ENERGY
SAVINGS INCOME FUND

MANAGEMENT INFORMATION CIRCULAR

ANNUAL AND SPECIAL MEETING

OF

ENERGY SAVINGS INCOME FUND

TO BE HELD ON JUNE 27, 2003

TORONTO, ONTARIO

May 21, 2003

Dear Unitholder:

Please accept my personal invitation to join us at the second Annual and Special Meeting of Energy Savings Income Fund which takes place at 10:00 a.m., on June 27, 2003 at the Toronto Stock Exchange Conference Centre, Auditorium in Toronto which is located on the main floor of the Exchange Tower, 2 First Canadian Place, 130 King Street West. The Fund has experienced significant growth since its inception on April 30, 2001 in terms of its customer base, 12 increases in its level of distributions and a total return on the Fund's Units of 260% from April 30, 2001 to May 21, 2003.

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 Consolidated Financial Statements of the Fund and the Report of the Auditors for the fiscal year ended March 31, 2003; the election of Directors of Ontario Energy Savings Corp.; the appointment of Auditors; and the approval of a special resolution to amend the Declaration of Trust of the Fund to permit the Fund to borrow money and to guarantee the obligations of any subsidiary of the Fund and provide security for such guarantees.

Information concerning the Fund and its operating subsidiaries is available at its website at www.energysavingsincomefund.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 persistent 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,

REBECCA MACDONALD
Chair, President and
Chief Executive Officer

ENERGY
SAVINGS INCOME FUND

NOTICE OF ANNUAL AND SPECIAL MEETING

TO: **THE UNITHOLDERS OF ENERGY SAVINGS INCOME FUND**

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

TAKE NOTICE that an Annual and Special Meeting (the "Meeting") of the holders of: (i) trust units ("Units") of Energy Savings Income Fund (the "Fund"), (ii) Class A Preference Shares of Ontario Energy Savings Corp. ("OESC") and (iii) Class B Preference Shares of OESC (collectively, the "Holders") will be held at the Toronto Stock Exchange Conference Centre, Auditorium, The Exchange Tower, 2 First Canadian Place, 130 King Street West, Toronto, Ontario, Canada M5X 1J2 on Friday, the 27th day of June, 2003 (the "Meeting Date"), at 10:00 a.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, 2003 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 ("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 Deloitte & Touche LLP as auditors of the Fund, with remuneration to be fixed by OESC, the administrator of the Fund;
4. to consider, and, if thought advisable to pass, with or without variation, a special resolution of the Fund in the form described in the accompanying Information Circular to amend the Fund's Declaration of Trust to permit the Fund to borrow money and guarantee the obligations of any subsidiary of the Fund; and
6. 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 to or deposit it with the Fund, c/o Computershare Trust Company of Canada, 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 21, 2003 (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 21st day of May, 2003.

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

REBECCA MACDONALD
Chair, President and Chief Executive Officer
Ontario Energy Savings Corp.

TABLE OF CONTENTS

	Page
Solicitation of Proxy	3
Appointment of Proxies	3
Revocability of Proxies	4
Exercise of Discretion by Proxyholders	4
Interest of Certain Person and Companies in Matters to be Acted Upon	4
Units, Preference Shares and the Principal Holders Thereof	4
Units and Preference Shares	4
Principal Holders of Units and Preference Shares	5
Voting of Units — Advice to Beneficial Holders of Units	5
Quorum for Meeting	6
Compensation of the Directors of OESC and the Officers of OESC	6
Summary Compensation Table	7
Fund Unit Option Plan	8
Option Exercises and Financial Year End Value of Options	8
Employment Agreements — Named Executive Officers	9
Report on Executive Compensation	10
Fund Performance Graph	12
Table of Indebtedness of the Trustee and the Directors, Executive Officers and Senior Officers of the Subsidiaries of the Fund	13
Matters to be Acted Upon at the Meeting	14
Election of Directors of Ontario Energy Savings Corp.	14
Appointment of Auditors of the Fund	15
Special Items of Business	16
Proposed Amendment to the Fund's Declaration of Trust	16
Compensation of the Trustee and the Administrator	17
Corporate Governance	18
Interests of Management and Others in Material Transactions	18
Certificate	19
Schedule A — Corporate Governance	20

INFORMATION CIRCULAR

SOLICITATION OF PROXY

This Information Circular is furnished in connection with the solicitation of proxies on behalf of Montreal Trust Company (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 and Special Meeting (the "Meeting") of the holders (the "Unitholders") of units ("Units") of the Fund and the holders (collectively the "Holders") of Class A Preference Shares and Class B Preference Shares of OESC (together "Preference Shares"), to be held at the Toronto Stock Exchange Conference Centre, Auditorium, the Exchange Tower, 2 First Canadian Place, 130 King Street West, Toronto, Ontario, Canada M5X 1J2 on Monday, the 27th day of June, 2003 (the "Meeting Date"), at 10:00 a.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 APRIL 18, 2001 (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 EXCHANGE INC. ("EXCHANGECO"), THE HOLDERS OF PREFERENCE SHARES AND CERTAIN OTHER PARTIES DATED APRIL 30, 2001 (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 and special 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 and Options in this Information Circular reflect the 2:1 subdivision of Units and Preference Shares on July 29, 2002 and all references to OESC in this Information Circular reflect the amalgamation on July 1, 2002 of OESC with Ontario Electric Savings Corporation ("Electrico").

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 Trust Company of Canada, 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 21, 2003 (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 The Exchange Tower, 130 King Street West, Suite 2830, P.O. Box 355, 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 judgement.

