

MATERIAL CHANGE REPORT

1. Reporting Issuer:

Energy Savings Income Fund (the "Fund")
by its attorney, Ontario Energy Savings Corp. ("OESC")
6345 Dixie Road, Suite 200
Mississauga, Ontario L5T 2E6

2. Date of Material Change:

April 5, 2002

3. News Releases

Press releases disclosing the details outlined in this Material Change Report were issued by the Fund from Toronto, Ontario on April 5, 2002 and disseminated through the facilities of Canada NewsWire and would have been received by the securities commissions where the Fund is a "reporting issuer" (being those commissions in each of the Provinces of Canada) and The Toronto Stock Exchange (the "Exchange"), the stock exchange on which the securities of the Fund are listed and posted for trading, in the normal course of its dissemination.

4. Summary of Material Change:

OESC (a 100% owned subsidiary of the Fund), entered into an agreement dated April 5, 2002 (the "Acquisition Agreement") with Sunoco Inc. ("Sunoco") pursuant to which OESC agreed to acquire all of Sunoco's customer contracts and certain related assets with respect to the supply of natural gas to Sunoco's residential and commercial customers in the provinces of Ontario and Quebec (the "Sunoco Customer Contracts" or the "Acquired Business") effective April 1, 2002 (the "Effective Date"). The purchase price of \$66 million (the "Purchase Price") includes the assumption by OESC of certain liabilities (which are described below), relating to the Sunoco Customer Contracts. The closing (the "Closing") of the acquisition, which is expected to take place on April 30, 2002, is subject to several closing conditions including financing, regulatory approvals and other usual conditions described in detail below.

5. Full Description of Material Change:

For a purchase price of \$66 million (the "Purchase Price"), payable in cash on Closing (subject to certain adjustments), OESC will acquire, as of the Effective Date: (i) approximately 120,000 Sunoco Customer Contracts (approximately 280,000 residential customer equivalents ("RCEs")) substantially all of which relate to customers located in the Province of Ontario; (ii) all but one of Sunoco's associated utility contracts (the "Sunoco Utility Contracts"), (iii) the associated transportation contracts (the "Sunoco Transportation Contracts"), (iv) all associated wholesale natural gas supply contracts (the "Sunoco Gas Supply Contracts"), (v) all accounts receivable arising after the Effective Date and (vi) all books and records and certain other miscellaneous assets relating to the Acquired Business; but will not acquire certain assets (and related liabilities) including: (a) Sunoco's employees related to the Acquired Business, (b) Sunoco's Affinity program, (c) all Sunoco trademarks and other intellectual property used in connection with the Acquired Business and (d) all cash and accounts receivable relating to the period prior to the

Effective Date. OESC will also assume certain additional liabilities including those relating to the Sunoco Customer Contracts, the Sunoco Utility Contracts, the Sunoco Transportation Contracts and the Sunoco Gas Supply Contracts. See “Arrangement with Coral Energy” below.

Non-Competition Agreement and Transitional Services

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

Representations and Warranties

The Acquisition Agreement includes covenants, representations and warranties to be made by each of Sunoco and OESC which are customary to a transaction of this nature including as regards Sunoco, clear title to the Sunoco Customer Contracts, valid licences, the absence of litigation and unpaid taxes and financial and other matters relating to the Acquired Business.

Interim Period and Closing Conditions

Sunoco is obligated to carry on the Acquired Business in the ordinary course between the Effective Date and the Closing which is subject to a number of conditions including, *inter alia*: (i) no material adverse change, (ii) compliance with all terms, covenants, conditions, representations and warranties provided for in the Acquisition Agreement, (iii) the absence of any proceedings prohibiting the Closing, (iv) compliance with the pre-notification provisions of the *Competition Act* (Canada) and (v) the completion by the Fund of an offering of Units on terms and conditions and in an amount satisfactory to OESC in its sole discretion to enable it to complete the Closing.

Closing

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

Termination

The Acquisition Agreement may be terminated:

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

Arrangements with Coral Energy

The Acquired Business is, based on the assessment made by OESC management, fully matched between customer natural gas demand and contracted natural gas supply. The contracted supply acquired will be managed under existing arrangements with Coral Energy. Coral Energy Canada Inc. ("Coral Energy") is OESC's principal gas supplier. Contemporaneous with the Closing, Sunoco will enter into agreements with Coral Energy pursuant to which Coral Energy will assume all of Sunoco's obligations pursuant to the Sunoco Gas Supply Contracts and Sunoco Transportation Contracts. As security therefore, OESC will grant to Coral Energy a security interest in 100% of the Sunoco Customer Contracts and issue directions to the local distribution companies (the "LDCs") which are parties to the Sunoco Utility Contracts, to pay 100% of OESC's monthly gas revenues relating to the Sunoco Customer Contracts to Coral Energy and Coral Energy will deduct the cost of the gas purchased pursuant to the Sunoco Gas Supply Contracts and remit the difference to OESC. The remittance amount will represent OESC's gross margins from the sale of natural gas through the LDC's. In the event that the above arrangements with Coral Energy cannot be concluded, similar contractual arrangements to those described above will be made with Sunoco prior to the Closing.

6. Reliance on Confidentiality Provision:

Not Applicable

7. Omitted Information:

Not Applicable

8. Senior Officer:

For further information, please contact Rebecca MacDonald (Chair, President and Chief Executive Officer of the Fund) at (416) 367-2872 or James H. McKelvie C.A. (Executive Vice President and Chief Financial Officer of the Fund) at (905) 670-4440 ext. 247.

9. Statement of Senior Officer:

The foregoing accurately discloses the material change referred to in this report.

DATED April 11, 2002

Energy Savings Income Fund by its attorney
Ontario Energy Savings Corp.

By (signed) James H. McKelvie
James H. McKelvie C.A.
Executive Vice-President and
Chief Financial Officer
Ontario Energy Savings Corp.

c.c. The Toronto Stock Exchange