)	
			(66,000)	3(b)	$ 25,018
Accounts receivable	5,482	21,214	(21,214)	3(c)	5,482
Gas delivered in excess of consumption	27,399	8,938	—		36,337
Prepaid expenses	49	—	—		49
Deferred hedging losses	—	18,038	(18,038)	3(c)	—
	52,698	48,190	(34,002)		66,886
INVESTMENT IN SUBSIDIARY	—	—	66,000	3(b)	
			(66,000)	3(d)	—
GAS CONTRACTS	144,077	593	63,025	3(d)	207,695
GOODWILL	92,139	—	6,673	3(d)	98,812
CAPITAL ASSETS	341	—	—		341
DEFERRED HEDGING LOSSES	—	7,919	(7,919)	3(c)	—
	$289,255	$56,702	$ 27,777		$373,734
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities	$ 8,353	$49,564	$(49,564)	3(c)	$ 8,353
Management incentive program payable	1,231	—	—		1,231
Corporate taxes payable	333	—	—		333
Deferred revenues	37,965	13,229	—		51,194
Unit distribution payable	1,737	—	—		1,737
	49,619	62,793	(49,564)		62,848
FUTURE INCOME TAXES	48,310	—	—		48,310
	97,929	62,793	(49,564)		111,158
EQUITY					
Preference shares of OESC	76,235	—	—		76,235
Units	114,336	—	71,250	3(a)	185,586
Contributed surplus	755	—	—		755
Owner's net investment	—	(6,091)	2,393	3(c)	
			3,698	3(d)	—
	191,326	(6,091)	77,341		262,576
	$289,255	$56,702	$ 27,777		$373,734

ENERGY SAVINGS INCOME FUND

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31, 2001
(Unaudited)
(Thousands of dollars, except per Unit amounts)

	OESC Historical 3 months ended March 31, 2001	OESC Historical 1 month ended April 30, 2001	FUND Consolidated 8 months ended December 31, 2001	Pro forma Adjustments		Pro forma	Sunoco's Natural Gas Marketing Business Historical	Pro forma and Consolidation Adjustments		The Fund Consolidated Pro forma
SALES	$77,844	$20,926	$ 89,516	—		$188,286	$171,690	$ 39,179	5(a)	$399,155
COST OF SALES	53,576	13,837	59,878	—		127,291	141,719	22,822	5(a)	291,832
GROSS MARGIN	24,268	7,089	29,638	—		60,995	29,971	16,357		107,323
EXPENSES										
Selling	1,821	2,142	10,748	—		14,711	—	—		14,711
Management incentive program	—	—	5,574	2,471	4(a)	8,045	—	—		8,045
General and administrative expenses	15,915	5,389	3,986	(17,600)	4(b)	7,690	9,422	—		17,112
Capital tax	—	—	466	134	4(c)	600	—			600
Amortization of deferred hedging losses	—	—	—	—		—	2,513	(2,513)	5(b)	—
Amortization — Gas contracts	—	—	27,073	13,537	4(d)	40,610	602	12,605	5(c)	53,817
Amortization — Capital assets	11	4	40	—		55	—	—		55
	17,747	7,535	47,887	(1,458)		71,711	12,537	10,092		94,340
NET INCOME (LOSS) BEFORE OTHER INCOME	6,521	(446)	(18,249)	1,458		(10,716)	17,434	6,265		12,983
OTHER INCOME	37	18	168	—		223	16,357	(16,357)	5(a)	223
NET INCOME (LOSS) BEFORE INCOME TAX	6,558	(428)	(18,081)	1,458		(10,493)	33,791	(10,092)		13,206
PROVISION FOR INCOME TAX (RECOVERY)	1,713	(175)	(17,220)	(1,118)	4(e)	(16,800)	14,091	(4,137)	5(d)	(6,846)
NET INCOME (LOSS)	$ 4,845	$ (253)	$ (861)	$ 2,576		$ 6,307	$ 19,700	$ (5,955)		$ 20,052
EARNINGS PER UNIT (note 7)										
Basic										$ 1.22
Diluted										$ 0.81

ENERGY SAVINGS INCOME FUND

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2001
(Unaudited)
(Thousands of dollars)

1. BASIS OF PRESENTATION:

The accompanying pro forma consolidated balance sheet and the pro forma consolidated statement of operations of Energy Savings Income Fund (the "Fund") have been prepared by the Fund in accordance with generally accepted accounting principles. The pro forma consolidated financial statements have been derived from the historical unaudited financial statements of the Fund and Ontario Energy Savings Corp. ("OESC"), a wholly owned subsidiary of the Fund, and the assumptions contained below. The pro forma consolidated financial statements include the accounts of the Fund and Sunoco Inc.'s Natural Gas Marketing Business.

