[GRAPHIC]

MANAGEMENT INFORMATION CIRCULAR

ANNUAL GENERAL MEETING
OF
ENERGY SAVINGS INCOME FUND
TO BE HELD ON THURSDAY, JUNE 29, 2006
TORONTO, ONTARIO

MAY 19, 2006

[GRAPHIC]

May 19, 2006

Dear Unitholder:

Please accept my personal invitation to join us at the fifth Annual General Meeting of Energy Savings Income Fund which takes place at 4:00 p.m., on Thursday June 29, 2006 at the Toronto Stock Exchange — Auditorium, in Toronto which is located on the main floor of The Exchange Tower, 2 First Canadian Place, 130 King Street West.

I am very proud of our Fund's record. It has been the fastest growing and best performing Income Fund in Canada since its inception on April 30, 2001. During the past year, we have substantially expanded our electricity customer base in Ontario and more than doubled our customer base in the United States. Our sales, gross margin, distristributable cash and net income all reached record levels in fiscal 2006 and we are very optimistic about the year to come.

The Fund has increased its rate of distribution 22 times since its IPO and the total return to investors on the Fund's Units was 854% since our April 30, 2001 IPO. The items of business to be dealt with and the details of the meeting are listed in the attached Notice of Meeting. The business will include the presentation of the Audited Consolidated Financial Statements of the Fund and the Report of the Auditors for the fiscal year ended March 31, 2006; the election of Directors of Ontario Energy Savings Corp. and the appointment of KPMG LLP as auditors. Each of these items is described in the attached Information Circular.

Information concerning the Fund and its operating entities is available at our website at www.esif.ca. You will also find recently filed corporate disclosure documents on the website.

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

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

Sincerely,
[GRAPHIC]

REBECCA MACDONALD
Executive Chair

[GRAPHIC]

NOTICE OF ANNUAL GENERAL MEETING

TO: **THE UNITHOLDERS OF ENERGY SAVINGS INCOME FUND**
AND TO: **THE HOLDERS OF CLASS A PREFERENCE SHARES OF ONTARIO ENERGY SAVINGS CORP.**

TAKE NOTICE that the Annual General Meeting (the "Meeting") of the holders of: (i) trust units ("Units") of Energy Savings Income Fund (the "Fund") and/or (ii) Class A Preference Shares of Ontario Energy Savings Corp. ("OESC") (collectively, the "Holders") will be held at the Toronto Stock Exchange — Auditorium, The Exchange Tower, 2 First Canadian Place, 130 King Street West, Toronto, Ontario, Canada M5X 1J2 on Thursday, the 29th day of June, 2006 (the "Meeting Date"), at 4:00 p.m. (Toronto time) for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Fund for the year ended March 31, 2006 and the auditors' report thereon;

2. to consider the nominees of the Fund standing for election as directors of OESC and direct Montreal Trust Company of Canada ("Trustee"), as trustee of the Fund, to vote the common shares of OESC held by the Fund in favour of the election of directors accordingly;

3. to appoint KPMG LLP as auditors of the Fund, with remuneration to be fixed by OESC, the administrator of the Fund; and

4. to transact such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

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

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

Ontario Energy Savings Corp., as administrator of the Fund, has fixed the record date for the Meeting as the close of business on May 19, 2006 (the "Record Date"). Holders of record at the close of business on the Record Date will be entitled to vote at the Meeting. No person who became a Holder after the Record Date shall be entitled to vote at the Meeting.

Dated at Toronto, Ontario
this 19th day of May, 2006.

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

[GRAPHIC]

REBECCA MACDONALD
Executive Chair
Ontario Energy Savings Corp.

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INFORMATION CIRCULAR
SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies on behalf of Montreal Trust Company of Canada (the "Trustee") by Ontario Energy Savings Corp. ("OESC" or the "Administrator"), the administrator of Energy Savings Income Fund (the "Fund"), for use at the Annual General Meeting (the "Meeting") of the holders (the "Unitholders") of units ("Units") of the Fund and the holders of Class A Preference Shares of OESC (the "Preference Shares") (the holders of Units and Preference Shares being collectively referred to as "Holders"), to be held at the Toronto Stock Exchange — Auditorium, the Exchange Tower, 2 First Canadian Place, 130 King Street West, Toronto, Ontario, Canada M5X 1J2 on Thursday, the 29th day of June, 2006 (the "Meeting Date"), at 4:00 p.m. (Toronto time) for the purposes set forth herein and in the Notice of Meeting accompanying this Information Circular. References herein to "Holder" shall mean the holder of either Units or Preference Shares, as applicable.

FOR PURPOSES OF THE MEETING AND PURSUANT TO AN AMENDED AND RESTATED DECLARATION OF TRUST BETWEEN THE TRUSTEE AND OESC DATED AS OF JUNE 27, 2004 (THE "DECLARATION OF TRUST"), THE HOLDERS OF PREFERENCE SHARES ARE ENTITLED TO BE TREATED AS IF THEY ARE THE HOLDERS OF THE NUMBER OF UNITS THAT THEY WOULD BE ENTITLED TO RECEIVE ON THE RELEVANT DATE, IF THEY EXERCISED ON SUCH DATE, THE SHAREHOLDER EXCHANGE RIGHTS WITH RESPECT TO ALL OF THE PREFERENCE SHARES HELD BY THEM. ACCORDINGLY, PURSUANT TO THE DECLARATION OF TRUST AND AN AGREEMENT AMONG THE FUND, OESC, OESC EXCHANGECO INC. ("EXCHANGECO"), THE HOLDERS OF PREFERENCE SHARES AND CERTAIN OTHER PARTIES DATED APRIL 30, 2001 AS AMENDED (THE "OESC SHAREHOLDERS' AGREEMENT") THE ENCLOSED PROXY MAY BE COMPLETED BY ANY PERSON WHO HOLDS UNITS AND/OR WHO HOLDS PREFERENCE SHARES.

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

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

APPOINTMENT OF PROXIES

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

OESC, as administrator of the Fund, has fixed the record date for the Meeting as the close of business on May 19, 2006 (the "Record Date"). Only Holders of record as at that date are entitled to receive notice of, and to vote at, the Meeting. No person who became a Holder after the Record Date shall be entitled to vote at the Meeting.

REVOCABILITY OF PROXIES

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

EXERCISE OF DISCRETION BY PROXYHOLDERS

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

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

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

UNITS, PREFERENCE SHARES AND THE PRINCIPAL HOLDERS THEREOF

Units and Preference Shares

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

As at May 19, 2006, the Record Date, the Fund had 96,391,991 issued and outstanding Units and OESC has 10,168,695 issued and outstanding Preference Shares so that approximately 106,560,686 votes are entitled to be cast at the Meeting.

Principal Holders of Units and Preference Shares

To the best of the knowledge of the Trustee, the Administrator and the directors and senior officers of the Administrator, there is no person or corporation which beneficially owns, directly or indirectly, or exercises control or direction over, Units and Preference Shares, collectively carrying more than 10% of the voting rights attached to all Preference Shares of OESC and all Units of the Fund, in the aggregate, entitled to vote at the Meeting. To the best of the knowledge of the Trustee, the Administrator and the directors and senior officers of the Administrator, there is no person or corporation which beneficially owns, directly or indirectly, or exercises control or direction over Units and Preference Shares collectively carrying more than 10% of the voting rights attached to all Units of the Fund and Preference Shares of OESC entitled to vote at the Meeting.

As at May 19, 2006, the officers and directors of OESC held beneficially, directly or indirectly, in the aggregate, approximately 2,626,981 Units and 8,902,512 Preference Shares.

Voting of Units — Advice to Beneficial Holders of Units

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

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

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

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

Quorum for Meeting

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

COMPENSATION OF THE DIRECTORS AND OFFICERS OF OESC

Compensation of Directors

For the year ended March 31, 2006, each of the Directors of OESC (other than those who are members of management), received a $10,000 annual retainer, a $1,000 attendance fee for each board and committee meeting attended and was reimbursed for out-of-pocket expenses for attending Directors' and Committee meetings. Michael Kirby received an additional annual fee of $10,000 for serving as Chair of the Audit Committee and Donald Macdonald received an additional annual fee of $5,000 for serving as Chair of the Compensation and Human Resources Committee and the Nominating and Corporate Governance Committee. As lead director Mr. Segal received an additional annual fee of $30,000. In addition, each non-management director received at the end of each quarter of the Fund an additional $3,750 which amount was credited to such director's deferred unit compensation account pursuant to the Directors' Deferred Unit Compensation Plan which Plan (including the number of Deferred Units owned by each non-management director) is described in note (6) under the heading "Election of Directors of Ontario Energy Savings Corp." on page 20 of this Information Circular. At March 31, 2006 the non-management directors owned a total of 14,013 Deferred Units.

Commencing April 1, 2006, the directors (other than those who are members of management), will receive, in lieu of the above fees: (i) an annual retainer fee of $35,000, (ii) an annual fee to the Chair of the Audit Committee of $10,000 and to the Chair of each of the Compensation and Human Resources Committee and the Chair of the Nominating and Corporate Governance Committee of $5,000, (iii) a board and committee attendance fee of $2,000 per meeting attended and (iv) an annual fee of $30,000 to the Lead Director. All fees are payable quarterly in arrears and directors may elect to take all or a portion of their fees in Deferred Units pursuant to the Directors' Deferred Unit Compensation Plan referred to in note (6) on page 20 of this Information Circular.

For the year ended March 31, 2006, the total compensation in the form of all fees, retainers, chair fees, attendance fees and expenses paid to the non-management directors, including the cash value of the Deferred Units, was $251,000.

Each of Messrs. Kirby, Segal and Brussa, as outside directors of OESC, was granted 40,000 options under the Fund's 2001 Unit Option Plan on April 30, 2001 at an exercise price of $2.50 per Unit. Mr. Smith, who became a director on August 21, 2001, was granted 40,000 options at an exercise price of $3.24 per Unit. On June 27, 2003 each of Messrs. Kirby, Segal, Brussa and Smith were granted an additional 10,000 options at an exercise price of $11.25 per Unit. Donald S. Macdonald was appointed a director of OESC on January 17, 2005 and was granted 50,000 options at an exercise price of $17.70 per Unit. All options granted to the outside directors are exercisable for an equivalent number of Units for a period of five years from the grant date and vest as to one third thereof on the first, second and third anniversary of the grant date. Except for 50,000 options to be made available to The Honourable Gordon Giffin upon his election to the Board of Directors of OESC on June 29, 2006, the Fund has no plans to issue further options to directors.

OESC has issued indemnities to each of its directors and officers as permitted under applicable legislation and has purchased a directors' and officers' liability insurance policy for the directors and officers of all direct and indirect subsidiaries of the Fund. The annual aggregate premium for such insurance is currently $81,000 and is paid in its entirety by OESC. The annual insurance coverage under the policy is limited to $10 million (per claim and in the aggregate each policy year) and is subject to a $100,000 self-insured retention for the corporate reimbursement section only. Effective May 22, 2006 the annual insurance coverage under the policy will be increased to $15 million at an annual premium of $125,000.

Summary Compensation Table

The following table sets forth all compensation, for the three years ended March 31, 2006, with respect to the individuals who were, at March 31, 2006, the Chief Executive Officer, the Chief Financial Officer and, the three other most highly compensated executive officers of the operating subsidiaries of the Fund including, as required disclosure, all compensation for two individuals (DeVries and Wernet), who, but for their resignations prior to March 31, 2006, would have been included as two of the three most highly compensated executive officers of the operating subsidiaries of the Fund (together the "Named Executive Officers") for the year ended March 31, 2006.

	Annual Compensation[1]				Long-Term Compensation Awards			
						Awards	Payouts	
Name and Principal Position	**Year Ended March 31**	**Salary ($)**	**Bonus[3] ($)**	**Other Annual Compensation[4][5][6] ($)**	**Units Under Options Granted[7][9] (#)**	**Fully Paid Unit Appreciation Rights[10][11] ($)**	**LTIP Payouts[8] ($)**	**All Other Compensation[4]**
Rebecca MacDonald[2] Executive Chair — OESC	2006	$500,000	$500,000[10]	$400,000	—	47,847@$18.81	—	—
	2005	$500,000	$500,000[10]	—	—	30,321@$16.49	—	—
	2004	$340,000	$400,000	—	—		—	—
Brennan R. Mulcahy[2] Chief Executive Officer — OESC	2006	$500,000	$500,000[10]	$400,000	—	47,847@$18.81	—	—
	2005	$500,000	$500,000[10]	—	—	30,321@$16.49	—	—
	2004	$340,000	$400,000	—	—	—	—	—
Ken Hartwick C.A.[2] President — OESC	2006	$375,000	$287,500[10]	—	100,000	15,285@$18.81	—	$15,869[12]
	2005	$350,000	$175,000[10]	—	50,000	5,306@$16.49	—	$8,346[12]
	2004	—	—		—	—	—	—
Mary Meffe C.A.[2] Chief Financial Officer — OESC	2006	$170,000	$ 85,000[10]	—	30,000	678@$18.81	—	$7,257[12]
	2005	$125,000	$ 50,000[10]	—	—	—	—	$5,385[12]
	2004	$110,000	$ 35,000	—	—	—	—	—
Chris Gaffney[2][15] Vice-President and General Counsel — OESC	2006	$245,000	—	—	—	7,995@$18.76	$ 600,000	—
	2005	$245,000	—	—	—	17,885@$16.5	$ 746,538	—
	2004	$245,000	—	—	—	8,726@$17.19	$ 600,000	—
Paul	2006	$325,000	—	—	—	47,653@$18.89	$ 900,000	—

DeVries[2][13]	2005	$325,000	—	—	—	26,827@$16.58	$1,119,806[8]	—
	2004	$325,000	—	—	—	13,089@$17.19	$ 900,000[8]	—
Debbie Wernet[2][14]	2006	$372,716	—	—	—	17,390@$20.51	—	$444,210[14]
	2005	$498,654	$762,270	—	—	25,280@$15.80	—	—
	2004	$511,000	—		—	22,006@$16.49	—	—

Notes:

(1) The salary for each Named Executive Officer reflects his or her salary on an annualized basis for the years ended March 31, 2004, 2005 and 2006 except for Debbie Wernet whose salary for 2006 is reflected for the period ending December 31, 2005.