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

Montreal Trust Company 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 share 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 of the date hereof, the Fund has 43,813,264 issued and outstanding Units and OESC has issued and outstanding 6,770,006 Preference Shares so that, including the 30,203 Units to which the holders of Class B Preference Shares are entitled at the date hereof if they had exercised their shareholder exchange rights with respect thereto pursuant to the OESC Shareholders' Agreement, approximately 50,613,473 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, in the aggregate 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. While, 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 carrying more than 10% of the voting rights attached to all Units of the Fund entitled to vote at the meeting, there are several persons who beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the voting rights attaching to each of (a) the Preference Shares and (b) the Class A Preference Shares and Class B Preference Shares as separate classes of shares.

As at May 21, 2003, the officers and directors of OESC held beneficially, directly or indirectly, in the aggregate, approximately 3,825,279 Units and 5,913,739 Preference Shares.

Voting of Units — Advice to Beneficial Holders of Units

The information as set forth in this section is of significant importance to the 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

For the year ended March 31, 2003 each of the Directors of OESC (other than those who are members of management), receives an annual retainer of $15,000 and $500 for each Committee meeting attended, and is reimbursed for out-of-pocket expenses of attending Directors' and Committee meetings. Messrs. Kirby and Clark receive an additional $1,000 per annum as compensation for acting as Chair of the Audit Committee and Chair of the Compensation, Corporate Governance and Human Resources Committee, respectively. For the year ended March 31, 2003 the total compensation in the form of fees paid to the non-management directors was $105,250. Mr. John A. Brussa, a director of OESC, is a partner of the law firm Burnet, Duckworth & Palmer LLP, which firm receives fees for legal services rendered to the Fund and its operating subsidiaries. Each of the five independent, outside directors of OESC were granted 20,000 options under the Fund's Unit Option Plan on April 30, 2001 to acquire an equivalent number of Units of the Fund at an exercise price of $5 per Unit except for Mr. Smith who became a director on August 21, 2001 at which time he was granted 20,000 options to purchase an equivalent number of Units of the Fund, exercisable at $6.475 per Unit. All options granted to the outside directors are exercisable 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.

OESC has issued indemnities to each of its directors 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 $46,350 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 $25,000 self-insured retention for the corporate reimbursement section only.

Summary Compensation Table

The following table sets forth all compensation with respect to individuals who were, at March 31, 2003, the Chief Executive Officer and the four other most highly compensated executive officers of the operating subsidiaries of the Fund (the "Named Executive Officers").

Named Executive Officers	Annual Compensation[1]				Long-Term Compensation			
					Awards		Payouts	
Name and Principal Position	Year Ended March 31	Salary ($)	Bonus[3] ($)	Other Annual Compensation[4][5] ($)	Units Under Options Granted (#)	Restricted Units or Restricted Share Units ($)	LTIP Payouts ($)	All Other Compensation[4]
Rebecca MacDonald[2] Chair, President and Chief Executive Officer — OESC	2003 2002	$285,000 $250,000	$200,000 $100,000	— —	266,666 400,000	— —	— —	— —
James H. McKelvie C.A.[2] Senior Executive Vice President and Chief Financial Officer — OESC	2003 2002	$285,000 $250,000	$200,000 $145,000	— —	400,000 600,000	— —	— —	— —
Brennan R. Mulcahy[2] Senior Executive Vice President, and Chief Operating Officer — OESC	2003 2002	$285,000 $250,000	$200,000 $100,000	— —	266,666 400,000	— —	— —	— —
Paul DeVries[2][7] Executive Vice President, Operations — OESC	2003 2002	$325,000 $325,000	— —	$1,605,142 —	560,000 560,000	—	—	—
Christopher J. Gaffney[2][7] Vice President and General Counsel — OESC	2003 2002	$245,000 $245,000	— —	$ 923,594 —	322,000 322,000	— —	— —	— —

Notes:

(1) The salary for each Named Executive Officer reflects his or her salary on an annualized basis for the years ended March 31, 2002 and 2003.

(2) Ms. MacDonald and Messrs. McKelvie and 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. Mr. DeVries joined OESC on March 1, 2002. Mr. Gaffney joined OESC on February 1, 2002. Information for 2002 is for the period commencing April 30, 2001 to March 31, 2002.

(3) Subject to the confirmation and approval of the Compensation, Corporate Governance and Human Resources Committee, each of the Named Executive Officers (except for Messrs. DeVries and Gaffney), is entitled to receive a discretionary bonus pursuant to each of their employment contracts based on the recommendation of the Chair, President and Chief Executive Officer as regards each of Messrs. McKelvie and Mulcahy and as regards Ms. MacDonald based on the recommendation of the Compensation, Corporate Governance and Human Resources Committee.

(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 of the Named Executive Officer for the year ended March 31, 2003.

(5) Pursuant to the OESC Shareholders' Agreement, each member of management of OESC who is a holder of Class A Preference Shares in the capital of OESC i.e., Ms. MacDonald and Messrs. McKelvie and Mulcahy (each of which 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 Class A Preference Shares held by him or her. In view of the nature of the above payments made to three of the above Named Executive Officers, which in substance reflect the ownership of Units (based on the number of Class A Preference Shares owned by them in OESC), the above table does not reflect the amounts paid to each of them pursuant to the special management incentive bonus.

(6) Reflects the number of unexercised and unvested options held at March 31, 2003. No options were granted to any of the Named Executive Officers for the year ended March 31, 2003.

(7) Pursuant to an agreement among OESC, Messrs. DeVries, Gaffney and certain other persons dated January 25, 2002, each of Messrs. DeVries and Gaffney is entitled to a specified commission based on $40 for each flowing residential customer equivalent of electricity secured by OESC. No amounts were paid for the year ended March 31, 2002. For the year ended March 31, 2003, each of DeVries and Gaffney received $1,512,000 and $870,000 respectively. The details of the agreement, the names of persons entitled to participate in the revenue stream, their relationship to OESC and the amounts paid to each of them for the year ended March 31, 2003 are described under the heading "Report on Executive Compensation — Electricity Commissions" on page 10 of this Information Circular. On February 19, 2002 each of Messrs. DeVries and Gaffney received loans of $300,000 and $172,500 respectively from OESC to finance the purchase of Units of the Fund described in more detail under the heading "Table of Indebtedness of the Trustees and Directors, Executive Officers and Senior Offices of the Subsidiaries of the Fund" on page 13 of this Information Circular.