The pro forma consolidated financial statements may not be indicative of the financial position and results of operations that would have been incurred if the proposed transactions had been in effect on the dates indicated or of the operating results which may be obtained in the future. The pro forma consolidated financial statements should be read in conjunction with the historical financial statements of the Fund and OESC, incorporated by reference in this prospectus, and the historical financial statements of Sunoco Inc.'s Natural Gas Marketing Business located elsewhere in this prospectus.

2. The accompanying pro forma consolidated financial statements of the Fund have been prepared to reflect the following proposed transactions.

(a) The Fund will issue 3,000,000 Subscription Receipts, each of which will entitle the holder thereof to receive one Unit (the "Offering") for net proceeds of $71,250, on closing of the Offering, after deducting the underwriters' fee in the aggregate amount of $3,750.

(b) The Fund will acquire $71,250 principal amount of unsecured subordinate 13% Notes ("Notes") of Ontario Energy Savings Corp for cash consideration.

(c) OESC will acquire certain assets and liabilities of Sunoco Inc.'s Natural Gas Marketing Business for $66,000 to be satisfied in cash.

3. The pro forma consolidated balance sheet of the Fund as at December 31, 2001 is based on the historical balance sheet of the Fund as at December 31, 2001 along with the historical balance sheet of Sunoco Inc.'s Natural Gas Marketing Business as at December 31, 2001 and has been prepared as if the following proposed transactions had been completed as at December 31, 2001.

(a) The issuance by the Fund of 3,000,000 Units for net proceeds of $71,250 after deducting the underwriters' fees in the aggregate amount of $3,750.

(b) The acquisition of certain assets and liabilities of Sunoco Inc.'s Natural Gas Marketing Business for $66,000 to be satisfied in cash.

(c) The elimination of assets and liabilities of Sunoco Inc.'s Natural Gas Marketing Business that will not be acquired by the Fund, which includes deferred hedging losses, accounts receivable and accounts payable.

(Thousands of dollars)

(d) The elimination of the investment on consolidation and the accounting for purchase price as follows:

Net Assets acquired:	
Gas delivered in excess of consumption	$ 8,938
Gas contracts	63,618
Goodwill	6,673
Less: Unearned revenues	(13,229)
	$66,000
Consideration:	
Cash	$66,000

The pro forma calculation and allocation of the purchase price discrepancy, representing the excess of the purchase price, including acquisition costs, over the related book value of the net assets acquired in the amount of $69,698, will be $63,025 to gas contracts, and $6,673 to goodwill. The actual calculation and allocation of the purchase price discrepancy will be based on the assets and liabilities purchased at the effective date of the acquisition transaction and other information available as at that date. Accordingly, the actual amounts for each of the assets and liabilities will vary from the pro forma amounts and the variations are expected to be material.

4. The pro forma consolidated statement of operations of the Fund for the year ended December 31, 2001 incorporates the results of operations of OESC for eight months ended December 31, 2001, as included in the Fund's consolidated statement of operations for that period, along with the statement of operations for OESC for the three month period ended March 31, 2001 and for the one month period ended April 30, 2001.

Details of the pro forma adjustments are as follows:

(a) Management incentive program expense has been increased to reflect a full twelve months of this program.

(b) Non-recurring management bonuses in the amount of $17,600 paid prior to the acquisition of OESC by the Fund have been eliminated.

(c) Net increase of $134 to capital tax due to additional capital taxes that would have been incurred had the Fund structure been in effect for the full year.

(d) The amortization of natural gas contracts acquired by the Fund from OESC, which are amortized over their estimated life, has been increased to reflect a full year's amortization.

(e) Adjustment to record the revised income tax provision (recovery) reflecting the adjustments described above. The adjustment also includes an income tax recovery relating to additional interest expense which is allocated to unitholders as income.