(2) Ms. MacDonald and Mr. Mulcahy became officers of OESC on April 30, 2001. Prior thereto, each of them held the same or similar positions with OESC or the predecessor of OESC. Effective April 1, 2005 Ms. MacDonald became Executive Chair of OESC and Mr. Mulcahy became Chief Executive Officer of OESC. Mr. Hartwick became Chief Financial Officer of OESC on April 5, 2004 and was appointed President of OESC on March 9, 2006. Ms. Meffe joined OESC on June 18, 2001 as Director of Finance, was appointed Vice President Finance on November 4, 2004 and became Chief Financial Officer on March 9, 2006. Mr. Gaffney joined OESC on February 1, 2002 as Vice President and General Counsel and resigned on March 31, 2006, effective June 30, 2006. Mr. DeVries joined OESC on March 1, 2002, was appointed President — Canadian operations on April 1, 2005, President on October 12, 2005 and resigned on March 9, 2006 and will continue in a transitional consulting role until September 30, 2006. Ms. Wernet joined U.S. Energy Savings Corp., an indirect wholly owned subsidiary of OESC, on September 1, 2003, as President, U.S. Operations, resigned on October 1, 2005 and continued in a transitional consulting role until January 1, 2006.

(3) With the confirmation and approval of the Compensation and Human Resources Committee, each of the Named Executive Officers (except for Messrs. DeVries and Gaffney both of whom are entitled to marketing fees or commissions — see notes (8) and (10) below) received a short term discretionary performance bonus pursuant to each of their employment agreements based on several performance factors including, but not limited to: (i) U.S. and Canadian customer growth, (ii) margins, (iii) distribution levels, (iv) distributable cash, (v) customer renewals, (vi) customer attrition and other factors as determined by the Compensation and Human Resources Committee. A detailed summary of the current employment agreements for the Named Executive Officers for the five year period commencing April 1, 2006 (other than for Ms. Wernet and Mr. De Vries who resigned prior to March 31, 2006 and whose Departure Agreements are described in notes (13) and (14) below and Mr. Gaffney who resigned on March 31, 2006 effective June 30, 2006 whose resignation is described in note (15) below), are described under the heading "Employment Agreements — Named Executive Officers" on page 10 of this Information Circular. Ms. Wernet was not awarded a short term discretionary performance bonus for the year ended March 31, 2006. Each of Ms. MacDonald and Messrs. Mulcahy and Hartwick elected to receive 100% of their short term discretionary performance bonuses in fully paid UARs which were valued at $18.81 each equal to the simple average TSX closing market price of Units for the 30 trading days preceding March 31, 2006.

(4) The aggregate value of perquisites and other personal benefits did not exceed the lessor of $50,000 and 10% of the total of the annual salary and bonus for each of the Named Executive Officers for the year ended March 31, 2006.

(5) Pursuant to the OESC Shareholders' Agreement, each member of management of OESC who is a holder of Preference Shares in the capital of OESC i.e., including Ms. MacDonald and Mr. Mulcahy (each Preference Share is exchangeable at the option of the holder into one Unit of the Fund), is entitled to receive on a quarterly basis, a "special management incentive bonus" equal to the amount which he or she would have received had he or she been a holder of record on the record date for all distributions made on Units in respect of such quarter, on a number of Units equivalent to the number of Preference Shares held by him or her. In view of the nature of the above payments made to two of the above Named Executive Officers, which in substance reflect the ownership of Units (based on the number of Preference Shares owned by each them in OESC), the above table does not reflect the amounts paid to each of them pursuant to the special management incentive bonus.

(6) Pursuant to the terms of their employment agreements (which terminated on March 31, 2006 and which were replaced by the agreements referred to under the heading "Employment Agreements — Named Executive Officers" on page 10 of this Information Circular), each of Ms. MacDonald and Mr. Mulcahy became entitled to a unit performance bonus of $400,000 on the basis that the simple average closing market price for Units for the 30 trading days on the TSX preceding March 31, 2006 exceeded $18.00. Each bonus is payable as to 100% in fully paid UARs (described under the heading "Unit Appreciation Rights Plan" on page 9 of this Information Circular) — (the "UAR Amount"). All 21,265 fully paid UARs (valued at $18.81 each) to which each of them became entitled as part of the UAR Amount will vest as to 33 $^{1}/_{3}$% on each of March 31, 2007, 2008 and 2009 so long as each of them remains a senior officer of OESC or any affiliate thereof, in each case, on the applicable vesting date.

(7) This amount reflects the number of unexercised and unvested options held at March 31 in each of the indicated years. Options vest over three or five years from the grant date and expire five or ten years from the grant date. The number of options in the above Table reflects the 2:1 subdivision of Units on July 29, 2002 and the subsequent 2:1 subdivision of Units on January 30, 2004.

(8) On April 1, 2003, the Fund and OESC entered into individual Marketing Fee Agreements with each of Mr. DeVries and Mr. Gaffney (the "Marketing Fee Agreements") and certain other individuals to provide a long term incentive to maximize gross margins and to better align their interests with the holders of Units and Preference Shares thereby increasing Unitholder value. The Marketing Fee Agreements, along with similar agreements made available to two other officers of and one consultant to OESC, were approved by OESC's board of directors. Under the terms of the Marketing Fee Agreements, each of Mr. DeVries and Mr. Gaffney: (i) for so long as they are employees of OESC (and in the event they are terminated without cause), are entitled to fees or commissions based upon a fixed percentage of year over year incremental gross margins of OESC and its subsidiaries from April 1, 2003 to March 31, 2007 and thereafter unless terminated by OESC (See "Report on Executive Compensation — Marketing Fee or Commission Payments" on page 16 of the this Information Circular) and (ii) in the event of a change of control of the Fund or OESC, are entitled to a change of control fee or commission after which they are no longer entitled to receive any further fees or commissions based on incremental gross revenues. The Marketing Fee Agreements entered into by the Fund, OESC, Mr. DeVries and Mr. Gaffney and three other persons and the commissions or fees (including unit appreciation rights ("UARs")), paid or to which such persons are entitled are discussed in greater detail under the heading "Report on Executive Compensation" on page 14 of this Information Circular. See also notes (13) and (15) below.

(9) The Fund's Unit Option Plan is described under the heading "Fund Unit Option Plan" on page 8 of this Information Circular. Of the 2,800,000 options granted to four officers of Ontario Electric Savings Corp. (now OESC) (including Mr. DeVries as to 1,120,000 options and Mr. Gaffney as to 644,000 options) on January 29, 2002 at an exercise price of $5.01 per Unit, 28.6% thereof or 800,000 options (including Mr. DeVries as to 320,000 thereof and Mr. Gaffney as to 184,000 options) were granted subject to the terms and conditions described under the heading "Fund Unit Option Plan" on page 8 of this Information Circular. The remaining 71.4% thereof or 2,000,000 options (including Mr. DeVries as to 800,000 thereof and Mr. Gaffney as to 460,000 options) became exercisable only on the achievement of specific performance targets of which (a) 800,000 options (including Mr. DeVries as to 320,000 thereof and Mr. Gaffney as to 184,000 options) vested as to 33 $^{1}/_{3}$% thereof on each of the first, second and third anniversary of September 30, 2002, the day when OESC achieved an aggregated contracted flowing customer base of 100 megawatts of electricity (the "First Target Date") and (b) 1,200,000 options (including Mr. DeVries as to 480,000 thereof and Mr. Gaffney as to 276,000 options) vested as to 33 $^{1}/_{3}$% thereof on each of the first, second and third anniversary of January 20, 2003, the day when OESC achieved an aggregated contracted flowing customer base of 200 megawatts of electricity (the "Second Target Date"). All options granted on the basis described in (a) and (b) above and which have vested are exercisable on a cumulative basis, and expire, to the extent unexercised, on the fifth anniversary of the First Target Date and the Second Target Date, respectively, and are otherwise subject to the terms and conditions thereof, the Fund Unit Option Plan described below and Mr. DeVries and Mr. Gaffney's employment agreements described under the heading "Employment Agreements — Named Executive Officers" on page 10 of this Information Circular. All remaining options owned by Messrs. DeVries and Gaffney have been exercised. See also the Table on page 9 of this Information Circular and notes (13) and (15) below.

(10) Ms. MacDonald, Ms. Wernet, Ms. Meffe, Mr. Mulcahy and Mr. Hartwick are required to take a certain percentage of their short term discretionary performance bonus entitlements (including as regards Ms. MacDonald and Mr. Mulcahy their Unit Performance Bonuses described in note (6) above), in UARs and Mr. DeVries and Mr. Gaffney are required to take a certain percentage of their commissions or marketing fee entitlements under their Marketing Fee Agreements in UARs as described in more detail under "Employment Agreements — Named Executive Officers" on page 10 of this Information Circular and under the headings "Report on Executive Compensation — UARs and Marketing Fee or Commission Payments" commencing on pages 16 and 17 of this Information Circular. For the year ending March 31, 2005, each of Ms. MacDonald, Mr. Mulcahy and Ms. Wernet elected to take 100% of each of their short term discretionary performance bonus entitlements in fully paid UARs. For the year ending March 31, 2006, each of Ms. MacDonald, Mr. Mulcahy and Mr. Hartwick elected to receive 100% of their short term discretionary performance bonus entitlement (including as regards the Unit Performance Bonus to which each of Ms. MacDonald and Mr. Mulcahy were entitled), in fully paid UARs. Mr. DeVries elected to receive 100% of the cash portion of his marketing fees or commissions to which he was entitled to receive under his Marketing Fee Agreement for the year ending March 31, 2006 in the form of 47,653 fully paid UARs of which 11,993 were issued at $18.76; 8,734 at $19.32; 8,378 at $20.14 and 9,554 at $17.76. Ms. Meffe received 15% of her $85,000 short term discretionary performance bonus in the form of fully paid UARs (678 UARs). The fully paid UARs do not reflect additional compensation for Ms. MacDonald and Ms. Meffe and Messrs. Mulcahy and Hartwick, but rather bonus rewards required and/or elected to be received by them in the form of fully paid UARs.

(11) In accordance with terms of their employment agreements and, in the case of Mr. De Vries and Mr. Gaffney, their Marketing Fee Agreements and pursuant to elections made pursuant thereto, fully paid UARs representing March 31, 2005 and 2006 bonus and mandatory fee commissions (Mr. DeVries and Mr. Gaffney) were issued to each of the above Named Executive Officers in the numbers and at the prices per UAR as disclosed. See "Unit Appreciation Rights Plan" on page 9 of this Information Circular for a further description of UARs. The fully paid UARs do not reflect additional compensation but rather bonus rewards or marketing fees or commissions required and/or elected by the Named Executive Officers to be received in the form of fully paid UARs.

(12) This amount reflects Mr. Hartwick's and Ms. Meffe's respective interests in the Fund's Deferred Profit Sharing Plan and the Employee's Profit Sharing Plan (both of which are described in more detail under the heading "Report on Executive Compensation" on page 14 of this Information Circular) as at March 31, 2005 and 2006. None of the other Named Executive Officers participate in the plans.

(13) Mr. DeVries resigned as President of OESC and its affiliates on March 9, 2006 pursuant to a Departure Agreement among himself, the Fund and OESC, on the basis that: (i) he continue to be paid his base salary as an employee with transitional consulting responsibilities from March 10, 2006 until September 30, 2006, (ii) he be entitled to receive a final payment (including fully paid UARs) under his Marketing Fee Agreement among himself, the Fund and OESC for the period ending September 30, 2006, (iii) all fully paid UARs and options owned by him or to which he may become entitled, be governed by the terms and conditions of his Marketing Fee Agreement and his employment agreement and his applicable Option and UAR agreements and the Option Plan and the UAR Plan, as applicable, (iv) his employment agreement terminates as of April 1, 2006 subject to certain continuing confidentiality and other obligations including a three year non-compete, non solicitation agreement from September 30, 2006 and (v) his Marketing Fee Agreement will terminate on September 30, 2006. As a result of his resignation, Mr. DeVries will forfeit approximately 34,204 fully paid UARs (approximately $600,000 based on a $17.50 Unit value) which will not be vested at September 30, 2006.