(8) A general description of the Fund's Unit Option Plan is described below under the heading "Fund Unit Option Plan". Of the 1,400,000 options granted to four officers of Electrico (now OESC) (including Paul DeVries as to 560,000 options and Christopher Gaffney as to 322,000 options) on January 29, 2002 at an exercise price of $10.015 per Unit, 28.6% thereof or 400,000 options (including Paul DeVries as to 160,000 thereof and Christopher Gaffney as to 92,000 thereof) were granted subject to the terms and conditions described below under the heading Fund Unit Option Plan. The remaining 71.4% thereof or 1,000,000 options (including Paul DeVries as to 400,000 thereof and Christopher Gaffney as to 230,000 thereof) become exercisable only on the achievement of specific performance targets of which (a) 400,000 options (including Paul DeVries as to 160,000 thereof and Christopher Gaffney as to 92,000 thereof) vest as to 33⅓% 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) 600,000 options (including Paul DeVries as to 240,000 thereof and Christopher Gaffney as to 138,000 thereof) vest as to 33⅓% 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 are, subject to vesting, 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 the employment agreements described under the heading "Employment Agreements" on page 9 of this Information Circular.

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 Corporate Governance Committee of OESC in its capacity as administrator of the Fund. The Compensation and Corporate Governance 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 exercisable. The exercise price for any option granted may not be less than the closing 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 8 of this Information Circular holders of options may exercise, at the applicable exercise price, 33⅓% of their options following each of the first, second and third anniversaries of the date of grant, subject to cancellation or acceleration in the event of termination of employment or death of the optionholder. Options granted under the Option Plan are non-transferable, non-assignable and, except as described in Note (7) to the Summary Compensation Table on page 8 of this Information Circular expire five years from their grant date.

Under the Option Plan, all options will automatically vest immediately prior to the occurrence of a "Change of Control" of the Fund as defined under the heading "Employment Agreements" on page 9 of this Information Circular.

Option Exercises and Financial Year End Value of Options

The following table sets forth the number of Units acquired pursuant to the exercise, if any, of unit options during the fiscal year ended March 31, 2003, 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, 2003. 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, 2003 which was $16.30 per Unit.

Name	Units of the Fund Acquired on Exercise	Aggregate Value Realized	Unexercised Options at March 31, 2003		Value of Unexercised in-the-Money Options at March 31, 2003(1)	
			Vested	Not Vested	Vested	Not Vested
Rebecca MacDonald	133,334	$1,260,000	Nil	266,666	Nil	$3,013,348
James H. McKelvie C.A	200,000	$1,941,000	Nil	400,000	Nil	$4,520,000
Brennan R. Mulcahy	133,334	$1,260,000	Nil	266,666	Nil	$3,013,348
Paul DeVries	Nil	Nil	53,333	506,667	$335,198	$3,184,402
Christopher J. Gaffney	Nil	Nil	30,666	291,334	$192,736	$1,831,034

Note:

(1) The in-the-money value of the unexercised Unit options has been calculated using the closing price of $16.30 for the Units of the Fund on the TSX on March 31, 2003, less the applicable exercise price of underlying Unit options.

Employment Agreements — Named Executive Officers

OESC has entered into employment agreements with each of Ms. Rebecca MacDonald (February 1, 2001), as Chair, President and Chief Executive Officer of OESC, Mr. James H. McKelvie C.A. (November 1, 2000), as Senior Executive Vice-President and Chief Financial Officer of OESC and Mr. Brennan R. Mulcahy (February 1, 2001), as Senior Executive Vice-President and Chief Operating Officer of OESC. On March 1, 2002, Mr. Paul DeVries entered into an employment agreement with Electrico (now OESC), as President and Chief Executive Officer and is now the Executive Vice President, Operations of OESC. On February 1, 2002, Mr. Christopher Gaffney entered into an employment agreement with Electrico (now OESC), as Vice President and General Counsel and is now Vice President and General Counsel, OESC.

Under the terms of the employment agreements, each executive is retained for a definite period ranging between four and five years subject to various termination rights described below. In consideration for their services each executive is entitled to a base salary, various fringe benefits, options to acquire Units of the Fund and, except for Messrs. DeVries and Gaffney, an annual discretionary bonus approved by the Board all as described under the heading "Summary Compensation Table" on page 7 of this Information Circular. Each of Messrs DeVries and Gaffney are entitled to a commission revenue stream described in note (6) to the Summary Compensation Table on page 7 of the Information Circular and under the heading "Report on Executive Compensation — Electricity Commissions" on page 10 of the Information Circular.

Each of the above employment agreements contains (i) confidentiality and non disclosure provisions which apply for periods ranging between three and four years after termination, (ii) non-competition and non-solicitation covenants which apply 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, (b) failure to renew upon completion of the term thereof 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 the failure to renew upon expiry of the term, an employee is entitled, *inter alia*, to one years base salary and regular benefits and an automatic vesting of up to 100% of all of an employees unvested options to acquire Units of the Fund. 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, *inter alia,* the same benefits to which he or she would have been entitled in the event of wrongful dismissal or constructive dismissal and an automatic vesting of all unvested options.

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.