5. The resulting pro forma consolidated statement of operations of the Fund for the year ended December 31, 2001 has been further adjusted to give effect to the acquisition of Sunoco Inc.'s Natural Gas Marketing Business and has been prepared as if the transaction had occurred at the beginning of the year.

Details of pro forma and consolidation adjustments are as follows:

(a) Reclassification of Sunoco Inc.'s Natural Gas Marketing Business third party gas sales from other income resulting in additional sales revenue of $39,179 and additional cost of sales of $22,822 in order to be consistent with the Fund's accounting policies.

(b) Elimination of the amortization of the deferred hedging losses since the deferred hedging losses were not acquired by the Fund and were eliminated in note 3(c) above.

(c) The amortization of natural gas contracts of Sunoco Inc.'s Natural Gas Marketing Business acquired by the Fund, over their estimated useful life.

(d) Adjustment to record the revised income tax provision (recovery) reflecting the proposed transactions and the adjustments described above.

6. The pro forma consolidation of the Fund and the assets and liabilities of Sunoco Inc.'s Natural Gas Marketing Business acquired by the Fund has been accounted for by the purchase method.

7. EARNINGS PER UNIT

(a) Pro forma basic earnings per Unit calculations are based on the weighted average number of Units outstanding, assuming the original issue of 11,000,000 Units and the current issue of 3,000,000 Units both occurred on January 1, 2001 and the over-allotment of 1,100,000 Units related to the original issue occurred on January 16, 2001. All exchanges, issues and cancellations of Units which occurred from April 30, 2001 to December 31, 2001 are factored into the calculation of weighted average number of Units outstanding based on their actual date of occurrence. The pro forma weighted average number of Units issued and outstanding for the year ended December 31, 2001 is accordingly 16,448,708.

(b) Pro forma diluted earnings per Unit calculations are based on the assumed exchange of preference shares and options into Units. For this purpose options granted are factored into the calculation of weighted average number of Units outstanding based on their actual date of grant. The pro forma weighted average number of Units issued and outstanding for the year ended December 31, 2001 would accordingly amount to 24,886,955 if all Class A and Class B preference shares and options were exchanged into Units.

AUDITED FINANCIAL STATEMENTS
OF THE ACQUIRED BUSINESS

Sunoco Inc.'s
Natural Gas Marketing Business

Financial Statements

December 31, 2001 and 2000

PRICEWATERHOUSECOOPERS

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Calgary, Alberta
Canada T2P 3V7
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AUDITORS' REPORT

To the Board of Directors of
SUNOCO INC.

We have audited the balance sheets of **Sunoco Inc.'s Natural Gas Marketing Business** as at December 31, 2001 and 2000 and the statements of operations and owner's net investment and cash flows for each of the years in the three-year period ended December 31, 2001. These financial statements are the responsibility of the business's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the business as at December 31, 2001 and 2000 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2001 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

April 2, 2002 | Chartered Accountants

SUNOCO INC.'S
NATURAL GAS MARKETING BUSINESS

BALANCE SHEETS

As at December 31, 2001 and 2000

	2001	2000
	(in thousands of dollars)	
ASSETS		
Current assets		
Accounts receivable	$21,214	$12,655
Natural gas delivered in excess of consumption	8,938	—
Unbilled revenues	—	2,145
Deferred hedging losses (note 5)	18,038	—
	48,190	14,800
Deferred hedging losses (note 5)	7,919	—
Gas contracts	593	1,195
	$56,702	$15,995
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$49,564	$15,541
Natural gas consumed in excess of deliveries	—	1,873
Unearned revenues	13,229	—
	62,793	17,414
Owner's Net Investment	(6,091)	(1,419)
	$56,702	$15,995