(14) Ms. Wernet resigned as President, U.S. Operations, of U.S. Energy Savings Corp. on October 1, 2005 pursuant to a Departure Agreement among herself, the Fund and OESC on the basis that: (i) she continue to be paid her base salary as an employee with transitional consulting responsibilities until January 1, 2006 at which time she was paid one year's additional salary of U.S. $390,000 (Cdn. $444,210), (ii) she not be entitled to any short term discretionary performance bonus for the year ending March 31, 2006, (iii) she be entitled to the accelerated vesting of all her remaining 200,000 unvested options so that she currently holds 600,000 vested options at an exercise price of $12.17, which she is entitled to exercise into units on a 1:1 basis until March 31, 2008, (iv) she be entitled to the accelerated vesting of all unvested fully paid UARs so that she currently holds 64,676 fully paid UARs which she is entitled to exchange into units on a 1:1 basis until the expiry of five years from the applicable grant date, and (v) her employment agreement terminate on January 1, 2006 subject to certain continuing confidentiality and other obligations including a 15 month non compete, non solicitation agreement from January 1, 2006.

(15) Mr. Gaffney resigned as Vice President and General Counsel on March 31, 2006 to be effective June 30, 2006.. Pursuant to his employment agreement and Marketing Fee Agreement, he is entitled to receive: (i) his base salary to June 30, 2006 and (ii) the commissions or marketing fees to which he is entitled under his Marketing Fee Agreement for the period ending March 31, 2006 and is subject to certain continuing confidentiality and other obligations including a three year non compete, non solicitation agreement from June 30, 2006. As a result of his resignation Mr. Gaffney will forfeit approximately 22,826 fully paid UARs (approximately $399,455 based on a $17.50 Unit value) which will not be vested at June 30, 2006.

Fund Unit Option Plan

The directors, officers, full-time employees and service providers of and to the Fund and OESC are eligible to participate in the Fund's 2001 Unit Option Plan (the "Option Plan"). The purpose of the Option Plan is to provide such eligible participants with compensation opportunities that will encourage ownership of Units, enhance OESC's and the Fund's ability to attract, retain and motivate key personnel and reward directors, officers, employees and service providers for significant performance and cash flow growth of the Fund. The Option Plan is administered by the Compensation and Human Resources Committee of OESC in its capacity as administrator of the Fund. The Compensation and Human Resources Committee has the power to, among other things: (i) determine those directors, officers, employees and service providers eligible to be granted options; (ii) determine the number of Units covered by each option; (iii) determine the exercise price for each option; and (iv) determine the time or times when options will be granted and when they are exercisable and expire. The exercise price for any option granted may not be less than the closing market price of the Units on the Toronto Stock Exchange on the business day immediately preceding the day upon which the option is granted. Except as described in Note (7) to the Summary Compensation Table on page 6 of this Information Circular or otherwise provided in individual option agreements approved by the Compensation and Human Resources Committee, holders of options may exercise them at the applicable exercise price, subject to cancellation or acceleration in the event of termination of employment or death of the optionholder. Except as otherwise provided in individual option agreements approved by the Compensation and Human Resources Committee, options granted under the Option Plan are non-transferable, non-assignable and, except as described in Note (9) to the Summary Compensation Table on page 6 of this Information Circular, expire five or ten years from their grant date. At March 31, 2006, 859,166 options are available for grant under the Option Plan (less than 1% of the outstanding Units and Preference Shares).

Under the Option Plan and applicable option and employment agreements for the Named Executive Officers, all options will automatically vest immediately: (i) prior to the occurrence of a "Change of Control" of the Fund as defined under the heading "Employment Agreements — Named Executive Officers" on page 10 of this Information Circular, (ii) upon dismissal without cause or constructive dismissal or (iii) in some cases, at the end of the term of an employment agreement if a further employment agreement on no less favourable terms from a commercial standpoint is not made available or offered to certain employees of OESC or an affiliate thereof.

Options Granted for Year Ended March 31, 2006

A total of 275,000 options have been granted to directors, officers, employees and service providers of OESC for the one year period ending March 31, 2006 to acquire in the aggregate 275,000 Units on the dates, in the numbers, and at the exercise prices per Unit as set forth below:

Date of Option Grant	Exercise Price Per Unit	# of Options Granted
April 29, 2005	$15.63	250,000
May 9, 2005	$15.90	25,000

The following table indicates the particulars of options to acquire Units of the Fund granted to the Named Executive Officers for the year ended March 31, 2006:

Name	Options Granted	% of Total Options Granted to all Employees in Financial Year	Market Value of Units on Grant Date	Exercise Price	Expiration Date
Ken Hartwick	100,000	36.4%	$15.63	$15.63	May 28, 2010
Mary Meffe	30,000	11%	$15.63	$15.63	May 28, 2010

Option Exercises and Financial Year End Value of Options

The following table sets forth the number of Units acquired pursuant to the exercise by the Named Executive Officers, if any, of unit options during the fiscal year ended March 31, 2006, the aggregate value realized upon any such exercise, and the number of Units covered by unexercised options under the Option Plan as at March 31, 2006. The value of the unexercised in-the-money options is the difference between the exercise price of the options and the fair market value of the Units on March 31, 2006 which was $18.16 per Unit:

			Unexercised Options at March 31, 2006		Value of Unexercised in-th Money Options at March 3 2006[1][2]	
Name	**Units of the Fund Acquired on Exercise**	**Aggregate Value Realized[1]**	**Vested**	**Not Vested**	**Vested**	**Not Vest**
Mary Meffe	Nil	Nil	Nil	30,000	Nil	$75
Chris Gaffney	153,335	$2,128,903	Nil	Nil	Nil	Nil
Ken Hartwick C.A.	Nil	Nil	10,000	140,000	$6,800	$280
Paul DeVries	266,668	$3,728,019	103,334	Nil	Nil	Nil
Debbie Wernet	Nil	Nil	600,000	Nil	$3,594,000	Nil

Notes:

(1) The aggregate value realized is equal to the number of units acquired on exercise times the difference between the amount realized on the sale thereof less the exercise price.

(2) The in-the-money value of the unexercised Unit options has been calculated using the closing price of $18.16 for the Units of the Fund on the Toronto Stock Exchange on March 31, 2006, less the applicable exercise price of underlying Unit options.

Unit Appreciation Rights Plan

As described under the headings "Employment Agreements — Named Executive Officers" and "Report on Executive Compensation" on pages 10 and 14 of this Information Circular, in lieu of granting options under the Fund's 2001 Unit Option Plan, a specified minimum percentage of the short term discretionary bonuses, unit performance bonuses, long term incentive bonuses and marketing fees or commissions to which the Named Executive Officers and certain other employees of, and consultants to, OESC are entitled (individually an "UAR Grantee"), are payable in fully paid UARs which vest at various dates (the "Vesting Dates"), ranging from immediately on the grant date to five years from the grant date (the "Grant Date"), providing that on applicable Vesting Dates the UAR Grantee continues to be an employee with or consultant to OESC or a subsidiary thereof. The Unit Appreciation Rights Plan (the "UAR Plan") is an umbrella plan which governs: (a) UARs previously granted to an UAR Grantee under employment agreements and marketing fee agreements referred to under the heading "Employment Agreements — Named Executive Officers" on page 10 of this Information Circular and under the heading "Report on Executive Compensation" — "Marketing Fee or Commission Payments" on page 16 of this Information Circular and (b) the grant of fully paid UARs to employees of and consultants to OESC and its subsidiaries which UARs may vest immediately or on a cumulative basis over a period of one to five years from the Grant Date. Fully paid UAR's are, subject to vesting, exchangeable into fully paid Units of the Fund on a cumulative basis for terms ranging up to 10 years, on the basis of one Unit for each fully paid UAR. The number of fully paid UARs to which an UAR Grantee is entitled is determined on the relevant Grant Date by dividing the specified percentage of the amount of the short term discretionary bonus, unit performance bonus, long term incentive bonus or the marketing fee or commission to which such Grantee is entitled and/or elects to receive, and which is payable in fully paid UARs, by the simple or weighted average of the closing market price of Units on the TSX for periods ranging between 10 and 30 days for UARs granted prior to June 30, 2004, and, unless otherwise provided by the Compensation and Human Resources Committee and/or the Board of Directors, 30 days for all other UARs, in each case, prior to the Grant Date. Pending the exchange of fully paid UARs for Units, the Grantee of UARs is entitled to receive monthly cash payments from OESC equal to the monthly distributions such Grantee would otherwise be entitled to receive if the UARs were Units, less any applicable withholdings or other tax. All outstanding UARs, whether or not vested, automatically vest on the happening of certain events including a change of control, dismissal without cause or constructive dismissal and the inability, in certain circumstances, of OESC (or an affiliate thereof) and a Named Executive Officer to settle upon a further employment arrangement at the end of term. UARs do not carry the right to vote.

The UAR Plan is administered by the Compensation and Human Resources Committee which has broad powers respecting the granting, vesting, term and allocation of UARs and to interpret the UAR Plan. The aggregate number of UARs which may be granted under the UAR Plan is limited to one million which, when issued and vested, are exchangeable, on a one for one basis, into an equal number of fully paid and non assessable Units.

The UAR Plan was introduced to replace the granting of options to senior executives of OESC and its subsidiaries and to provide a mechanism to ensure that all or a significant portion of the short term discretionary performance bonuses, Unit performance bonuses, long term incentive bonuses and commissions or marketing fees payable to senior officers (including the Named Executive Officers), are payable in fully paid UARs many of which vest over a period of two to five years subject to continued employment on applicable vesting dates, in lieu of cash, thereby encouraging the employee recipients thereof to continue in the long term employment of the Fund, while aligning their interests to those of Unitholders.

Equity Compensation Plan Information

The following table provides additional information about the Fund's equity compensation plans at March 31, 2006:

Plan Category[1]	**(a)** **# of Units Issuable upon the Exercise or Exchange of Outstanding:**	**(b)** **Weighted — Average Exercise Price of Outstanding:**	**(c)** **# of Units Available for Future Issuance under Plan (Excluding Units in Column (a))**
2001 Unit Option Plan	Options 1,227,667	Options $13.44	Units 859,166
2004 Unit Appreciation Rights Plan	Unit Appreciation Rights 501,209[2]	Unit Appreciation Rights $17.43	Units 498,791
Directors' Deferred Compensation Plan	Deferred Unit Grants 14,013	Deferred Unit Grants $17.45	Units 82,781

Notes:

(1) Each of the 2001 Unit Option Plan, the 2004 Unit Appreciation Rights Plan and the 2003 Directors' Deferred Compensation Plan were approved by Unitholders and each Plan is described in detail elsewhere in this Information Circular.

(2) Includes 88,856 fully paid and vested UARs to be exchanged on May 23, 2006 which are the subject of notices of exchange issued to OESC by each of Mr. DeVries (53,329 UARs), Mr. Gaffney (11,780 UARs) and Mr. Ellis, a former officer of OESC (23,747 UARs).

Employment Agreements — Named Executive Officers

The Summary Compensation Table, including the notes thereto on pages 5 to 7 of this Information Circular, summarizes the principal compensation arrangements with respect to the employment contracts for all Named Executive Officers which, (except for the employment agreement entered into by Chris Gaffney on February 1, 2002 with Ontario Electric Savings Corp. (now OESC), as Vice President and General Counsel for a five year term described in more detail below and as otherwise indicated), terminated on or before March 31, 2006 including employment agreements for each of Debbie Wernet, Paul DeVries and Chris Gaffney who resigned as Named Executive Officers of OESC on October 1, 2005, March 9, 2006 and March 31, 2006, respectively, although each of them continued as an employee for three to six months to transition their responsibilities to their successors.

Between March 9, 2006 and April 1, 2006, OESC entered into new five year employment agreements with each of Ms. Rebecca MacDonald (as Executive Chair of OESC), Mr. Brennan Mulcahy (as Chief Executive Officer of OESC), Mr. Hartwick (as President of OESC) and Ms. Meffe (as Chief Financial Officer of OESC).

Under the terms of the new employment agreements referred to above and described below in greater detail, each executive is retained for a five year period subject to various termination provisions described below. In consideration for their services each executive is entitled to a base salary, various fringe benefits, and various short term discretionary performance and long term incentive bonuses and UAR entitlements described below. Messrs. DeVries and Gaffney were, until March 31, 2003, entitled to commissions pursuant to an electricity agreement at which time they became entitled to marketing fees or commissions pursuant to the Marketing Fee Agreements described in Note (8) to the Summary Compensation Table on page 6 of this Information Circular and under the heading "Report on Executive Compensation — Marketing Fee or Commission Payments" on page 16 of this Information Circular. As a result of their voluntary resignations, Mr. DeVries is entitled to receive a final marketing fee or commission under his Departure Agreement for the quarter ending September 30, 2006 and each of Mr. Gaffney and Mr. Ellis will not be entitled to any further marketing fees or commissions under his Marketing Fee Agreement for periods after March 31, 2006.

Each of the above employment agreements contains: (i) confidentiality and non-disclosure provisions which apply for periods ranging from a minimum of three and four years after termination, (ii) non-competition and non-solicitation covenants which apply to the Fund's business for a period of three years after termination, provided the period is abridged or eliminated in the case of: (a) termination without cause or constructive dismissal to one year, (b) failure to renew upon completion of the term in certain circumstances to one or three years and (c) a change of control and (iii) termination provisions which, generally speaking, provide benefits as described below. In the event of termination without cause, constructive dismissal or in certain circumstances the failure to renew upon expiry of the term, an employee is entitled, inter alia, to one years' base salary and regular benefits, the automatic or continued vesting of 100% of all of an employee's unvested options, the automatic or continued vesting of 100% of all unvested UARs and in certain circumstances a portion of an employee's short term and long term incentive bonus opportunity. In the event of an indirect or direct "Change of Control" of OESC, each of the above officers has the right, within 60 to 120 days thereof, to terminate his or her employment agreement and to receive on such termination, generally, the same benefits to which he or she would have been entitled in the event of dismissal without cause or constructive dismissal and an automatic vesting of all unvested options and all unvested UARs. The accelerated vesting of the options and UARs referred to above also applies to all unvested options and all unvested UARs, if any, granted to a Named Executive Officer pursuant to option, UAR and employment agreements, to which they were parties prior to April 1, 2006.