Report on Executive Compensation

The compensation of the Named Executive Officers is set by the Compensation, Corporate Governance and Human Resources Committee of the Board of OESC. The Committee has established compensation packages based on compensation packages for senior executives of comparable publicly-traded Canadian organizations. The Compensation and Corporate Governance 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 MacDonald and Messrs. McKelvie and Mulcahy, a discretionary bonus based on achieving operating performance targets including distributable cash flow and as regards Messrs. DeVries and Gaffney an entitlement to a commission based on the number of new flowing residential customer equivalents of electricity. Unit options provide a longer-term incentive for executives to enhance Unitholder value. Each officer's performance and related salary level, bonus, commissions and amount of Unit options is reviewed annually by the Committee in conjunction with the Chair, President and Chief Executive Officer of OESC whose compensation package is subject to the approval of the Compensation, Corporate Governance and Human Resources Committee and the full Board of Directors.

A description of the executive compensation components is as follows:

Base Salary: The base salary of each executive recognizes the executive's experience, responsibility, contribution and performance and is targeted to the median of the market based on an analysis of the salaries for executives at comparable organizations.

Discretionary Bonus: An annual discretionary bonus may be granted by the Compensation, Corporate Governance and Human Resources Committee based on performance factors including the growth of the customer base, operating margins and distributable cash flow of OESC and Electrico in the preceding year.

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: (i) five year employment agreements, (ii) the receipt of options to purchase Units and (iii) the receipt of loans to purchase Units, all of which are described elsewhere in this Information Circular, the Electricity Executives and certain other persons described below (all of whom are parties to the Electricity Agreement), are entitled to a commission 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 is less than 18% providing that the total reductions may not exceed $5.00 per RCE. The Electricity Executives are not entitled to any commission in respect of the renewal or conversion of any electricity customers.

Based on approximately 154,000 flowing RCE's of electricity as at March 31, 2003 OESC earned aggregate gross margins of approximately $9,248,000, for the year then ended which represents approximately nine months of operations of the 60 month contracts. The total revenue pool with respect to the 154,000 RCE's and related contracts involved a one time payment of $6,369,612 and was divided, as required by the Electricity Agreement, as follows:

Name of Participant	Position with or Relationship to OESC	Commission	
Paul DeVries	Executive Vice President, Operations	25.20%	$1,605,142
Christopher Gaffney	Vice President & General Counsel	14.50%	$ 923,594
Jeff Borg	Vice President, Marketing	14.50%	$ 923,594
David Ellis	Vice President, Operations	8.80%	$ 560,526
Owen Mitchell	Consultant *	23.00%	$1,465,011
David McFadden	Consultant *	5.00%	$ 318,481
James Hamilton	Vice President, Regulatory Affairs *	2.00%	$ 127,392
Raymond A. Samuels	Service Provider **	7.00%	$ 445,873

* Each of Messrs. McFadden, Mitchell and Hamilton became entitled to participate in the revenue pool as consideration for the transfer of their shares in Electrico to OESC for a nil consideration. Each of Mitchell and McFadden have consulting agreements with OESC.

** Mr. Samuels became entitled to participate in the revenue pool in his capacity as the manager of a group of independent commission agents who market retail electricity contracts for OESC.

Each person entitled to participate in the revenue pool has agreed not to compete against OESC in the electricity business.

Fund Option Grants: Options to purchase Units of the Fund have been granted to Named Executive Officers and directors by the Compensation, Corporate Governance and Human Resources Committee. These option grants provide longer-term incentive to pursue significant performance for OESC and cash flow growth for the Fund.

Compensation matters relating to the Chair, President and Chief Executive Officer are approved by the Board of Directors on the recommendation of the Compensation, Corporate Governance and Human Resources Committee. Ms. MacDonald entered into an employment agreement with OESC on February 1, 2001. See "Employment Agreements" on page 9 of this Information Circular. In consideration for her services, Ms. MacDonald receives a base salary, various fringe benefits, an annual bonus based on the factors set forth above approved by the Board and such other remuneration including options to purchase Units of the Fund as may be determined by the Board.

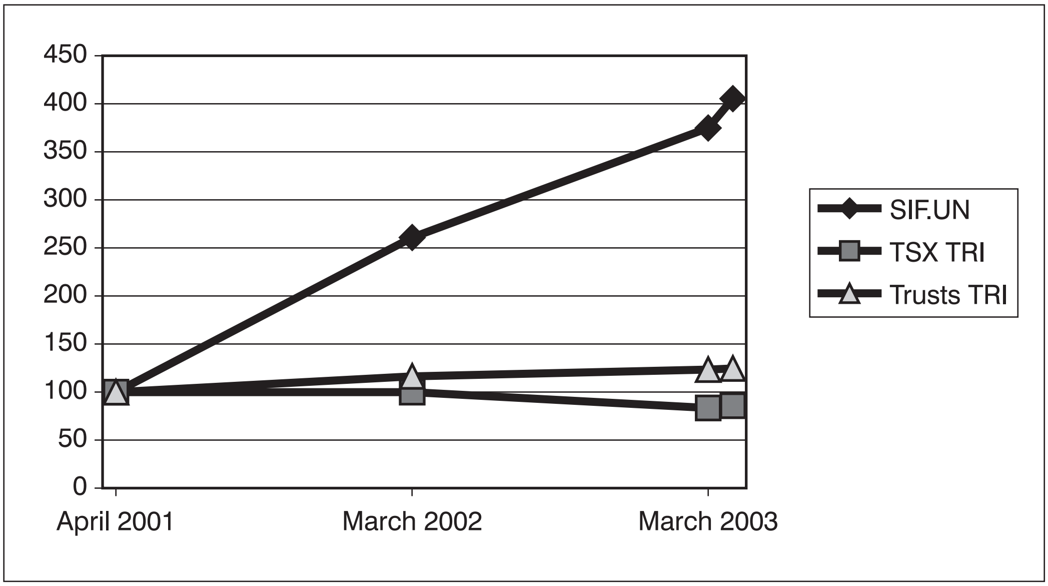
For the year ended March 31, 2003, Ms. MacDonald's base salary was $285,000 and was based on the Board's assessment of the salaries payable to the CEO of comparable entities. Ms. MacDonald's discretionary bonus for the year ended March 31, 2003 was $200,000 and was directly attributable to OESC's growth, margins and distributable cash flow for the year ended March 31, 2003. Ms. MacDonald was granted 400,000 (8.2%) of the Unit options granted during the year ended March 31, 2002 to all employees of OESC in order to provide a longer-term incentive for performance and growth in Unit value. No Unit options were granted to Ms. MacDonald during the year ended March 31, 2003.