Approved by the Board of Directors

(Signed) MIKE O'BRIEN
Director

(Signed) TOM RYLEY
Director

SUNOCO INC.'S
NATURAL GAS MARKETING BUSINESS

STATEMENTS OF OPERATIONS AND OWNER'S NET INVESTMENT

For the years ended December 31, 2001, 2000 and 1999

	2001	2000	1999
	(in thousands of dollars)		
Sales			
Retail customers	$164,712	$115,108	$102,388
Other Sunoco Inc. businesses	6,978	—	—
	171,690	115,108	102,388
Cost of sales (note 8)			
Relating to retail customers	134,741	128,565	109,041
Relating to other Sunoco Inc. businesses	6,978	—	—
	141,719	128,565	109,041
Gross margin	29,971	(13,457)	(6,653)
Other income (note 4)	16,357	2,915	581
Expenses			
General and administrative	9,422	6,914	5,458
Amortization of gas contracts	602	205	—
Amortization of deferred hedging losses (note 5)	2,513	—	—
	12,537	7,119	5,458
Income (loss) before income taxes	33,791	(17,661)	(11,530)
Income taxes	(14,091)	7,419	4,843
Net income (loss) for the year	19,700	(10,242)	(6,687)
Owner's net investment — Beginning of year	(1,419)	345	(1,809)
Net transfer of cash (to) from Sunoco Inc.	(24,372)	8,478	8,841
Owner's net investment — End of year	$ (6,091)	$ (1,419)	$ 345

SUNOCO INC.'S
NATURAL GAS MARKETING BUSINESS

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2001, 2000 and 1999

	2001	2000	1999
	(in thousands of dollars)		
Cash provided by (used in)			
Operating activities			
Net income (loss) for the year	$ 19,700	$ (10,242)	$ (6,687)
Item not affecting cash			
Amortization of gas contracts	602	205	—
	20,302	(10,037)	(6,687)
Changes in non-cash working capital			
Accounts receivable	(8,559)	(2,763)	(788)
Gas delivered in excess of consumption	(8,938)	—	—
Unbilled revenues	2,145	2,076	(4,221)
Accounts payable and accrued liabilities	34,023	5,922	(1,294)
Natural gas consumed in excess of deliveries	(1,873)	(2,276)	4,149
Deferred hedging losses (note 5)	(25,957)	—	—
Unearned revenues	13,229	—	—
	24,372	(7,078)	(8,841)
Investing activities			
Purchase of gas contracts	—	(1,400)	—
Financing activities			
Net transfer of cash from (to) Sunoco Inc.	(24,372)	8,478	8,841
Increase in cash during the year	—	—	—
Cash — Beginning of year	—	—	—
Cash — End of year	$ —	$ —	$ —

SUNOCO INC.'S
NATURAL GAS MARKETING BUSINESS

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000
(in thousands of dollars)

1. BASIS OF PRESENTATION

The accompanying financial statements have been prepared from the historical accounting records of Sunoco Inc., a wholly owned subsidiary of Suncor Energy Inc. They are presented on a carve-out basis to include historical operations applicable to the Natural Gas Marketing Business (the business). All assets and liabilities specifically identified with the business have been presented in the balance sheets.

The owner's net investment in the business has been presented in lieu of shareholder's equity in the financial statements. The financial information presented in these financial statements includes certain allocations based on historical activity levels and may not necessarily reflect the financial position, results of its operations or its cash flows of the business in the future or if it had existed as a separate, stand-alone business during the years presented. The allocations consist of general and administrative expenses incurred on behalf of the business by Sunoco Inc. Management believes that these allocations have been made on a reasonable basis. The business did not maintain a separate bank account during the years presented. Financing transactions are presented in these financial statements as changes in the owner's net investment. No amount in respect of interest has been allocated to this business.

2. OPERATIONS

The business involves the sale of natural gas to residential, small to mid-sized commercial and small industrial customers under long-term, irrevocable fixed price contracts. It is management's policy to match the estimated requirements of its customers by purchasing offsetting volumes of natural gas from gas suppliers at fixed prices for the term of its related customer contracts. The business derives its gross profit from the difference between the fixed price at which it is able sell natural gas to its customers and the price at which it purchased the offsetting volumes from natural gas suppliers.

The business enters into contracts with local natural gas distribution companies under which the latter receive fees for the delivery of natural gas to customers, billing, collection and the assumption of credit risk on an agency basis.

Depending on several factors, including weather, customers may use more or less natural gas than the volume purchased on their behalf, requiring the business to purchase the shortfall or sell the excess volumes at market prices.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The principal estimates include the recognition of revenue and the valuation of natural gas consumed in excess of supply and natural gas consumed in excess of deliveries. Although management believes these estimates are reasonable, actual results could differ from those estimates.

Revenue recognition

Revenue is recorded as natural gas is consumed by customers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Natural gas delivered in excess of consumption and unearned revenues

Natural gas delivered to local distribution companies in excess of that consumed by customers is stated at the lower of cost and net realizable value. Billings to local distribution companies in excess of amounts due from customers are recognized as unearned revenues, which are earned as customers consume natural gas.