A "Change of Control" is deemed to have occurred under the Option Plan and each of the above employment agreements if: (a) any individual, partnership, firm, corporation, association, trust, unincorporated organization or other entity, or any syndicate or group acting or presumed to be acting jointly or in concert, offers to acquire or acquires, directly or indirectly, Units representing 50% or more of the outstanding Units; (b) assets of the Fund representing 50% or more of the net book value of the Fund, determined as of the date of the audited financial statements of the Fund then most recently published, are sold, liquidated or distributed; or (c) Unitholders approve, or the Fund consummates, any reorganization, amalgamation, arrangement, merger, business combination, consolidation, issuance of securities, sale of assets, liquidation, dissolution or winding-up, or any combination thereof (a "transaction"), and, as a result thereof, persons who are Unitholders immediately prior to such transaction would not, immediately thereafter, directly or indirectly, own securities representing de facto control of the reorganized, amalgamated, continuing, merged, surviving or consolidated entity.

Effective April 1, 2006, each of the parties to the new five year employment agreements described above and below (all Named Executive Officers at March 31, 2006 other than Paul DeVries, Debbie Wernet and Chris Gaffney) is entitled to a long term incentive bonus based upon the percentage increase, year over year, of "adjusted distributable cash flow".

The following Table indicates the long term incentive bonus to which each of the listed Named Executive Officers may become entitled to receive in each of the five years ending March 31, 2011 depending upon the percentage increase in adjusted distributable cash flow which is defined, with respect to a financial year of the Fund as an amount equal to the distributable cash for such financial year (i.e. seasonally adjusted gross margin, adjusted for cash items including general and administrative expenses, marketing expenses, capital tax, bad debts, other income/expenses and corporate taxes), plus all direct commissions paid to the Fund's selling agents for such financial year less all distributable cash relating to any acquisition made, directly or indirectly, by the Fund, of energy contracts or other assets but including all distributable cash relating to the renewal by the Fund of energy contracts purchased pursuant to any such acquisition, all as derived or determined from the year end audited consolidated audited financial statements for the Fund as approved by the Board of Directors.

	Long Term Incentive Bonus			
% Increase in Adjusted Distributable Cash Flow	**Rebecca MacDonald[(1)] (Executive Chair)**	**Brennan Mulcahy (Chief Executive Officer)**	**Ken Hartwick (President)**	**Mary Meffe (Chief Financial Officer)**
5%	$200,000	$200,000	$100,000	$25,000
10%	$400,000	$400,000	$200,000	$50,000
15%	$800,000	$800,000	$400,000	$100,000
20%	$1,200,000	$1,200,000	$600,000	$150,000
25%	$1,600,000	$1,600,000	$800,000	$200,000
30% or more	$2,000,000	$2,000,000	$1,000,000	$250,000

Note:

(1) Entitlement terminates March 31, 2008.

In the event of a Change of Control or constructive dismissal including dismissal without cause, each of the above Named Executive Officers in the above Table is entitled to a pro rata portion of the % increase of adjusted distributable cash flow for the year in which such an event occurs.

Effective April 1, 2006 Ms. MacDonald continued as Executive Chair of OESC and each of its affiliated entities for a minimum two year period at an annual base salary of $500,000 and a short term discretionary performance bonus opportunity of up to $500,000 a year payable as to a minimum of 50% in fully paid UARs (the "UAR Amount") and 50% in cash or fully paid UARs, or some combination thereof at her election (the "Cash Amount"). The UARs issuable pursuant to the UAR amount will vest as to $^1/_3$ thereof on the first, second and third anniversary of the applicable grant date so long as Ms. MacDonald is a senior officer of OESC or an affiliate thereof on the relevant vesting date and the UARs, if any. issuable pursuant to the Cash Amount will vest immediately. After March 31, 2008, Ms. MacDonald will serve as Chair of the Board of Directors for three years based on compensation to be settled by the other members of the board of directors. All 30,321 fully paid UARs to which Ms. MacDonald became entitled to receive on March 31, 2005 vested as to $^1/_3$ thereof on each of March 31, 2005 and March 31, 2006 (20,214 UARs) and the remaining $^1/_3$ thereof (10,107 UARs) will vest on March 31, 2007. All 47,847 UARs to which Ms. MacDonald became entitled to receive on March 31, 2006: (i) pursuant to her short term discretionary performance bonus (26,582 UARs) vested as to 50% (13,291 UARs) on March 31, 2006 and will vest as to 50% (13,291 UARs) as to 50% on each of March 31, 2007 and 2008 and (ii) pursuant to her Unit Performance Bonus will vest as to 100% thereof (21,265 UARs) as to $^1/_3$ thereof on each of March 31, 2007, 2008 and 2009 so long as Ms. MacDonald remains a senior officer of OESC or an affiliate thereof on the relevant vesting date. So long as Ms. MacDonald remains as a senior officer of OESC or an affiliate thereof on March 31, 2007 and 2008, she will be entitled to a long term incentive bonus, if any, on March 31, 2007 and March 31, 2008 (each a "Grant Date") in one of the amounts set forth below her name in the Table on page 12, depending on the percentage increase in year over year adjusted distributable cash flow payable as to 100% in fully paid UARs (described under the heading "Unit Appreciation Rights Plan" on page 9 of this Information Circular) vesting as to $^1/_3$ thereof on the first, second and third anniversary of each applicable Grant Date (each a "Vesting Date") so long as Ms. MacDonald remains a senior officer of OESC or any affiliate thereof on the relevant Vesting Date.

Effective April 1, 2006, Mr. Mulcahy continued as Chief Executive Officer of OESC and each of its affiliated entities for five years at an annual base salary of $600,000 and a short term discretionary performance bonus of up to $600,000 payable as to a minimum of 50% in fully paid UARs (described under the heading "Unit Appreciation Rights Plan" on page 9 of this Information Circular) (the "UAR Amount") and as to 50% in cash or fully paid UARs, or some combination thereof at his election (the "Cash Amount"). The UARs issuable pursuant to the UAR Amount will vest as to $^1/_3$ thereof on the first, second and third anniversary of the applicable grant date so long as he is a senior officer of OESC or an affiliate thereof on the relevant vesting date and the UARs issuable pursuant to the Cash Amount, if any, will vest immediately. All 30,321 UARs which Mr. Mulcahy became entitled to receive on March 31, 2005 vested as to 50% (15,161 UARs) on March 31, 2005 and 50% (15,160 UARs) on March 31, 2006. All 47,847 UARs which Mr. Mulcahy became entitled to receive on March 31, 2006: (i) pursuant to his short term discretionary performance bonus (26,582 UARs) vested as to 50% (13,291 UARs) on March 31, 2006 and will vest as to 50% (13,291 UARs) thereof as to 50% on each of March 31, 2007 and 2008 and (ii) pursuant to his Unit Performance bonus will vest as to $^{1}/_{3}$ thereof (21,265 UARs) on each of March 31, 2007, 2008 and 2009 so long as Mr. Mulcahy remains a senior officer of OESC or an affiliate thereof on the applicable vesting date. Mr. Mulcahy will be entitled to a long term incentive bonus, if any, on March 31 in each of the years 2007 to 2011 (each a "Grant Date") in one of the amounts set forth below his name in the Table on page 12 depending on the % increase in year over year adjusted distributable cash flow, payable as to 100% in fully paid UARs (described under the heading "Unit Appreciation Rights Plan" on page 9 of this Information Circular) vesting as to $^{1}/_{3}$ thereof on the first, second and third anniversary of each Grant Date (each a "Vesting Date") so long as Mr. Mulcahy remains a senior officer of OESC or an affiliate thereof, on the relevant Vesting Date.

Mr. Hartwick continued his employment as President of OESC commencing March 10, 2006 for five years ending March 31, 2011, pursuant to an employment agreement dated April 1, 2006. Mr. Hartwick's compensation consists of: (i) a base salary of $500,000 per annum, (ii) an annual short term discretionary performance bonus for the years ending March 31, 2007 through 2011, of up to 100% of base salary payable as to a minimum of 50% in fully paid UARs (the "UAR Amount") and as to 50% in cash or fully paid UARs (described under the heading "Unit Appreciation Rights Plan" on page 9 of this Information Circular), or some combination thereof at Mr. Hartwick's election (the "Cash Amount"). The UARs issuable pursuant to the UAR Amount will vest as to $^{1}/_{3}$ thereof on the first, second and third anniversary of the applicable grant date so long as Mr. Hartwick remains as a senior officer of OESC or an affiliate thereof on the relevant vesting date and the UARs issuable pursuant to the Cash Amount, if any, will vest immediately. So long as Mr. Hartwick remains a senior officer of OESC or an affiliate thereof he will be entitled to a long term incentive bonus on March 31 for each of the years ending March 31, 2007 to 2011 (each a "Grant Date") in one of the amounts set forth below his name in the Table on page 12 hereof depending on the percentage increase in adjusted distributable cash flow payable as to 100% in fully paid UARs vesting as to $^{1}/_{3}$ thereof on the first, second and third anniversary of each Grant Date (a "Vesting Date") so long as Mr. Hartwick continues on the applicable Vesting Date to be a senior officer of OESC or an affiliate thereof. All 5,306 fully paid UARs to which Mr. Hartwick became entitled to receive on March 31, 2005 vested as to 50% thereof (2,653 UARs) on March 31, 2006 and the balance thereof (2,653 UARs) will vest on March 31, 2007. Mr. Hartwick made an election so that 100% of his March 31, 2006 short term discretionary performance bonus and special bonus totalling $287,500 is payable in 15,285 UARs of which 10,301 fully paid UARs vested on March 31, 2006 and the balance thereof (4,984 UARs) will vest as to 50% thereof (2,492 UARs) on each of March 31, 2007 and 2008.

Ms. Meffe continued her employment as Chief Financial Officer of OESC commencing March 10, 2006 for a period of five years ending March 31, 2011 pursuant to an employment agreement dated April 1, 2006. Ms. Meffe's compensation consists of: (i) an annual base salary of $250,000, (ii) a short term discretionary performance bonus of up to 100% of base salary for each completed year of her employment commencing with the year ending March 31, 2007 payable as to a minimum of 50% in UARs (the "UAR Amount") and 50% in cash or fully paid UARs or some combination thereof at her election (the "Cash Amount"). The UARs issuable pursuant to the UAR Amount will vest as to $^{1}/_{3}$ thereof on each of the first, second and third anniversary of the applicable grant date so long as she remains a senior officer of OESC or an affiliate thereof on the relevant vesting date and the UARs issuable pursuant to the Cash Amount, if any, will vest immediately. So long as Ms. Meffe remains a senior officer of OESC or an affiliate thereof she will be entitled to a long term incentive bonus, if any, on March 31 in each of the years 2007 to 2011 (each a "Grant Date") in one of the amounts set forth below her name in the Table on page 12 hereof based on the percentage increase in year over year adjusted distributable cash flow payable as to 100% in fully paid UARs (described under the heading "Unit Appreciation Rights Plan" on page 9 of this Information Circular) vesting as to $^{1}/_{3}$ thereof on the first, second and third anniversary of each Grant Date (each a "Vesting Date") so long as Ms. Meffe remains a senior officer of OESC or any affiliate thereof on the relevant Vesting Date. Ms. Meffe elected to receive 85% of her $85,000 March 31, 2006 short term discretionary performance bonus in cash ($72,250) and $12,750 in fully paid (678) UARs which vest as to one third on the first, second and third anniversaries of the grant date so long as she remains a senior officer of OESC or an affiliate thereof the relevant Vesting Date.

The number of UARs which a Named Executive Officer is entitled to receive on a grant date is determined by reference to the simple average of the TSX closing market price on a number of trading days preceding the relevant grant date which for UARs issued pursuant to: (i) a Marketing Fee Agreement is 20 trading days, (ii) pre April 1, 2006 employment agreements is 30 trading days and (iii) post March 31, 2006 employment agreements for Named Executive Officers is 20 trading days.

The general guidelines to be used by the Compensation and Human Resources Committee in determining the amount of all short term discretionary performance bonuses are set forth in Note (3) of the Summary Compensation Table on page 6 and below under the heading "Report on Executive Compensation". All base salaries for Named Executive Officers are subject to annual review by the Committee and each Named Executive Officer is required to hold a minimum equity position in the Fund in the form of Units and/or fully paid UARs.