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

Mr. Peter F. Clark (Chair) Mr. John Brussa 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 year following the Fund's initial public offering on April 30, 2001 and at April 30, 2003, assuming an initial investment of $100 and reinvestment of distributions, compared to the TSX Total Return Index and the S&P TSX Income Trust Return Index.



Fiscal Year	April 30, 2001	March 31, 2002	March 31, 2003	April 30, 2003
SIF.UN	100	261	375	405
TSX Total Return Index	100	100	83	86
S&P TSX Income Trust Return Index	100	116	125	122

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

Except as set forth below in the Table, neither the Trustee, nor any director or senior officer of subsidiaries of the Fund, is, or has at any time during the period in which the Fund has, been established, been indebted to the Fund, the Administrator or their associates or affiliates, or whose indebtedness to another entity is, or has been, 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.

During the months of February and March, 2002, OESC loaned $750,000 to the officers of Electrico (now OESC), whose names are listed below, to enable them, with $250,000 of additional funds of their own, to purchase $1,000,000 of Units of the Fund through the TSX.

Name of Borrower and Principal Position	Involvement of OESC	Largest Amount of Indebtedness (Principal and Interest) Outstanding During the Year Ended March 31, 2003	Amount Outstanding (Principal and Interest) as at May 21, 2003	Security for Indebtedness
Paul DeVries, Executive Vice President, Operations — OESC	Lender	$309,501	$309,759	Promissory Note and Pledge of 33,400 Units of the Fund
Christopher Gaffney, Vice-President and General Counsel — OESC	Lender	$177,956	$178,098	Promissory Note and Pledge of 19,330 Units of the Fund
Jeff Borg, Vice-President, Marketing — OESC	Lender	$177,956	$178,098	Promissory Note and Pledge of 19,330 Units of the Fund
David Ellis, Vice-President, Operations — OESC	Lender	$108,323	$108,410	Promissory Note and Pledge of 11,740 Units of the Fund

Notes:

(1) Excluding routine indebtedness which includes indebtedness arising by reason of purchases made on usual trade terms or of ordinary travel or expense advances for similar reasons.

(2) Each of the loans are evidenced by promissory notes, carry interest at the prime rate charged by OESC's banker, are repayable in full no later than February 15, 2007 and are secured by a pledge in favour of OESC of 33,400 Units by DeVries, 19,330 Units by Gaffney, 19,330 Units by Borg and 11,740 Units by Ellis pursuant to a loan, security and pledge agreement dated July 2, 2002 between OESC, DeVries, Gaffney, Borg, Ellis and Computershare Trust Company of Canada as escrow agent. The agreement also provides that the distributions on the Units owned by each of the four electricity executives are applied firstly in reduction of interest on each of their loans and secondly to reduce the outstanding principal of each of their loans. On February 15, 2007 or earlier upon a "Change of Control" of the Fund as described under the heading "Employment Agreements — Named Executive Officers" on page 9 of this Information Circular, each of the borrowers may repay all or a portion of their subject loans, in which case a proportionate number of their Units will be released from the loan, security and pledge agreement. Distributions on the Units are applied firstly in repayment of interest and secondly in repayment of principal.

The aggregate amount outstanding to subsidiaries of the Fund for indebtedness (including indebtedness generated by subsidiaries of the Fund) of present and former directors, officers or employees of subsidiaries of the Fund, other than as described above, entered into with respect to the purchase of securities of the Fund or its subsidiaries, excluding routine indebtedness as at May 21, 2003 was $774,365. The aggregate amount outstanding to subsidiaries of the Fund for indebtedness of present and former directors, officers and employees of subsidiaries, entered into other than with respect to the purchase of securities of the Fund or a subsidiary and excluding routine indebtedness, as at May 21, 2003 was nil.

MATTERS TO BE ACTED UPON AT THE MEETING

Election of Directors of Ontario Energy Savings Corp.

OESC has a Board of Directors (the "Board") consisting of eight members, all 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 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 of the Fund and Preference Shares beneficially owned or over which control or direction is exercised by such persons, as of the date hereof, 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 as of May 21, 2003[3]
John A. Brussa[2] 2001	Director	Partner, Burnet, Duckworth & Palmer LLP	10,000
The Hon. Michael Kirby[1] 2001	Director	Member of the Senate of Canada and Corporate Director	4,400
Alek Krstajic	Nominee Director	Telecommunications Consultant and Corporate Director	NIL
Rebecca MacDonald 2001	Chair, President and Chief Executive Officer and Director	Chair, President and Chief Executive Officer of the Corporation	3,633,064
James H. McKelvie, C.A. 2001	Senior Executive Vice-President, Chief Financial Officer and Director	Senior Executive Vice-President and Chief Financial Officer	140,100
Brennan R. Mulcahy 2001	Senior Executive Vice-President, Operations, Chief Operating Officer and Director	Senior Executive Vice-President, Operations and Chief Operating Officer	2,790,576
John Panneton	Nominee Director	Vice-Chairman, Dundee Securities Corporation	1,270,411
Hugh D. Segal[1] 2001	Director	President, Institute for Research on Public Policy	1,800
Brian R.D. Smith[2] 2001	Director	Federal Chief Treaty Negotiator and Energy Consultant	4,200

Notes:

(1) Member of the Audit Committee.

