



MANAGEMENT INFORMATION CIRCULAR

ANNUAL AND SPECIAL MEETING

OF

ENERGY SAVINGS INCOME FUND

TO BE HELD ON JULY 18, 2002

TORONTO, ONTARIO

May 31, 2002



May 31, 2002

Dear Unitholder:

Please accept my personal invitation to join us at the first Annual and Special Meeting of Energy Savings Income Fund which takes place at 4:30 p.m. on July 18, 2002 at the Toronto Stock Exchange Conference Centre, Auditorium in Toronto. The Fund has witnessed significant growth since its inception on April 30, 2001 in terms of its customer base, five increases in its level of distributions and a total return on the Fund's Units of 225% from April 30, 2001 to May 31, 2002.

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, 2002; the election of Directors of Ontario Energy Savings Corp.; the appointment of Auditors; the approval of a resolution to increase the number of options available to be granted under the Fund's Unit Option Plan and the approval of a resolution to subdivide the Units of the Fund on a 2 for 1 basis.

Information concerning the Fund and its operating subsidiaries is available at our 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,

A handwritten signature in black ink, appearing to read 'Rebecca MacDonald', written in a cursive style.

REBECCA MACDONALD
Chair, President and
Chief Executive Officer



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) 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 Thursday, the 18th day of July, 2002 (the "Meeting Date"), at 4:30 p.m. (Toronto time) for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Fund for the period ended March 31, 2002 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 advisable, to pass, with or without variation, a resolution of the Fund in the form described in the accompanying Information Circular increasing the maximum number of options that may be granted pursuant to the Fund's Unit Option Plan by 700,000;
5. to consider, and, if thought advisable to pass, with or without variation, a resolution of the Fund in the form described in the accompanying Information Circular subdividing the Units of the Fund on a 2:1 basis; 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.

OESC, as administrator of the Fund has fixed the record date for the Meeting as the close of business on June 7, 2002 (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 31st day of May 2002.

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

A handwritten signature in black ink, appearing to read 'Rebecca MacDonald', written over a light blue horizontal line.

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

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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 Thursday, the 18th day of July, 2002 (the "Meeting Date"), at 4:30 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 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. ("EXCHANGE CO"), 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.

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 June 7, 2002 (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 including Ontario Electrico Savings Corporation (“Electrico”) 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 17,797,073 issued and outstanding Units and OESC has issued and outstanding 6,842,137 Preference Shares so that, including the 25,652 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 24,664,862 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 31, 2002, the officers and directors of OESC held beneficially, directly or indirectly, in the aggregate, approximately 611,912 Units and 4,011,656 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 Independent Investor Communications Corporation (“IICC”). IICC 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 IICC. IICC 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 IICC 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 OF OESC AND THE OFFICERS OF OESC AND ELECTRICO

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 and Corporate Governance Committee, respectively. For the financial year ended March 31, 2002 the total compensation in the form of fees paid to the non-management directors was \$118,000. Mr. John A. Brussa 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 six independent, outside directors of OESC were granted 10,000 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 \$10 per Unit except for Mr. Smith who became a director on August 21, 2001 at which time he was granted 10,000 options to purchase an equivalent number of Units of the Fund, exercisable at \$12.95 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 \$30,780 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, 2002, 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 Name and Principal Position	Annual Compensation ⁽¹⁾				Long-Term Compensation			All Other Compensation ⁽⁴⁾
	Year ended March 31	Salary (\$)	Bonus ⁽³⁾ (\$)	Other Annual Compensation ⁽⁴⁾⁽⁵⁾ (\$)	Awards		Payouts	
					Units Under Options/SARs Granted (#)	Restricted Units or Restricted Share Units (\$)	LTIP Payouts (\$)	
Rebecca MacDonald⁽²⁾ Chair, President and Chief Executive Officer — OESC	2002	\$250,000	\$100,000	—	200,000	—	—	—
James H. McKelvie C.A.⁽²⁾ Executive Vice President and Chief Financial Officer — OESC	2002	\$250,000	\$145,000	—	300,000	—	—	—
Brennan R. Mulcahy⁽²⁾ Executive Vice President, and Chief Operating Officer — OESC	2002	\$250,000	\$100,000	—	200,000	—	—	—
Jack Schoenmakers⁽²⁾ Vice President, Energy Supply — OESC	2002	\$185,000	\$ 25,000	—	120,000	—	—	—
Paul DeVries⁽²⁾⁽⁶⁾ Chief Executive Officer — Electrico	2002	\$325,000	—	—	280,000	—	—	—