Natural gas consumed in excess of deliveries and unbilled revenues

Natural gas consumed by customers in excess of amounts delivered to local distribution companies is recorded at the amount at which such natural gas is expected to be settled, which generally reflects the cost of natural gas purchased by the business under long-term contracts. Amounts due from customers in excess of amounts billed are recognized as unbilled revenues.

Gas contracts

The cost of purchasing portfolios of customer sales contracts is capitalized and classified as "gas contracts" and amortized to income of over lives of the contracts.

Income taxes

The business determines income taxes using the asset and liability method. The income tax expense or recovery has been determined based on the effective income tax rate of Sunoco Inc.

Derivative financial instruments

The business periodically enters into derivative financial instrument contracts to fix the price of its natural gas purchases. Such contracts are accounted for as hedges. Accordingly, the fair value of these contracts is not recognized in the balance sheets. Gains or losses on these contracts, including realized gains and losses on derivative contracts settled prior to maturity, are recognized in income at the same time as the related natural gas purchases.

4. OTHER INCOME

During 2000, the business entered into contracts to sell natural gas that it had previously contracted to purchase under long-term contracts which was in excess of anticipated demand from customers. The gain arising on these transactions of $17,598 (of which $2,915 was recognized in 2000 and $14,683 was recognized in 2001) was recognized in income at the same time as the related deliveries of natural gas.

5. DEFERRED HEDGING LOSSES

During 2001, the business settled a long-term fixed price natural gas purchase contract that was designated as a hedge of natural gas price changes. At the same time, the business entered into contracts to replace these hedges with another counterparty. As a result, the business incurred a loss of $28,470, which is being deferred and amortized over the original term of the hedge contracts.

6. CONTINGENCIES

The business may, from time to time, be subject to claims and disputes relating to contracts with customers. In the opinion of management, no such contingencies will have a material impact on the financial position of the business.

(in thousands of dollars)

7. COMMITMENTS

The business has entered into contracts with suppliers to purchase fixed quantities of natural gas (expressed in gigajoules (GJ)) at fixed prices. The business has also entered into contracts with customers to supply fixed or variable quantities of natural gas at fixed prices. A summary of those contractual commitments is set out in the table below:

	2002	2003	2004	2005	Total
Fixed price natural gas purchases					
Volume (millions of GJ)	35.4	16.2	3.7	0.3	55.6
Weighted average price per GJ	$4.41	$4.65	$5.00	$4.32	$4.35
Fixed price natural gas sales					
Committed under fixed price contracts with other Sunoco Inc. businesses[(a)]					
Volume (millions of GJ)	2.6	—	—	—	2.6
Weighted average price per GJ	$4.79	—	—	—	$4.79
Committed under fixed price contracts with other energy companies[(b)]					
Volume (millions of GJ)	3.3	5.3	—	—	8.6
Weighted average price per GJ	$4.10	$4.33	—	—	$4.24
Available for delivery to customers under fixed price contracts[(c)]					
Volume (millions of GJ)	29.5	10.9	3.7	0.3	44.4
Weighted average selling price per GJ	$5.85	$6.02	$6.22	$6.15	$5.92

(a) Commitments to sell natural gas to other Sunoco Inc. businesses were based on informal agreements and have been presented as if contractual agreements were in place.

(b) Commitments to sell natural gas to other energy companies represent those contracts described in note 4.

(c) The estimated obligations to deliver quantities of gas to customers is based on management's best estimate and is sensitive to factors outside of the control of the business such as weather and moving rates for residential customers.

8. RELATED PARTY TRANSACTIONS

Included in cost of sales are normal course purchases of natural gas from related parties in each of the years ended December 31, 1999, 2000 and 2001 of $22,816, $28,763 and $6,576, respectively.

GLOSSARY OF TERMS

"**ABC T-Service**" means agent, billing and collection system. Under this system, the LDC bills customers for the price of gas agreed upon between the ABM and its customers.

"**ABMs**" means Agents/Brokers/Marketers such as OESC. ABMs are market aggregators meaning that they aggregate downstream customers into groups.

"**Acquisition**" means the acquisition by OESC of the Acquired Business pursuant to the Acquisition Agreement.