Report on Executive Compensation

The compensation of the Named Executive Officers is set by the Compensation and Human Resources Committee of the Board of OESC (the "Committee"). The Committee's executive compensation philosophy is guided by its objective to obtain and retain executives critical to the success of OESC and the enhancement of Unitholder value. To this end, executive compensation includes a base salary and, in the case of Ms. MacDonald and Ms. Meffe and Messrs. Hartwick and Mulcahy, a short term discretionary performance bonus based on achieving operating performance targets including U.S. and Canadian growth, distributable cash, distributions, margins, renewals, attrition and other performance factors and a long term incentive bonus based upon incremental adjusted distributable cash flow and, as regards to Mr. DeVries and Mr. Gaffney for the years ending March 31, 2004 through 2006, a fee or commission payment described in more detail under the heading "Marketing Fee or Commission Payments" below. Unit options provide a longer-term incentive for executives to enhance Unitholder value. Each officer's performance and related salary level, short term discretionary performance bonus, long term incentive bonus, fee or commission payments and amount of Unit options is reviewed annually by the Committee in conjunction with the Executive Chair and the Chief Executive Officer of OESC whose latter compensation packages are subject to the approval of the Committee and the full Board of Directors. The requirement that the Named Executive Officers receive fully paid UARs as a component of their respective bonus and other entitlements aligns the interests of senior management with those of Unitholders and the Holders of Preference Shares.

A decision was made by the Committee in 2006 to replace the Unit Performance Bonus made available to Mr. Mulcahy and Ms. MacDonald for the year ended March 31, 2006 with a long term incentive bonus as the latter bonus opportunity more closely aligns the interests of Unitholders with those of senior management.

A description of the executive compensation components is as follows:

Base Salary: The base salary of each executive is reviewable annually and recognizes the executive's experience, responsibility, contribution and intended performance and is targeted to the median of the market based on an analysis of the salaries for executives at comparable organizations. Base salaries also take into account the other components of an executive's total compensation package.

Short Term Discretionary Performance Bonus: An annual short term discretionary performance bonus may be granted by the Committee to Ms. MacDonald and Ms. Meffe and to Messrs. Mulcahy and Hartwick based on performance factors including the growth of the customer base, operating margins, distributable cash, distributions, renewals, expansion into new markets and customer attrition in the preceding year. Under all new five year employment agreements referred to above, 50% of an employee's short term discretionary performance bonus opportunity is payable in fully paid UARs. See below.

Unit Performance Bonus: In lieu of granting additional options in 2005 to the Executive Chair and Chief Executive Officer, the Committee structured a Unit Performance Bonus for two of its Named Executive Officers (the Executive Chair and the Chief Executive Officer of OESC) the amount of which was based on an increase in the market price of Units of the Fund and to be paid entirely in fully paid UARs vesting over a three year period subject to continued employment. The Committee concluded that the payment over the long term of bonuses based on incremental adjusted distributable cash flow to executive management better aligned the interest of the Unitholders and the Holders of Preference Shares with those of executive management and accordingly, commencing April 1, 2006 replaced the Unit Performance Bonus with a bonus based on incremental adjusted distributable cash.

Long Term Incentive Opportunity — Incremental Adjusted Distributable Cash Flow: To replace the Unit Performance Bonus and to further align the interests of executive management with those of Unitholders who have an interest in the maintenance of and increases in the amount of distributions on Units, the Committee introduced the long term incentive bonus plan which is based on incremental adjusted distributable cash flow which is one of the principal drivers in determining the level of distributions payable by the Fund on its Units. The plan is described in greater detail on page 12 of this Information Circular.

Fund Option Grants: The Committee is responsible for awarding options to directors and employees pursuant to the Fund's 2001 Unit Option Plan. The option grants provide longer-term incentive to pursue significant performance for OESC and cash flow growth for the Fund. As at March 31, 2006 the Fund has 859,166 remaining options available for grant under the Plan. The Committee has no plans to increase the number of options under the Plan. Except for 50,000 options to be made available to The Honourable Gordon Giffin upon his election to the Board of Directors of OESC on June 29, 2006, the Committee has no present plans to award additional options to directors or Named Executive Officers.

Employee Loans: The Committee has established a policy to prohibit loans to employees or directors.

UARs: The Committee has awarded fully paid UARs to the Named Executive Officers pursuant to their employment agreements (and in the case of Messrs. DeVries and Gaffney, pursuant to their Marketing Fee Agreements), and the Unit Appreciation Rights Plan (described under the heading "Unit Appreciation Rights Plan" on page 9 in this Information Circular). The Committee has used and will continue to use fully paid UARs to provide the Fund with a mechanism of capitalizing payments which senior executives of the Fund would otherwise receive in the form of cash as part of their short term discretionary performance bonus, unit performance bonus, long term incentive bonus, marketing fees or commissions and other compensation entitlements into Units thereby encouraging such persons to continue in the long-term service of the Fund and aligning the interests of all Named Executive Officers with holders of Units of the Fund. At least 50% of all short term discretionary performance bonuses and unit performance bonuses and 100% of all long term incentive bonuses are payable in fully paid UARs which, except for those granted based on an employee's election to receive UARs in lieu of a cash entitlement, require an employee to remain with OESC for various periods of time ranging from one to three years from the grant date as a condition precedent to the vesting and the right to exchange vested UARs into Units.

Employee Benefit Plans: On October 1, 2004 and effective April 1, 2004, the Fund established a long-term incentive plan (the "Plan") for all permanent full time and part time Canadian employees (working more than 20 hours per week) of its affiliates and subsidiaries. The Plan consists of two components, a Deferred Profit Sharing Plan ("DPSP") and an Employee Profit Sharing Plan ("EPSP"). For participants of the DPSP, the Fund contributes an amount equal to a maximum of 2% per annum of an employee's base earnings. For the EPSP, the Fund contributes an amount up to a maximum of 2% per annum of an employee's base earnings towards the purchase of Units, on a matching one for one basis.

Participation in either plan is voluntary. The plan has a two year vesting period beginning from the later of the plan's effective date and the employee's starting date. The cost of the Fund's contribution to the plan is expensed as services rendered by each employee. Mr. Ken Hartwick and Ms. Mary Meffe are the only Named Executive Officers who have elected to benefit under the Plan. See note (12) to the Summary Compensation Table on page 7 of this Information Circular.

Electricity Commissions: On January 22, 2002 OESC retained the services of four persons (Messrs. DeVries, Gaffney, Borg and Ellis (collectively the "Electricity Executives")) who had established relationships with marketers involved in the aggregation of electricity contracts in Ontario, who understood the proposed deregulation framework for electricity, who had an ability to manage electricity supply and who potentially could have competed with OESC in the electricity market. In addition to five year employment agreements and the receipt of options to purchase Units which are described elsewhere in this Information Circular, the Electricity Executives were entitled to commissions from a revenue pool established by OESC equal to $40 for each flowing residential customer equivalent ("RCE") of electricity secured by OESC less a reduction of $2.50 per RCE for each 1% that the gross margin per RCE was less than 18% providing that the total reductions could not exceed $5.00 per RCE. The Electricity Executives were not entitled to any commission in respect of the renewal or conversion of any electricity customers.

On February 20, 2003 the Committee (and subsequently the board of Directors of OESC), approved Marketing Fee Agreements for each of the Electricity Executives and a consultant to OESC, which, commencing April 1, 2003, replaced their commission entitlements under the Electricity Agreement. No further commissions were paid under the Electricity Agreement with respect to periods after May 31, 2004.

Marketing Fee or Commission Payments.

General: On April 1, 2003, each of the Electricity Executives and a consultant to OESC entered into individual Marketing Fee Agreements with the Fund and OESC pursuant to which each of them, commencing April 1, 2003, became entitled to receive annual marketing fees or commissions equal to the greater of an individual specified percentage of OESC's incremental gross margin and an individual specified minimum amount payable as to 50% in the form of UARs (the "UAR Distribution Amount") and as to 50% in cash or UARs or some combination thereof at the election of each participant, provided each participant, depending upon his specified percentage entitlement in OESC's incremental gross margin, is entitled to a minimum cash payment and a guaranteed marketing fee or commission as follows:

Name of Participant	% Entitlement of OESC'S Incremental Gross Margin	Minimum Cash Amount	Marketing Fee or Commission Amount[6]
Paul DeVries[1]	3.36%	$675,000	$900,000
Chris Gaffney[2]	2.24%	$450,000	$600,000
Jeff Borg[3]	2.24%	$450,000	$600,000
David Ellis[4]	1.5%	$300,000	$400,000
Owen Mitchell[5]	3.07%	$616,071	$821,429

Notes:

(1) Voluntarily resigned on March 9, 2006 effective September 30, 2006 pursuant to a Departure Agreement described in note (13) to the Summary Compensation Table on page 7 of this Information Circular and is entitled to a final payment under his Marketing Fee Agreement pursuant to his Departure Agreement for the period ending September 30, 2006.

(2) Voluntarily resigned on March 31, 2006 effective June 30, 2006 and is entitled to a final payment under his Marketing Fee Agreement for the period ending March 31, 2006.

(3) Resigned effective September 30, 2003 and received $156,152 (net $91,868) in marketing fees or commissions for the seven month period ending September 30, 2003, including $19,370 pursuant to a Settlement and Termination Agreement none of which was payable in UARs. As part of the settlement all of Borg's remaining 521,334 options were cancelled.

(4) Voluntarily resigned April 3, 2006 effective June 30, 2006 and is entitled to a final payment under his Marketing Fee Agreement for the period ending March 31, 2006.

(5) Owen Mitchell has a consulting agreement with OESC and is a party to a Marketing Fee Agreement which expires on March 31, 2007.

(6) Each of DeVries, Ellis and Mitchell agreed with OESC and the Fund to amend their respective Marketing Fee Agreements on July 5, 2005 to accept fully paid UARs in lieu of their cash entitlement for each financial quarter of the Fund commencing June 30, 2005 and ending March 31, 2006 all of which UARs vested on the grant date. All UARs issued pursuant to the Marketing Fee Agreement will be forfeited if, on the applicable vesting date, the participant is not an employee of OESC.

Term and Termination: As a result of the circumstances described in notes (1), (2) and (4) above, after September 30, 2006 Owen Mitchell will be the only remaining person entitled to receive a specified percentage interest of OESC's incremental gross margin for the year ended March 31, 2007 and for each year thereafter unless notice of termination is given by OESC not less than 180 days prior to March 31, 2007 or prior to March 31 of each subsequent year thereafter. Each of DeVries', Ellis' and Gaffney's Marketing Fee Agreement entitlement has terminated or will terminate (DeVries) on the dates indicated in the above notes based on each of their voluntary resignations so that none of them is any longer entitled to the change of control commission or fee they otherwise would have been entitled to receive on a change of control had they not voluntarily resigned. Owen Mitchell is not entitled to any payment on a change of control event.

Commissions and Fees — The Marketing Fee Agreements

The following table lists each of the persons (including two Named Executive Officers), who received fees or commissions pursuant to the Marketing Fee Agreements for the years ending March 31, 2004, 2005 and 2006 including the amounts received by each of them and each of their percentage entitlements in such commissions and fees:

		Marketing Fee Commissions						
		Year Ended March 31, 2004		Year Ended March 31, 2005			Year Ended March 31, 2006	
Name of Participant	**Position with or Relationship to OESC**	**% Entitlement**	**Cash**	**UARs**	**Cash**	**UARs**	**Cash**	**UARs**
Paul De Vries[1]	President	3.36%	$675,000	13,089 ($225,000)	$675,000	26,827 ($444,806@$16.58)	Nil	47,653[7] ($900,000@$18.89)
Christopher Gaffney[2]	Vice President and General Counsel	2.24%	$450,000	8,726 ($150,000)	$450,000	17,885 ($296,538@$16.58)	$450,000	7,995 ($150,000@$18.76)
Jeff Borg[3]	Vice President, Marketing	2.24%	$225,000	Nil	Nil	Nil	Nil	Nil
David Ellis[4]	Chief Operating Officer	1.50%	$300,000	5,818 ($100,000)	$300,000	12,508 ($199,914@$16.58)	Nil	21,178[8] ($400,000@$18.80)
Owen Mitchell[5]	Consultant	3.07%	$616,071	11,947 ($205,358)	$616,071	24,553 ($407,089@$16.58)	Nil	43,495[9] ($821,429@$18.89)

Notes:

(1) Voluntarily resigned March 9, 2006 and will not receive any further marketing fee payments after September 30, 2006.

(2) Voluntarily resigned March 31, 2006 and ceased receiving Marketing Fee payments after March 31, 2006.

(3) Resigned and ceased receiving Marketing Fee payments after September, 2003.

(4) Voluntarily resigned April 3, 2006 and ceased receiving Marketing Fee payments after March 31, 2006.

(5) Mr. Mitchell became entitled to participate in commissions pursuant to the Electricity Agreement (and accordingly became party to a Marketing Fee Agreement with OESC and the Fund on April 1, 2003) as consideration for the transfer of his shares in Ontario Electric Savings Corporation to OESC for a nil consideration. Mitchell has a consulting agreement with OESC.

(6) Each person entitled to receive marketing fee payments under a Marketing Fee Agreement is subject to a non solicitation obligation for a period of three years after their termination date.

(7) 47,653 UARs of which 20,987 were issued at $18.76; 8,734 at $19.32; 8,378 at $20.14 and 9,554 at $17.66.

(8) 21,178 UARs of which 9,327 were issued at $18.76; 3,881 were issued at $19.32; 3,723 were issued at $20.14 and 4,247 were issued at $19.32.

(9) 43,495 UARs of which 19,156 were issued at $18.76; 8,721 were issued at $17.66; 7,647 were issued at $20.14 and 7,971 were issued at $19.32.