(2) Member of the Compensation, Corporate Governance and Human Resources Committee.

(3) Includes Units issuable on the exercise of shareholder exchange rights attaching to Class A Preference Shares and Class B Preference Shares pursuant to the OESC Shareholders' Agreement.

(4) OESC does not have an executive committee of its Board of Directors.

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 the Corporation 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. Alek Krstajic served as Senior Vice-President, Sales, Marketing & Product Development of Rogers Cable Inc. (telecommunications) from January 1999 to January 2003. Prior to that time he has held various senior management roles within the Rogers organization including Vice President & General Manager, Rogers @ Home from February 1998 to December 1998 and Vice President and General Manager, Rogers Canguard Inc. from February 1995 to February 1998. Jim McKelvie became an officer of the Corporation in October, 2000. Prior to August 1997, Mr. McKelvie served as Managing Director, Vice President Finance and a director of Clairvest Group Inc. (merchant banking), after which he served as Chairman of Ketch Energy Limited (oil and gas company) a position he continues to hold. Mr. McKelvie received his C.A. designation in 1977 when he was employed by Deloitte, Haskins + Sells (now Deloitte & Touche LLP). Brennan Mulcahy, who has been involved in the deregulation of natural gas for 12 years, joined the Corporation in July 1997. From January 1997 to July 1997, he served as a marketer for Consolidated Gas Limited (gas marketing company). Mr. Panneton joined Dundee Securities Corporation in May 1998 as Vice Chairman and President and has held the position of Vice Chairman from January 1, 2003. From November 1998 to July 1999, Hugh Segal was 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). Prior to becoming the Federal Chief Treaty Negotiator and Energy Consultant in June of 2001, Brian Smith was the Chair of B.C. Hydro from 1996 to June, 2001.

The information as to Units and Preference Shares 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 Directors and executive management propose that the firm of Deloitte & Touche LLP be appointed as auditors for the 2003 fiscal year and that their remuneration be fixed by the Directors for such fiscal year.

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 Deloitte & Touche LLP as the independent auditors of the Fund, to hold office until the next annual meeting of the Unitholders at a remuneration to be fixed by the Administrator. Deloitte & Touche LLP have been the auditors of the Fund since February 14, 2001 and of OESC since December, 2000.

In order to be effective, the resolution appointing Deloitte & Touche 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 Deloitte & Touche LLP as independent auditors for the Fund for the fiscal year ending March 31, 2004 and "FOR" authorizing the Board of Directors of OESC to fix the auditor's remuneration.

For fiscal 2003, fees charged by Deloitte & Touche LLP for audit and related services to the Fund and its subsidiaries were $522,300. Additional fees for services related to tax matters were $13,375 and fees for assistance with the financial system selection amounted to $27,930. Total fees for fiscal 2003 were $563,605. No other services were provided to the Fund and its subsidiaries by Deloitte & Touche.

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 Deloitte & Touche require the approval of and were approved by the Audit Committee.

SPECIAL ITEM OF BUSINESS

PROPOSED AMENDMENT TO THE FUND'S DECLARATION OF TRUST

Approval is being sought for a special resolution (the "Special Resolution") to amend the Declaration of Trust of the Fund to delete the restrictions on the ability of the Fund to borrow or incur indebtedness and provide guarantees. Section 9.5(b) (the "Borrowing and Guarantee Restrictions Provision") of the Declaration of Trust, among other things, restricts (the "Borrowing and Guarantee Restrictions") the Fund from borrowing, incurring any indebtedness or giving any guarantee on behalf of the Fund or any other person or to charge, pledge, hypothecate or grant any security interest, mortgage or encumbrance over or with respect to any or all of the Trust Assets (as defined therein), other than in certain limited circumstances. The Borrowing and Guarantee Restrictions would not permit the Fund to issue debt securities, or securities convertible into or exchangeable for debt securities or to guarantee the obligation of a subsidiary.

OESC, as administrator of the Fund, has concluded that the Borrowing and Guarantee Restrictions could restrict the ability of the Fund to raise capital and believes that the ability of the Fund to raise capital may enhance the value of the Fund and the return to the Holders. Accordingly, OESC recommends that Holders approve the amendment to the Borrowing and Guarantee Restrictions Provision so that the Borrowing and Guarantee Restriction would not restrict the Fund from borrowing, incurring any indebtedness or giving any guarantee on behalf of the Fund or any other person or to charge, pledge, hypothecate or grant any security interest, mortgage or encumbrance over or with respect to any or all of the Trust Assets including permitting the Fund to issue debt securities, or securities convertible into or exchangeable for debt securities. The result of doing so will be that the Fund will have additional financial flexibility. OESC recommends to the Holders the approval of the amendment to the Borrowing and Guarantee Restrictions Provision contained in the Declaration of Trust for the following reasons:

(a) the Borrowing and Guarantee Restrictions Provision unduly limits the flexibility of the Fund to borrow or refinance debt or to generate the obligations of its subsidiaries to third parties in circumstances where doing so would be in the best interests of the Holders;

(b) the restrictions disregard the ability of OESC, the administrator of the Fund, to act in a prudent and commercially reasonable fashion, and in the best interests of the Holders, when considering the needs of the Fund to borrow or refinance or to issue guarantees; and

(c) the restrictions are inconsistent with governance principles for corporations and other similar commercial entities where decisions on borrowing and refinancing and the issue of guarantees are left with a board of directors or other similar governing body entrusted to look after the best interests of securityholders, and OESC believes that the Fund is in principle not different from a corporation and other similar commercial entities that do not have such restrictions and, therefore, should not be treated differently.