"**Acquisition Agreement**" means the agreement dated April 5, 2002, between OESC and Sunoco pursuant to which OESC has agreed to purchase the Acquired Business from Sunoco in consideration for $66 million.

"**Acquired Business**" means the retail natural gas business pursuant to which Sunoco markets natural gas to residential and small to medium commercial customers in the provinces of Ontario and Québec.

"**affiliate**" shall have the meaning ascribed thereto in the OBCA.

"**Amending Marketing Agreement**" means the agreement dated March 31, 2002 between Synergy and OESC pursuant to which Synergy and OESC agreed to accelerate the termination date for the Marketing Agreement to March 31, 2002 from March 31, 2006.

"**Book-Entry Only System**" means the book-based system administered by CDS.

"**CDS**" means The Canadian Depository for Securities Limited.

"**Class A Preference Shares**" means the Class A preference shares in the capital of OESC.

"**Class B Preference Shares**" means the Class B preference shares in the capital of OESC.

"**Common Shares**" means the common shares in the capital of OESC.

"**Coral Energy**" means Coral Energy Canada Inc., an affiliate of Shell Oil Company.

"**Declaration of Trust**" means the amended and restated declaration of trust dated as of the 18th day of April 2001 for the Fund, as same may be amended from time to time.

"**Electricity Agreement**" means the agreement dated January 22, 2002 between OESC, the Fund, Electrico, the Electricity Management Group, the OESC Group and Raymond A. Samuels.

"**Electricity Management Group**" means Paul DeVries, Christopher J. Gaffney, Jeff Borg and David Ellis and such additional persons who may become members of such group from time to time.

"**Electrico**" means Ontario Electric Savings Corporation, a corporation incorporated under the OBCA on February 15, 1999.

"**Escrow Agent**" means Computershare Trust Company of Canada or its successor as escrow agent under the Subscription Receipt Agreement.

"**Escrowed Funds**" means the proceeds from the sale of the Subscription Receipts.

"**Exchangeco**" means OESC Exchange Inc., a corporation incorporated under the OBCA on February 13, 2001.

"**Exchangeco Exchange Rights**" means the rights granted by the Fund to Exchangeco pursuant to the OESC Shareholders' Agreement entitling Exchangeco to acquire Units in order to fulfill its obligations under the Shareholder Exchange Rights and to satisfy the purchase price for such Units by the issuance of Exchangeco Notes to the Fund.

"**Exchangeco Notes**" means the 13% unsecured notes of Exchangeco issued by Exchangeco to the Fund from time to time.

"**Fixed Price Contracts**" is the name under which OESC markets the fixed price, four or five year contracts for a customer's natural gas requirements utilizing the ABC T-Service arrangement.

"**Fund**" means Energy Savings Income Fund, a trust established under the laws of the Province of Ontario and governed by the Declaration of Trust.

"**Fund's AIF**" means the Initial Annual Information Form of the Fund dated March 1, 2002.

"**Gas Supplier**" means a person who is a natural gas producer or natural gas supply aggregator.

"**GJ**" means gigajoules (one billion joules). A joule is a measurement of energy, with one gigajoule being equal to 0.95 million British thermal units or 26.53 m^3 of natural gas.

"**Independent Commission Agent**" means a person who serves in the capacity of an independent contractor to solicit contracts for the supply of natural gas and/or electricity on a door-to-door or pre-appointment basis to residential, small to mid-size commercial and small industrial customers.

"**LDC**" means local distribution company, the natural gas or electricity distributor for a geographic franchise area including, as regards natural gas, The Consumers Gas Company Limited and Union Gas Limited and, as regards electricity, *inter alia* Toronto Hydro and Enersource Hydro Mississauga.

"**m^3**" means a cubic meter or 0.03769 GJs.

"**Marketing Agreement**" means the agreement dated April 30, 2001 between Synergy and OESC pursuant to which Synergy has agreed to secure natural gas customers for OESC.

"**Natural Gas Sale Agreement**" means the agreement between OESC and Coral Energy dated October 15, 1998 as amended by an agreement between the parties dated September 26, 2001.

"**Note Indenture**" means the note indenture providing for the issuance of the OESC Notes by OESC dated April 30, 2001 between OESC and the Note Trustee.

"**Note Trustee**" means Computershare Trust Company of Canada.