Compensation matters relating to each of the Executive Chair and the Chief Executive Officer are approved by the Board of Directors on the recommendation of the Committee. Each of Ms. MacDonald and Mr. Mulcahy entered into employment agreements with OESC on February 1, 2001 which were each amended on February 12, 2004 and February 25, 2005 and replaced with five year employment agreements commencing April 1, 2006. See "Employment Agreements — Named Executive Officers" on page 10 of this Information Circular. In consideration for their services for the year ended March 31, 2006, each of Ms. MacDonald and Mr. Mulcahy received a base salary, various fringe benefits, an annual discretionary performance bonus (based on the factors set forth elsewhere in this Information Circular), and a unit performance bonus related to the market price of Units of the Fund for the 30 day period preceding March 31, 2006 all as described under the Summary Compensation Table on page 5 of the Information Circular. Commencing April 2006 each of Ms. MacDonald and Mr. Mulcahy will be entitled to receive a long term incentive bonus which, if any, will be based on incremental adjusted distributable cash flow. See pages 12 and 13 of this Information Circular.

The above report is submitted on behalf of the Compensation and Human Resources Committee by the following directors who are the members of such Committee:

Mr. Donald Macdonald (Chair), Mr. John Brussa, Mr. Hugh Segal, Mr. Michael Kirby and Mr. Brian Smith.

FUND PERFORMANCE GRAPH

The following graph illustrates the Fund's cumulative Unitholder return, as measured by the closing price of the Units at the end of the financial years March 31, 2002 to March 31, 2006 assuming an initial investment of $100 and reinvestment of distributions, compared to the TSX Total Return Index and the S&P TSX Income Trust Total Return Index:

Energy Savings
Unit Total Return

[GRAPHIC]

Fiscal Year	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
SIF.UN................	100	143	308	317	364
TSX Total Return Index.................	100	83	113	129	166
S&P TSX Income Trust Return Index.................	100	107	151	190	256

INDEBTEDNESS OF THE TRUSTEE AND THE DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS OF THE SUBSIDIARIES OF THE FUND

During the year ended March 31, 2006 and to May 19, 2006 neither the Trustee, nor any director or senior officer of subsidiaries of the Fund, is, or has at any time during the period been indebted to the Fund, the Administrator or their associates or affiliates, or whose indebtedness to another entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Fund, the Administrator or their associates or affiliates.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS AND OTHERS

There was no indebtedness owing to the Fund and its subsidiaries or any other affiliated entity by executive officers, directors, employees and former executive officers, directors and employees of the Fund and its subsidiaries as at May 19, 2006.

MATTERS TO BE ACTED UPON AT THE MEETING

Election of Directors of Ontario Energy Savings Corp.

OESC has a Board of Directors (the "Board"), which presently consists of seven members all of whom with one additional nominee director, are standing for election and eight of whom are being elected by the Trustee as directed, as the holder of all the common shares of OESC and by the Holders of Preference Shares.

The following persons are the nominees proposed by the Administrator on behalf of the Fund for election as directors of OESC to serve until the next annual meeting of Unitholders or until their successors are duly elected or appointed. The OESC Shareholders' Agreement provides that at all times a majority of the directors of OESC shall be persons who are not officers or employees of OESC or any affiliate or subsidiary thereof or persons who beneficially own, directly or indirectly, or who exercise control or direction over Units representing more than 10% of the outstanding Units on a fully diluted basis (including Preference Shares) or directors or officers of any such person or any affiliate or subsidiary thereof. For these purposes any person who beneficially owns or exercises control or direction over Preference Shares shall be considered to beneficially own or exercise control or direction over the number of Units which would be received on the exercise of shareholder exchange rights in respect of the Preference Shares beneficially owned by him or over which he exercises control or direction. If any vacancies occur in the slate of such nominees because any nominee is unable to serve or will not serve, discretionary authority conferred by the proxies appointing the Fund nominees will be exercised to grant approval to the Trustee to cause the Administrator to vote for the election of any other person or persons nominated by the Trustee. The names of the nominees for election as directors, principal occupations, year in which each became a director of OESC and the number of Units and Deferred Units of the Fund and Preference Shares beneficially owned or over which control or direction is exercised by such persons, are as follows:

Name and Year first became a Director	**Position with OESC**	**Principal Occupation**	**Units Beneficially Owned or Over which Control or Direction is Exercised**[4]	**Deferred Units and (UARs) Beneficially Owned**[6]
John A. Brussa[2][3] Calgary, Alberta 2001	Director	Partner, Burnet, Duckworth & Palmer LLP	60,000	2,323
The Hon. Michael Kirby[1][2] Ottawa, Ontario 2001	Director	Member of the Senate of Canada and Corporate Director	42,131	2,549
The Hon. Gordon D. Giffin Atlanta, Georgia		Senior Partner, McKenna, Long & Aldridge LLP	Nil	Nil
The Hon. Donald S. Macdonald P.C., CC[2][3] Uxbridge, Ontario 2005	Director	Senior Advisor, Public Policy Lang Michener	3,000	1,463
Rebecca MacDonald Toronto, Ontario 2001	Executive Chair and Director	Executive Chair of the Corporation	6,279,460	Nil (78,168 UARs)
Brennan R. Mulcahy Caledon, Ontario 2001	Chief Executive Officer and Director	Chief Executive Officer of the Corporation	4,664,484	Nil (78,168 UARs)
The Hon. Hugh D. Segal[1][2][3][5] Kingston, Ontario 2001	Lead Director	Member of the Senate and Senior Fellow, School of Policy Studies, Queens University	5,332	2,771
Brian R.D. Smith[1][3] Vancouver, British Columbia 2001	Director	Federal Chief Treaty Negotiator and Energy Consultant	9,433	4,907

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Notes:

(1) Member of the Audit Committee. Mr. Kirby is the Chair.

(2) Member of the Compensation and Human Resources Committee. Mr. Macdonald is the Chair.

(3) Member of the Nominating and Corporate Governance Committee. Mr. Macdonald is the Chair.

(4) Includes Units issuable on the exercise of shareholder exchange rights attaching to Preference Shares pursuant to the OESC Shareholders' Agreement.

(5) Appointed lead director by the Board of Directors on January 17, 2005.

(6) As indicated under the heading "Compensation of the Directors and the Officers of OESC" on page 4 of this Information Circular, for the year of the Fund ending March 31, 2006, the non-management directors of OESC are entitled, inter alia, to $3,750 (the "Deferred Unit Amount"), payable at the end of each quarter of the Fund, pursuant to the Directors' Deferred Unit Compensation Plan (the "Director's Plan). The purpose of the Director's Plan is to provide effective incentives for the independent directors to promote the business and success of the Fund by encouraging the ownership of Units. The Director's Plan requires that 100% of the Deferred Unit Amount and a minimum of 20% (the "Minimum Amount") of the total of the Base Retainer, Attendance Fee and Chair Fee (including the $30,000 of the fee paid to the lead director) to which each director is entitled annually, be paid in the form of fully paid deferred Units. The remaining fees to which the non-management directors are entitled are payable in cash, subject to an election at such director's option, to increase the Minimum Amount up to 100% of the balance of fees to which such director is entitled. The deferred Units, which are credited to each director's deferred Unit account at the end of each quarter during each fiscal year of the Fund (the "Grant Date"), based upon the weighted average trading price of Units for 10 trading days on the TSX preceding the end of each quarter of the Fund's fiscal year, may not be issued to such director until the earlier of: (i) the termination of three years from the Grant Date, (ii) the day such director ceases to be a director of OESC and (iii) a change of control, providing that no Units will be issued after the expiry of 10 years from the Grant Date. The compensation for Directors was changed effective April 1, 2006 as described under the heading "Compensation of Directors and Officers of OESC" on page 4 of the Information Circular. Under the new compensation arrangements, Directors may elect to receive, but are not required to elect to receive, all or part of their compensation in the form of Deferred Units.

The price used to determine the number of notional Units granted to each director pursuant to the Plan for the year ending March 31, 2006 was: $17.57 for the quarter ended June 30, 2005; $19.45 for the quarter ended September 30, 2005; $18.97 for the quarter ended December 31, 2005 and $18.24 for the quarter ended March 31, 2006 based on the weighted average closing price of Units on the TSX for the 10 trading days preceding each quarter end of the Fund in respect of the Deferred Unit Amount and the applicable percentage of the Base Retainer, Attendance Fee and Chair Fee paid in the form of a deferred grant of Units.

The total number of Units issuable pursuant to the Director's Plan may not exceed 100,000. As at March 31, 2006 the non-management directors owned a total of 16,013 Deferred Units allocated as to 3,549 to Michael Kirby; 3,771 to Hugh Segal; 4,907 to Brian Smith; 1,463 to Donald Macdonald and 2,323 to John Brussa. Alek Krstajic, who resigned from the board on December 17, 2004 and John Panneton, who did not stand for re-election as a director on June 29, 2005 received respectively 1,314 and 1,892 Units of the Fund on November 21, 2005 reflecting their ownership on that date of an equivalent number of Deferred Units. The number of Deferred Units to which a director is entitled is increased pursuant to a formula in the Plan reflecting the amount of the distributions which a director would have received if he held Units in lieu of Deferred Units.

Each of Rebecca MacDonald and Brennan Mulcahy has received fully paid UARs as part of and in lieu of cash bonuses payable to them on March 31, 2005 and 2006. All UARs held by them are governed by their employment agreements and the Fund's 2004 UAR Plan described on page 9 of this Information Circular and are exchangeable 1:1 into Units of the Fund. Neither the Deferred Units nor the UARs carry the right to vote.

Each of the foregoing persons has held the same principal occupation or other positions with the same employer for the previous five years except as follows:

Rebecca MacDonald became an officer of OESC in January 2000. Prior to January 2000, Ms. MacDonald was the President of Energy Marketing Inc. (gas marketing company). A member of the Senate of Canada since 1984, The Honourable Michael Kirby served as Chair of the Standing Senate Committee on Banking, Trade and Commerce from 1994 to 1999 and presently serves as Chair of the Standing Senate Committee on Social Affairs, Science and Technology. The Honourable Donald Macdonald has, since September 2002, served as a Senior Advisor — Public Policy to Lang Michener (law firm). From September 2000 to December 2002 he was, Senior Advisor, UBS Bunting Warberg (financial institution). He also serves (and has for the past several years), as a director and trustee of several public corporations and trusts. In 1995 he served as Chair to the Advisory Committee on Competition in Ontario's Electricity System.

Brennan Mulcahy has been employed in management positions by OESC and its predecessors since its inception in July 1997. The Honourable Hugh D. Segal is a Senior Fellow, School of Policy Studies, Queen's University and, prior to November 1998, he was an Associate of Gluskin Sheff & Associates Inc. (investment counsel). Mr. Segal will continue as President, Institute for Research on Public Policy (research institute) until May 31, 2006. He was appointed to the Senate of Canada on August 2, 2005 and currently serves as Chair of the Standing Committee — Foreign Affairs and is a member of the Committee on Agriculture and Aboriginal Affairs. He has served on the National Finance Committee. The

Honourable Gordon D. Giffin served as the United States Ambassador to Canada from August, 1997 to April, 2001 after which he returned, as Senior Partner, to McKenna, Long & Aldridge LLP (law firm).

The information as to Units, Preference Shares, Deferred Units and UARs beneficially owned or controlled, directly or indirectly, not being within the knowledge of the Administrator, has been furnished by the respective nominees individually.

Appointment of Auditors of the Fund

The Board of Directors propose that KPMG LLP be appointed as auditors of the Fund until the next annual meeting at such remuneration as may be approved by the Board of Directors.

Unless otherwise directed, the persons named in the form of proxy solicited by the Administrator will vote the Units and Preference Shares represented by proxy for the appointment of KPMG LLP as the independent auditors of the Fund, to hold office until the next annual meeting of Unitholders at a remuneration to be fixed by the Administrator. KPMG LLP have been auditors of the Fund since June 29, 2005 prior to which time and since February 2001 the independent auditors of the Fund were Deloitte & Touche LLP.

In order to be effective, the resolution appointing KPMG LLP as auditors and authorizing the Directors to fix their remuneration, must receive the affirmative vote of a majority of the votes cast by Holders of Units and Preference Shares in person and represented by proxy.

The Board of Directors of OESC recommends a vote "FOR" the appointment of KPMG LLP as independent auditors for the Fund for the fiscal year ending March 31, 2007 and "FOR" authorizing the Board of Directors of OESC to fix the auditor's remuneration.

For fiscal 2006, fees charged by KPMG LLP for audit and related services to the Fund and its subsidiaries were \$360,527 (2005 — \$532,965). Additional fees for audit related services were nil (2005 — \$66,371), fees for tax related services amounted to \$15,750 (2005 — \$73,405) and other fees were nil (2005 — \$37,000). Total fees for fiscal 2006 were \$376,277 (2005 — \$709,741). No other services were provided to the Fund and its subsidiaries by KPMG LLP. The comparative fees for 2005 reflect fees charged by Deloitte & Touche LLP the former auditors to the Fund.

The Audit Committee has considered whether the magnitude and nature of these services is compatible with maintaining the independence of the external auditors and is satisfied that they are. All services provided by KPMG LLP require the approval of and were approved by the Audit Committee.

COMPENSATION OF THE TRUSTEE AND THE ADMINISTRATOR

Compensation of Trustee

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

Administration of the Fund

On April 30, 2001, the Fund entered into an administration agreement (the "Administration Agreement") with OESC, pursuant to which OESC agreed to provide or arrange for the provision of services required in the administration of the Fund. In consideration of its services, OESC receives an annual fee of \$100 plus certain out of-pocket expenses. OESC received a fee of \$100 for the period from April 1, 2004 to March 31, 2005.