On May 21, 2003, the Board of Directors of OESC, as administrator of the Fund, approved the Special Resolution, subject to Unitholder approval, to amend the Fund's Declaration of Trust to permit the Fund to borrow money and guarantee the obligations of any subsidiary and to provide security therefor.

Pursuant to the Declaration of Trust, all contracts entered into by the Fund must contain a provision which states that Holders of Units will not be subject to any personal liability with respect to the obligations of the Fund. Accordingly, it is not anticipated that the removal of the Borrowing Guarantee Restriction Provision and the related approval of the Special Resolution will expose the Holders of Units to any additional liability. Although management of OESC believes that Holders of Units are protected against personal liability in this context, recent announcements made by the Government of Ontario indicate that they intend to introduce legislation that will limit the liability of holders of trust units, in a manner similar to that afforded to holders of shares of Ontario incorporated limited liability corporations. It remains unclear as to when such legislation will be introduced and adopted.

Approval of the Holders of Units and Preference Shares

The Fund's Declaration of Trust requires that an amendment thereto for the purposes outlined above be approved by persons entitled to vote at a meeting of the Unitholders by way of a special resolution. The text of the Special Resolution approving the amendment is described below. In order to be passed, this Special Resolution must be approved by at least a 66⅔% of the votes cast by Unitholders and the Holders of Preference Shares represented in person or by proxy at the Meeting.

Directors' Recommendation

The Board of Directors of OESC has determined that the amendment to the Declaration of Trust is in the best interests of the Fund, OESC and their respective Unitholders and shareholders and recommends that the holders of Units and Preference Shares vote "FOR" the following Special Resolution approving the proposed amendment:

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

"1. The Amended and Restated Declaration of Trust of Energy Savings Income Fund (the "Fund") dated April 18, 2001 be amended as follows:

   (ii) by deleting in its entirety paragraph 9.5(b) of the Declaration of Trust and by renumbering the remaining paragraphs of Section 9.5 accordingly;

   (iii) by adding a new paragraph (m) to section 9.3 of the Declaration of Trust as follows, and by renumbering the remaining paragraphs of section 9.3, accordingly:

   "(m) notwithstanding Section 9.5 or any other provision of this Declaration of Trust, to, with or without conditions, and with or without regard to amount, use, cost or terms thereof, directly or indirectly, borrow money from or incur indebtedness to any person; to guarantee, indemnify or act as surety with respect to payment or performance of any indebtedness, liabilities or obligations of any kind of any person including, without limitation, OESC, to enter into any other obligations on behalf of the Fund; and to assign, charge, pledge, hypothecate, convey, transfer, mortgage, subordinate, pledge, grant security interests in, encumber or hypothecate the Fund Assets or any part or parts thereof to secure any of the foregoing."

2. any director or officer of Ontario Energy Savings Corp. ("OESC"), Administrator of the Fund, is hereby authorized and directed, for and on behalf of and in the name of the Fund, to do all such acts and things and to execute and deliver all such documents and instruments as may be considered necessary.

3. notwithstanding the foregoing, OESC, Administrator of the Fund may, without further approval of Unitholders, revoke the special resolution at any time before it is acted upon."

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, 2002 to March 31, 2003.

CORPORATE GOVERNANCE

The Toronto Stock Exchange Committee on Corporate Governance in Canada has issued a series of guidelines (the "TSX Report") for effective corporate governance. The TSX Report recommended that the TSX adopt, as a listing requirement, the annual disclosure by each listed corporation of its approach to corporate governance. The TSX adopted a new by-law requiring every Canadian company listed on the TSX to disclose their corporate governance practices. 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.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of OESC, no security holder who is known to OESC to own of record or beneficially more than 10% of any class of the Fund's or OESC's securities, and no associate or affiliate of any such director, executive officer or security holder has had any material interest, direct or indirect, in any transaction of the Fund or its subsidiaries since March 31, 2002 or in any proposed transaction which has materially affected or would materially affect the Fund or any of its subsidiaries except as otherwise disclosed in this Information Circular.

CERTIFICATE

The foregoing contains no untrue statements of 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 21st day of May, 2003.

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

REBECCA MACDONALD
Chair, President and
Chief Executive Officer
Ontario Energy Savings Corp.

JAMES H. MCKELVIE C.A.
Senior Executive Vice President and
Chief Financial Officer
Ontario Energy Savings Corp.

SCHEDULE A

CORPORATE GOVERNANCE

1. **Stewardship.** The Board of Directors (the "Board") of Ontario Energy Savings Corp. (the "Corporation") is responsible for managing the business and affairs of the Corporation and establishes the overall policies and standards for the Corporation. In discharging its responsibility for the stewardship of the Corporation, the Board:

(1) regularly participates in strategic planning through a review of the strategic plans proposed and developed by management of the Corporation ("Management");

(2) considers the principal risks of the Corporation's business during it's strategic planning review process. The Board is apprised of risks through quarterly operational reports from senior Management;

(3) takes responsibility for appointing and monitoring senior Management. The Compensation and Corporate Governance Committee are responsible for establishing management objectives annually in cooperation with the Chief Executive Officer, monitoring performance of Management against these objectives, and providing for succession planning;

(4) regularly reviews and approves the Corporation's investor relations and communications policy; and

(5) through its Audit Committee, assesses the integrity of the Corporation's internal control and management information systems.

2. **Majority of Board Unrelated.** The Board currently consists of eight members, five of whom are unrelated directors and three of whom are the President and Chief Executive Officer, the Senior Executive Vice-President and the Chief Financial Officer and the Senior Executive Vice-President and Chief Operating Officer of the Corporation. The Chief Senior Executive Officer is the Chair of the Board. The slate of directors to be proposed by the Board for election by the persons entitled to vote at the Fund's annual and special meeting to be held on June 30, 2003 consists of nine directors, of which six will be unrelated directors.