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended from time to time, including the regulations promulgated thereunder.

"**OESC**" or "**Corporation**" means Ontario Energy Savings Corporation.

"**OESC Group**" means and includes R. Owen Mitchell, James R. Hamilton and David McFadden.

"**OESC Notes**" means the 13% unsecured, subordinated notes of OESC issued by OESC pursuant to the Note Indenture.

"**OESC Shareholders' Agreement**" means the shareholders' agreement dated April 30, 2001 among the Fund, OESC, the shareholders and former shareholders of OESC, Exchangeco, Electrico and the former shareholders of Electrico, as amended January 22, 2002.

"**Offering**" means the offering of Subscription Receipts pursuant to this short form prospectus.

"**Preference Shares**" means the Class A Preference Shares and the Class B Preference Shares.

"**RCE**" means a residential customer equivalent which is a unit of measurement equivalent to a customer using, as regards natural gas, 3,000 m^3 (or 110 GJ's) of natural gas on an annual basis and, as regards electricity, 10,000 kWh of electricity on an annual basis, which represents respectively the approximate amount of gas and electricity used by a typical household.

"**Shareholder Exchange Rights**" means the rights granted by Exchangeco to the holders of Preference Shares pursuant to the OESC Shareholders' Agreement entitling the holders thereof to require Exchangeco to purchase their Preference Shares and to satisfy the purchase price for such Preference Shares by the transfer of Units to them.

"**Subscription Receipt Agreement**" means the agreement to be dated the date of closing of the Offering between the Fund, the Underwriters and the Escrow Agent governing the terms of the Subscription Receipts.

"**Subscription Receipts**" means the subscription receipts of the Fund offered hereby.

"**Sunoco**" means Sunoco Inc., a corporation incorporated under the OBCA.

“**Synergy**” means Synergy Marketing Services Inc., a corporation incorporated under the OBCA on January 26, 2001.

“**Tax Act**” means the Income Tax Act (Canada), R.S.C. 1985, c. 1 (5th Supp), as amended, including the regulations promulgated thereunder.

“**Trustee**” means Montreal Trust Company, or its successor as trustee of the Fund.

“**TSE**” means The Toronto Stock Exchange.

“**Underwriting Agreement**” means the agreement dated April 24, 2002 among the Fund, OESC and the Underwriters in respect of the Offering.

“**Underwriters**” means, collectively, CIBC World Markets Inc., National Bank Financial Inc., BMO Nesbitt Burns Inc., Canaccord Capital Corporation and Dundee Securities Corporation.

“**United States**” or “**U.S.**” means the United States of America.

“**Unitholders**” means the holders from time to time of Units and includes, while the Units are registered in the Book-Entry Only System, the beneficial owners of Units.

“**Units**” means the trust units of the Fund, each unit representing an equal undivided beneficial interest therein.

Words importing the singular number only include the plural, and vice versa, and words importing any gender include all genders.

CERTIFICATE OF THE FUND AND PROMOTER

Dated: April 25, 2002

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the Provinces of Canada. For the purpose of the Province of Québec, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

ENERGY SAVINGS INCOME FUND

By: Ontario Energy Savings Corp.

(Signed) REBECCA MACDONALD Chair, President and Chief Executive Officer	(Signed) JAMES H. MCKELVIE, C.A. Executive Vice President and Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) BRENNAN R. MULCAHY Director	(Signed) THE HON. MICHAEL J.L. KIRBY Director

ON BEHALF OF THE PROMOTER

ONTARIO ENERGY SAVINGS CORP.

(Signed) REBECCA MACDONALD Chair, President and Chief Executive Officer	(Signed) JAMES H. MCKELVIE, C.A. Executive Vice President and Chief Financial Officer

CERTIFICATE OF THE UNDERWRITERS

Dated: April 25, 2002

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the Provinces of Canada. For the purpose of the Province of Québec, to our knowledge, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

CIBC WORLD MARKETS INC.

By: (Signed) DANIEL J. MCCARTHY

NATIONAL BANK FINANCIAL INC.

By: (Signed) PETER JELLEY

BMO NESBITT BURNS INC.

By: (Signed) DAVID VETTERS

CANACCORD CAPITAL CORPORATION

By: (Signed) PETER MARRONE

DUNDEE SECURITIES CORPORATION

By: (Signed) DAVID G. ANDERSON

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