CORPORATE GOVERNANCE

The Canadian Securities Administrators issued National Policy 58-201 entitled "Corporate Governance Guidelines" ("NP — 58-201") and National Instrument 58-101 entitled "Disclosure of Corporate Governance Practices" ("NI — 58-101") which apply to reporting issuers after June 30, 2005. Although the Fund does not have a board of directors or similar governing body, given that the Fund owns all of the common shares of OESC and that pursuant to the Declaration of Trust the Unitholders are given rights substantially equivalent to those which they would have if they were shareholders of OESC, it is appropriate to review the corporate governance practices of the Board of OESC. Schedule "A" which is attached to this Information Circular details the corporate governance practices of OESC with reference to NP 58-201 and Form 58-101F1. Schedule "B" indicates other directorships of reporting issuers and/or their subsidiaries held by those persons nominated as directors of OESC and the committees of such entities on which they serve and Schedule "C" sets forth the Mandate for the Board of Directors of OESC. The Fund is in substantial compliance with NP — 58-201.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

ADDITIONAL INFORMATION

Additional information relating to the Fund is available on SEDAR at www.sedar.com. Financial information in respect of the Fund and its affairs is provided in the Fund's annual audited comparative financial statements for the year ended March 31, 2006 and the related management's discussion and analysis. Copies of the Fund's financial statements and related management discussion and analysis are available upon request from the Corporate Secretary, Energy Savings Income Fund, 100 King Street West, Suite 2630, P.O. Box 355, Toronto, Ontario, M5X 1E1.

PROPOSED REORGANIZATION AND APPLICATION FOR TAX RULING

On June 29, 2005 the Unitholders and holders of Preference Shares authorized the Fund, by Special Resolution, to approve a reorganization, with a view to conserving cash flow for expansion and ensuring continuity of distributions to Unitholders. The Fund applied to the Canada Revenue Agency for an advance income tax ruling in respect of the reorganization. The reorganization involved several steps some of which, based on an opinion of outside counsel, did not require an advance income tax ruling. Accordingly, Ontario Energy Savings L.P. ("OESLP") was formed on June 1, 2005 and effective August 1, 2005, OESLP acquired substantially all of the assets and certain related liabilities of OESC, thereby transferring operations and all future marketing efforts of OESC in Ontario to OESLP, a limited partnership, owned as to 100%, directly or indirectly by the Fund.

The second stage of the reorganization will not be completed until the Fund receives an advance income tax ruling. Outside counsel are hopeful that a positive ruling will be available shortly enabling the Fund to complete the second stage of the reorganization as substantially contemplated in the Fund's information circular for its June 29, 2005 Annual and Special Meeting, on the basis OESC's outstanding Preference Shares will neither form part of the ruling nor be exchanged as part of the second stage of the reorganization.

APPROVAL AND CERTIFICATION

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

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

DATED the 19th day of May, 2006.

ENERGY SAVINGS INCOME FUND
By its Administrator,
Ontario Energy Savings Corp.

[GRAPHIC]	[GRAPHIC]
REBECCA MACDONALD	MARY MEFFE, C.A.
Executive Chair	Chief Financial Officer
Ontario Energy Savings Corp.	Ontario Energy Savings Corp.

[GRAPHIC]
BRENNAN MULCAHY
Chief Executive Officer
Ontario Energy Savings Corp.

SCHEDULE A
CORPORATE GOVERNANCE COMPLIANCE TABLE
STATEMENT OF CORPORATE GOVERNANCE PRACTICES OF
ONTARIO ENERGY SAVINGS CORP. (the "Corporation")
A WHOLLY-OWNED SUBSIDIARY OF ENERGY SAVINGS INCOME FUND (the "Fund")
NATIONAL INSTRUMENT 58-101 ("NI 58-101")

FORM 58-101FI — CORPORATE GOVERNANCE DISCLOSURE (1)

GOVERNANCE DISCLOSURE REQUIREMENT		COMPLIANCE	COMMENTS
1.	**BOARD OF DIRECTORS**		
(a)	Disclose the identity of the directors who are independent.	Yes	The five Board members who are independent pursuant to NI 58-101 are identified in the Table in - Schedule B on page 31 of this Information Circular.
(b)	Disclose the identity of the directors who are not independent, and describe the basis for that determination.	Yes	Three Board members are not independent pursuant to NI 58-101. Two of them are senior officers of the Corporation and one is a lawyer at a law firm to whom the Corporation makes payments for legal services. They are identified in the Table in - Schedule B of this Information Circular.
(c)	Disclose whether or not a majority of the directors are independent.	Yes	Five of the eight nominees proposed by management for election to the board are independent under NI 58-101.
(d)	If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	Yes	All directorships, if any, with other public entities for each of the eight directors proposed by management for election to the Board and their committee representations are set out in the Table in Schedule B of this Information Circular.
(e)	Disclose whether or not the independent directors hold regularly scheduled meetings at which members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held during the preceding 12 months. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.	Yes	The independent directors of the Board and Board Committees meet without Management in attendance at every regularly scheduled meeting, including telephone conference call meetings. Board Committees meet with external consultants and professional advisors, without Management in attendance. The number of meetings without management and the non independent directors in attendance held during fiscal 2006 were, as regards: (i) the Audit Committee — seven; (ii) the Compensation and Human Resources Committee and the Nominating and Corporate Governance Committee — seven and the board of directors — seven. All independent directors have an opportunity, through membership on one or more of the Board Committees (Audit, Compensation and Human Resources and Nominating and Corporate Governance), to participate in discussions without Management and without the non-independent management directors in attendance.
(f)	Disclose whether or not the chair of the board is an independent director, disclose	Yes	Rebecca MacDonald, the Board Executive Chair, is not independent under NI 58-101. Her responsibilities

the identity of the independent chair, and describe his or her role and responsibilities.		are set out in the Board Chair Position Description which is available on the Fund's website at www.esif.ca. Mr. Segal, the Lead Director, is independent under NI 58-101. His responsibilities are set out in the Lead Director Position Description which is available on the Fund's website at www.esif.ca The Lead Director's responsibilities include the obligation to ensure that the Board discharges its responsibilities effectively and independently, in consultation with the three Board Committees. The Lead Director is a member of the Audit Committee and an ex officio member of, and attends, all other Committee meetings.
2. BOARD MANDATE		
Disclose the text of the board's written mandate.	Yes	The Board's Charter is included in Schedule "C" to this Information Circular. A Mandate for the individual directors is available at the Fund's website at www.esif.ca. The Board has approved a strategic planning process and annually reviews and approves the strategic plan, which takes into account, among other things, the opportunities and risks of the business. The competitive environment, pricing risks, hedging and other strategic issues are reviewed at each Audit Committee and Board meeting. The Board of the Corporation has adopted a Policy Risk Management Policy. The Corporate Risk Officer reports to the Audit Committee and Board at each meeting with respect to compliance by the Corporation with its Risk Management Policy which is available on the Fund's website at www.esif.ca. The Audit Committee identifies and reports regularly to the Board on the Corporation's major financial and operating risks and reviews policies and practices, including the Risk Management Policy and hedging to manage the risks.
3. POSITION DESCRIPTIONS		
(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee.	Yes	The Position Descriptions for the Board Chair, the Lead Director and each individual Committee Chair are available on the Fund's website at www.esif.ca.
(b) Disclose whether or not the board and CEO have developed a written position description for the CEO.	Yes	The CEO's Position Description is available on the Fund's website at www.esif.ca.
(c) Disclose whether or not the Audit Committee and CEO have developed a written position description for the CFO.	Yes	The CFO's Position Description is available on the Fund's website at www.esif.ca. For more information about the Audit Committee, its mandate and its members see the Fund's Renewal Annual Information Circular for the year ended March 31, 2006 which will be available on the Fund's website at www.esif.ca.
4. ORIENTATION AND CONTINUING EDUCATION		
(a) Briefly describe what measures the board	Yes	While the Corporation has not established a formal

	takes to orient new members regarding		orientation program for new directors, each new director is provided with information about the - Corporation including: minutes of all Board and Committee meetings for the past year, the Corporation's current disclosure documents, information on the role of the Board and each of its Committees; corporate and industry information; and, the contribution individual directors are expected to make.
	(i) the role of the board, its committees and its directors, and		
	(ii) the nature and operation of the issuer's business.	Yes	Specific information is provided on operations, the strategic plan, risk and risk management, governance, integrity and corporate values. New directors are provided with copies of the Corporation's continuous disclosure documents filed for a period of two years prior to their appointment or election.
(b)	Briefly describe what measures, if any, the board takes to provide continuing education for its directors.	Yes	Presentations are made to the Board from time to time to educate and keep them informed of changes within the Corporation and in regulatory and industry requirements and standards. Specific information is provided on risks, commodity pricing, supply and demand and the current business and commercial environment. The Board and its Committees meet at least once a year at one of the Corporation's principal operating sites. The Nominating and Corporate - Governance Committee has the specific responsibility to review information on available educational opportunities and ensures directors are aware of those opportunities. The Corporation will pay for director education.
5.	**ETHICAL BUSINESS CONDUCT**		
(a)	Disclose whether or not the board has adopted a written code for its directors, officers and employees. If the board has adopted a written code:	Yes	The Board has adopted a Code of Business Conduct and Ethics Policy for its directors, officers and employees.
	(i) disclose how an interested party may obtain a copy of the written code;	Yes	The Code of Business Conduct and Ethics Policy is available on the Fund's website at www.esif.ca, has been filed on SEDAR and is available on request to the Corporate Secretary of the Corporation.
	(ii) describe how the board monitors compliance with its code; and	Yes	The Board, through the office of the Corporation's Legal Department monitors compliance with the Code of Business Conduct and Ethics Policy.
	(iii) provide a cross-reference to any material change reports(s) filed within the preceding 12 months that pertains to any conduct of a director or executive officer that constitutes a departure from the code.	Yes	The Board has not granted any waiver of the Code of Business Conduct and Ethics Policy in favour of a director or executive officer during the past 12 months and for all of 2005. Accordingly, no material change report has been required or filed.
(b)	Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and	Yes	The Chair of the Board with the Lead Director and the Chief Executive Officer and Committee Chairs sets the agenda for all meetings of the Board and

	agreements in respect of which a director or executive officer has a material interest.		each Committee thereof and identifies all transactions in respect of which a Director or executive officer may have a material interest and consults with outside counsel to ensure that the approval of any such transaction is in compliance with applicable corporate and securities rules and policies. Independent valuations and reports are obtained and any Director who may have a material interest in any such transaction is required to disclose his interest and to refrain from voting on the matter.
(c)	Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.	Yes	The Executive Chair of the Board, the Lead Director and the Vice President — Compliance and Corporate Secretary regularly review the Corporation's Code of Business Conduct and Ethics Policy with all senior executives, members of middle management and the Directors to ensure all such persons are compliant with the Code.
6.	**NOMINATION OF DIRECTORS**		
(a)	Describe the process by which the board identifies new candidates for board nomination.	Yes	The Board has appointed a Nominating and Corporate Governance Committee with responsibility with assistance from the Lead Director, for the identification of new candidates for recommendation to the Board. The Nominating and Corporate Governance Committee annually reviews performance evaluations which includes a skills matrix completed by all directors. The matrix sets out the various skills and areas of expertise determined to be essential to ensure appropriate strategic direction and is used to assist in recruiting to the Board.
(b)	Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.	Yes No	The Nominating and Corporate Governance Committee is comprised of three directors, two of whom have been affirmatively determined by the Board to be independent pursuant to NI 58-101. The Board has determined that the payment of legal fees to a firm where one of its directors is a partner has not and should not affect or compromise the ability of the director to act independently and where matters requiring a vote of the full board relate to issues on which the Corporation has received advice from the related law firm, the director partner declares his interest and refrains from voting on the matter.
(c)	If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	Yes	The Nominating and Corporate Governance Committee Mandate is available on the Fund's website at www.esif.ca and a report on the activities of the Committee are described in section 9 of this Schedule on page 29 of this Information Circular.
7.	**COMPENSATION**		
(a)	Describe the process by which the board determines the compensation for your company's directors and officers.	Yes	The Board has appointed a Compensation and Human Resources Committee with responsibility for recommending compensation for the Corporation's directors and officers to the Board. The Executive Chair and the CEO's compensation are approved by the independent directors of the Board. To align the interests of directors to those of

		unitholders, the Directors and unitholders approved the Directors' Deferred Unit Compensation Plan in June of 2004 which enables directors to receive a portion of their compensation in the form of Deferred Units of the Fund. For information about the compensation paid to directors in 2005 see "Compensation of Directors" on page 4 of this Information Circular and "Directors Deferred Unit Compensation Plan" in note (6) on page 20 of this Information Circular.
(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.	Yes	The Compensation and Human Resources Committee is comprised of three directors, all of whom have been affirmatively determined by the Board to be independent pursuant to NI 58-101.
(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	Yes	The Compensation and Human Resources Committee Mandate is available on the Fund's website at www.esif.ca and a report on the activities of the - Committee begins on page 14 of this information - circular.
8. OTHER BOARD COMMITTEES		
If the board has standing committees other than the Audit, Compensation and Nominating Committees, identify the committees and describe their function.	Yes	There are no additional standing Board Committees. The Compensation and Human Resources Committee has, in addition to compensation responsibilities, obligations to deal with human resource and personnel matters. The Nominating and Corporate Governance Committee has, in addition to Nominating responsibilities, the obligation to establish and review the Corporation's Corporate Governance structure including compliance with NI 58-101.
9. ASSESSMENTS		
Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments.	Yes	The Nominating and Corporate Governance Committee conducts a full evaluation of the effectiveness and performance of the Board, all Board Committees and members thereof and individual directors annually. The evaluation also includes self-evaluations and evaluations of peer performance. The evaluation consists of a director's questionnaire, the results of which are tabulated and analyzed through the Lead Director and the Chair of the Nominating and Corporate Governance Committee. Results of the questionnaire are presented to the Nominating and Corporate Governance Committee and the Board. The most recent annual evaluation showed that the Board, the Board Committees, Board Executive Chair, the Lead Director and Committee Chairs and individual directors were effectively fulfilling their responsibilities.