3. **Relationship of Directors.** Ms. MacDonald, being the Chair, President and Chief Executive Officer of the Corporation, and Mr. McKelvie, being a Senior Executive Vice-President and Chief Financial Officer of the Corporation and Brennan Mulcahy a Senior Executive Vice-President and the Chief Operating Officer of the Corporation are related directors. Each of Messrs. Brussa, Segal, Kirby, Clark and Smith (and post June 27, 2003, Messrs. Krstajic and Panneton), receives no remuneration from the Corporation in excess of fees paid as a director (except, indirectly, for Mr. Brussa, a partner of Burnet, Duckworth & Palmer LLP, which firm receives fees for legal services rendered to the Fund and its operating subsidiaries and, indirectly for Mr. Panneton, a Vice Chairman of Dundee Securities Corporation, which firm has received commissions on past offerings of Units of the Fund), is not involved in the day-to-day management of the Corporation and is free from any interest in the business or other relationship which could materially interfere with his ability to act with a view to the best interests of the Corporation. As a result, each of Messrs. Brussa, Segal, Kirby, Clark and Smith (and post June 27,2003, Messrs. Krstajic and Panneton), are unrelated directors.

4. **Committees.** Following the annual and special meeting on June 27, 2003, the Board will appoint a Compensation, Corporate Governance and Human Resources Committee, composed of three unrelated directors and an Audit Committee composed of three unrelated directors. The Compensation, Corporate Governance and Human Resources Committee has the mandate to recommend candidates for the Board, annually review credentials of nominees for re-election, recommend candidates for filling vacancies on the Board and its Committees and ensure qualifications are maintained. The Compensation, Corporate Governance and Human Resources Committee will have the ongoing responsibility of assessing the effectiveness of the Board as a whole, the committees of the Board and the contributions of individual directors.

5. **Assessment of Board and Board and Committee Attendance.** The Compensation, Corporate Governance and Human Resources Committee is mandated to monitor the quality of the relationship between Management and the Board and recommend improvements. The Board of Directors held 9 meetings for the year ended March 31, 2003 with respect to which there was 96% attendance. There were 6 and 5 meetings of the Audit Committee and the Compensation Corporate Governance and Human Resources Committee for the year ended March 31, 2003 with respect to which there was 88% and 100% attendance respectively.

6. **Orientation of Board Members.** The Corporation has an informal process of orienting new members of the Board.

7. **Size of Board.** The Board has concluded that the current number of directors is appropriate for a company of the size and complexity of the Corporation and given the nature of the Corporation's business. A periodic review of the size of the Board is part of the ongoing mandate of the Compensation and Corporate Governance Committee.

8. **Compensation of Directors.** The Compensation and Corporate Governance Committee is mandated to review and recommend to the Board for approval the remuneration of directors. The Compensation and Corporate Governance Committee considers time commitment, comparative fees and responsibilities in determining remuneration.

[NTD: May need to change if increases are affected]

9. **Committees Composed of Unrelated Directors.** The Board has appointed an unrelated director as Chairman of both Committees. All members of the Audit Committee and the Compensation, Corporate Governance and Human Resources Committee are unrelated directors.

10. **Limits on Management's Responsibility.** The Board is cognizant of its legal responsibilities and has established written terms of reference for each of its committees. There is no specific mandate for the Board members, since the Board has plenary power. Any responsibility which is not delegated to Management or a Committee remains with the full Board. The Chief Executive Officer's written objectives constitute a mandate on a year-to-year basis. These objectives include the general mandate to maximize Unitholder value. The Board believes that Management is responsible for the development of the business and overall corporate strategy. The role of the Board is to establish an agreed planning process, then review, question and ultimately approve the strategy for the Corporation. The Board's expectations of Management as they relate to the Corporation's performance are set out in the Corporation's business plan and budget. Those documents address issues of strategic significance to the Corporation. The Corporation's business plan and budget are prepared by Management and approved by the Board and are both a method of establishing goals and of assessing performance. The Board also looks to Management to identify matters which should be considered by the Board, to provide it with all information and documentation relevant to the Board's consideration of those issues and to remain alert to developments in the strategic environment in which the Corporation operates, including changes in the industry and consumer preference. The Board receives regular reports from Management confirming the Corporation's compliance with various legal requirements and internal control procedures and expects Management to provide it with additional reports if extraordinary situations arise.

11. **Board's Independence of Management.** The Chair of the Board is Ms. Rebecca MacDonald, the President and Chief Executive Officer. The knowledge and experience of Ms. Rebecca MacDonald are very important to the Corporation and the Board, and it is believed that the best interests of the Board, the Corporation and the Fund would not be served at this time with a different Chairman who is not a member of either Committee of the Board. The Board and its Committees meet independently of Management when needed.

12. **Audit Committee.** The Corporation's Audit Committee is generally mandated to monitor audit functions and the preparation of financial statements, approve press releases on financial results, review all prospectuses, annual information forms and management information circulars, meet with outside auditors independently of Management and review and make recommendations to the full Board as regards dividends, distributions and risk strategies. The Audit Committee is composed of the three unrelated directors.

13. **Outside Advisors.** The Board will authorize members and/or committees to engage outside advisors and consultants at the expense of the Corporation in appropriate circumstances.

14. **Unitholder Communications.** OESC has undertaken, pursuant to the Administration Agreement, to provide the Fund with consolidated financial statements and other necessary information to enable the Fund to comply with its continuous disclosure requirements. OESC also will respond to any Unitholder enquiries. The Chief Executive Officer and the Chief Financial Officer are responsible for Unitholder communications. The Board of Directors of OESC reviews all documents delivered to the holders of Units of the Fund and Preference Shares and/or on the public file with regulatory authorities. Press releases announcing financial results or other material matters are also reviewed by the Board. Other press releases are approved by the Chief Executive Officer and the Chief Financial Officer of OESC.