Notes:

(1) All of the Corporation's corporate governance policies, committee mandates, including: its Code of Business Conduct and Ethics Policy, its Policy on Insider Trading, Disclosure and Confidentiality, the terms of reference and chair positions for each of its Audit Committee, its Compensation and Human Resources Committee and its Nominating and Corporate Governance Committee, the board of director mandate and the position description for individual directors and position descriptions for its Executive Chair the Lead Director, Chief Executive Officer and Chief Financial Officer are published on the Fund's website at www.esif.ca.

(2) The Table below indicates the attendance record for each person who was a director of the Corporation for the year ending March 31, 2006 for all director and Committee meetings.

Name of Director	**# of Board Meetings attended of which there were 7**[(1)]	**# of Audit Committee Meetings attended of which there were 7 (Kirby, Segal and Smith)**	**# of Compensation, and Human Resources Committee Meetings and Nominating and Corporate Governance Committee Meetings attended of which there were 7 (Brussa, Smith, Kirby and Macdonald and Segal) (ex-officio)**[(2)]
John A. Brussa	7	—	7
The Hon. Michael Kirby	7	7	4
Donald Macdonald[(3)]	7	—	7
Rebecca MacDonald	7	—	—
Brennan R. Mulcahy	7	—	—
Hugh D. Segal	7	7	5
Brian R.D. Smith	7	7	2

Notes:

(1) Includes meetings attended in person or by telephone conference call.

(2) The Compensation, Corporate Governance and Human Resources Committee was divided into two separate committees on May 19, 2005: (i) the Compensation and Human Resources Committee and (ii) the Nominating and Corporate Governance Committee. All meetings of these two Committees held for the year ending March 31, 2006 were held on a combined basis.

SCHEDULE B
OTHER PUBLIC COMPANY DIRECTORSHIPS AND COMMITTEE APPOINTMENTS

The following table indicates whether a director or a nominee director is independent or not pursuant to National Instrument 58-101 ("NI 58-101") and lists other public company directorships and committee appointments.

Director	**Other Public Company Directorships**	**Committee Appointments**
LIST OF THREE NON INDEPENDENT DIRECTORS		
Brennan R. Mulcahy	None	None
Rebecca MacDonald	None	None
John A. Brussa	Baytex Energy Ltd.	Reserves Compensation
	Capitol Energy Resources Ltd.	Reserves Compensation and Corporate Governance
	Cirrus Energy Corporation	Audit Reserve Committee
	Crew Energy Inc.	Reserves
	Divestco Inc.	Audit
	E4 Energy Inc.	Audit
	Endev Energy Inc.	Reserves Audit Compensation
	FET Resources Inc. (a wholly-owned subsidiary of Focus Energy Trust)	Compensation
	Flagship Energy	None
	Galleon Energy Inc.	Compensation
	Grand Petroleum Ltd.	Reserves Compensation
	Harvest Operations Corp. (a wholly-owned subsidiary of Harvest Energy Trust)	Audit (Chair) Compensation
	Highpine Oil & Gas Limited	Compensation, Nomination and Corporate Governance (Chair)
	Inter Pipeline Fund (a wholly-owned subsidiary of Pipeline Management Ltd.)	Compensation
	Navigo Energy Inc. (a subsidiary of NAV Energy Trust)	Compensation
	Orleans Energy Ltd.	None
	Penn West Petroleum Ltd. (a subsidiary of Pen West Energy Trust)	Chair of the Board Compensation Corporate Governance
	Pilot Energy Ltd.	Audit Committee
	Progress Energy Ltd. (a subsidiary of Progress Energy Trust)	Compensation
	Rider Resources Ltd.	Compensation
	Strategic Energy Fund	Audit

	Storm Exploration Inc.	Corporate Governance Compensation, Nomination,

Director	Other Public Company Directorships	Committee Appointments

LIST OF FIVE INDEPENDENT DIRECTORS[2]

Brian R.D. Smith	Genco Resources Ltd.	Audit
	United Bolero Ltd.	None
	Zenith Industries Inc.	Chair
The Hon. Michael J. L. Kirby	The Bank of Nova Scotia	Audit (Chair) Executive
	Extendicare	Human Resources (Chair) Corporate Governance Quality Standards
	Indigo Books & Music Inc.	Audit (Chair) Corporate Governance (Chair) Human Resources
	MDC Partners Inc.	Human Resources Corporate Governance
	Brainhunter Inc.	Human Resources (Chair) Corporate Governance
The Hon. S. Donald Macdonald P.C., CC	IPC US REIT — Chairman	Audit
	Clean Power Operating Trust	Audit (Chair) Review Compensation
	Century Mining Corporation	Audit (Chair)
	Vector Wind Energy Inc.	Audit
The Hon. Hugh D. Segal	CPI Plastics Group Limited	Audit Compensation and Human Resources Nominating and Corporate Governance
	SNC Lavalin Inc.	Human Resources Health, Safety and Environment
	St. Lawrence Cement	Audit Governance and Compensation
	Vincor International Inc.	Compensation, Organization, Nominating and Governance
The Hon. Gordon D. Giffin[2]	Canadian Imperial Bank of Commerce	Risk Management
	Bowater Incorporated	Audit Governance and Nominating

Canadian National Railway Company	Environment and Safety Finance Human Resources
CanadianNatural Resources Limited	Audit Governance and Nominating
TransAlta Corporation	Governance and Nominating

Notes:

(1) Mr. John A. Brussa, a director of OESC, is a partner of the law firm of Burnet, Duckworth & Palmer LLP, which firm receives fees for legal services rendered to the Fund and its operating entities.

(2) Mr. Giffin is nominated as a director for election at the Fund's June 29, 2006 AGM. He will qualify as an Independent Director under NI 58 - 101.

SCHEDULE C
The Board of Directors of Ontario Energy Savings Corp. and OESC GP Corp.
(together "Energy Savings") Board Mandate
— Supervising the Management of the Business and Affairs of Energy Savings —

Our Main Responsibilities:

We provide the supervision necessary for:

1. **Disclosure of Reliable and Timely Information to Unitholders** — the Unitholders depend on us to get them accurate and relevant information.

2. **Approval of Strategy and Major Policy Decisions of Energy Savings** — we must understand and approve where Energy Savings is going, be kept current on its progress towards those objectives and be part of and approve any major decisions.

3. **Evaluation, Compensation and Succession for Key Management Roles** — we must be sure that the key roles have the right people, that they are monitored and evaluated by us and that they are appropriately compensated to encourage Energy Saving's long-term success.

4. **Oversight of the Management of Risks and the Implementation of Internal Controls** — we must be satisfied that the assets of Energy Savings are protected and that there are sufficient internal checks and balances.

5. **Effective Board Governance** — to excel in our duties we need to be functioning properly as a Board — strong members with the right skills and the right information and generally to be responsible for the development of Energy Savings approach to corporate governance.

Independence is Key

The Board of Directors understands that we must be independent of the management of Energy Savings. To enhance our independence we have implemented the following:

– A majority of the members of the Board are independent

– All Committees are composed solely of non-management directors

– The Board and its Committees can meet independently of management at any time

– The Board and its Committees can hire their own independent advisors

– An independent lead Director with a clear mandate provides leadership for the independent directors

– A policy requires all Directors to hold deferred units or units as part of the Board retainer

– The provision of high-quality information for Directors — orientation for new directors, meaningful presentations, access to management and sufficient time to review material

We know independence requires more — it requires preparation for meetings, understanding the issues, strength, commitment, integrity and an inquiring mind.

Our Composition

Our number shall be as provided for in accordance with OESC's By-laws from time to time and shall comply with the rules of board composition established by the Nominating and Corporate Governance committee of OESC. Each director shall possess the qualities set out in the Position Description for Directors and the Position Descriptions for Directors in their role as Chair of each Board Committee.

We will create Committees from time to time and will delegate certain functions to them. Each of these Committees has a written Mandate. These Mandates are reviewed on a regular basis and are updated and amended as often as needed to respond to the evolving regulatory and market environment in which Energy Savings operates.

Independent Functioning of Board and Committees

The Board is responsible for establishing the appropriate procedures to ensure that the Board, Committees and individual Directors can function independently of management to the extent considered necessary or desirable by Directors. The Board can retain independent professionals. Each Committee can retain and terminate independent professionals and each has the sole authority to approve all fees payable to an Independent professional. Any Director can retain an independent professional with the prior approval of the Nominating and Corporate Governance Committee. Each Committee and the Board can conduct all or part of any meeting in the absence of management, and it is the Board's policy to include such a session on the agenda of each regularly-scheduled Board meeting.

Each Committee chair can also require the Corporate Secretary to convene a meeting of the Board or a Committee to be held in the absence of management or to reserve an agenda item at any Board or Committee meeting for business to be conducted in the absence of management. Each Director can request such a meeting or reserved agenda item by contacting a Committee Chair.

Meetings

The Board meets a minimum of four times per year. For regularly scheduled meetings, an agenda for each Board meeting and other documents for consideration are sent by courier to all Directors about one week in advance of each meeting. For special meetings of the Board, best effort are made to distribute materials to the Directors as far in advance as practicable. A complete Board package, which includes all material for the meeting, is provided to each Director prior to the commencement of each meeting.

Specific Duties and Responsibilities

The Board has the following specific duties and responsibilities, which may be delegated to Committees of the Board, in whole or in part, with ongoing reporting by the Committees to the Board:

Strategic Planning

The Board is responsible for the strategy and fundamental goals of Energy Savings for all aspects of its undertaking. This responsibility includes the adoption of a strategic planning process; convening annually a strategic planning meeting involving the Board and executive management, approving strategic plans, which take into account, among other things, the major opportunities and risks of Energy Savings; and overseeing the implementation of strategic plans and monitoring performance against such plans. This responsibility also includes reviewing and approving all major strategy and policy recommendations including the financial plan and approving operating budgets, and specific requests for major acquisitions.

Risk Management

The Board is responsible for ensuring that the appropriate policies and procedures are in place to protect the assets and commodity hedging policies of Energy Savings and assure its viable future. The Board is also responsible for identifying the principal risks of all aspects of Energy Savings' business and ensuring the implementation of appropriate systems to manage these risks.

Internal Controls and Management Information Systems

The Board is responsible for overseeing and monitoring the integrity of Energy Savings' internal controls and procedures, management information systems and audit procedures, and overseeing the appropriate operation of Energy Savings including compliance with all applicable legal and regulatory requirements through financial and other management information systems, and appropriate inspection, compliance and control systems. The Board is responsible for ensuring that financial reporting and financial control systems are adequate and operating, and approving the quality and sufficiency of information provided to the Directors.

Communications Policy

The Board is responsible for establishing a communications policy for Energy Savings' and overseeing the maintenance of effective unitholder and stakeholder relations through Energy Savings' communications policy and programs so that accurate and timely material information is disseminated to and feedback is accommodated from unitholders.

Director Orientation and Assessment

The Board is responsible for ensuring there is an appropriate, formal orientation program for new directors and for assessing the effectiveness and contribution of the Board, Committees and all Directors annually. The Board is also responsible to ensure that the Directors have the necessary financial, energy, marketing, regulatory, human resource and compensation expertise.

Evaluation, Compensation and Succession Planning

The Board is responsible for overseeing the effective operation of Energy Savings by appointing, assessing performance of, compensating, disciplining and succession planning for all senior Energy Savings officers. The Board is responsible for ensuring the senior management team has the appropriate qualities and competencies to meet the expectations set by the Board. The Board is responsible for approving the compensation of the senior management team and the compensation policies of Energy Savings, including reviewing the adequacy and form of compensation of directors. The board is responsible for developing a position description for the Board members, the Executive Chair, the Chief Executive Officer, the Chief Financial Officer, the Lead Director, the Corporate Secretary and the Chair of each Board Committee which, together with other Board approved policies and practices, should provide for a definition of the limits to management's responsibilities. The Board is responsible for approving the objectives of Energy Savings to be met by the Chief Executive Officer.

General

The Board is responsible for monitoring the effectiveness of Energy Savings' corporate governance practices and approving any necessary changes, as required. The Board is responsible for establishing general Energy Savings policies and performing other tasks required by law. The Board is also responsible for ensuring compliance with and monitoring all policies approved by the Board including (i) the Code of Business Conduct and Ethics Policy and (ii) the Policy on Insider Trading, Communications and Confidentiality.

(Adopted by the Board on November 5, 2005)