Notes:

- (1) OESC was formed on April 30, 2001 as a result of the amalgamation of OESC Acquisitions Inc. and Ontario Energy Savings Corp. a predecessor company. The salary for each Named Executive Officer reflects his or her salary on an annualized basis for the year ended March 31, 2002.
- (2) Ms. MacDonald and Messrs. McKelvie and Mulcahy became officers of OESC on April 30, 2001. Jack Schoenmakers became an officer of OESC on June 1, 2001. Prior to those dates, each of them held the same or similar positions or served in a consulting capacity with OESC or the predecessor of OESC. Mr. DeVries joined Electrico on March 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 and Corporate Governance Committee, each of the Named Executive Officers 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, Mulcahy, DeVries and Schoenmakers and as regards Ms. MacDonald based on the recommendation of the Compensation and Corporate Governance Committee.
- (4) The aggregate value of perquisites and other personal benefits did not exceed the lesser of \$50,000 and 10% of the total of the annual salary and bonus of the Named Executive Officer for the year ending March 31, 2002.
- (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 (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 certain of the Named Executive Officers the above table does not reflect the amounts paid pursuant to the special management incentive bonus.
- (6) Pursuant to an agreement between the four senior executives of Electrico and OESC dated January 25, 2002, Paul DeVries is entitled to a revenue stream based on the number of fixed price electricity contracts secured by OESC and Electrico. No amounts were paid to Mr. DeVries for the year ending March 31, 2002. On February 19, 2002 Mr. DeVries received a loan of \$300,000 from OESC to finance the purchase of 16,700 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.

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 (2) to the Table of Option Grants for Year Ended March 31, 2002 on page 9 of this Information Circular holders of options may take up and pay for 33⅓% of the Units covered by an option 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 (2) to the Table of Option Grants on page 9 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 10 of this Information Circular.

Options Granted for Year Ended March 31, 2002

A total of 2,448,500 options have been granted to directors, officers, employees and service providers of OESC to acquire in aggregate 2,448,500 Units on the dates, in the numbers, and at the exercise prices per Unit as set forth below.

<u>Date of Option Grant</u>	<u>Exercise Price Per Unit</u>	<u># of Options Granted</u>
April 30, 2001	\$10.00	1,530,000
June 19, 2001	\$12.20	160,000
August 21, 2001	\$12.95	10,000
December 7, 2001	\$16.95	1,000
January 29, 2002	\$20.03	702,500 ⁽¹⁾
March 26, 2002	\$24.35	45,000

Note:

- (1) 700,000 of the 702,500 options were granted subject to Unitholder and regulatory approval. If such approvals are not obtained, in whole or in part, by December 31, 2002, OESC has agreed to provide the affected optionholder with "phantom options" which will operate in the same manner and be subject to the same terms and conditions, including vesting, as the subject options and will provide the optionholder with the same monetary benefits on an after tax basis as such options for which Unitholder and regulatory approval has not been obtained by such date on the basis that such "phantom options" will be settled on the exercise thereof in cash and not Units.

The following table sets forth information regarding grants of options to the Named Executive Officers made under the Option Plan during the year ended March 31, 2002

Name	Securities Under Options/SARs Granted # ⁽¹⁾	% of Total Options/SARs Granted to Employees in Financial Year	Exercise of Base Price (\$/security)	Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/security)	Expiration Date
Rebecca MacDonald	200,000	9.1%	10.00	10.00	April 26, 2006
James H. McKelvie C.A.	300,000	13.7%	10.00	10.00	April 26, 2006
Brennan R. Mulcahy	200,000	9.1%	10.00	10.00	April 26, 2006
Jack Schoenmakers	120,000	5.5%	12.20	12.20	June 18, 2006
Paul DeVries	280,000	12.8%	20.03	20.03	January 28, 2007

Notes:

- (1) Except as described in note (2) below, all of the above options are exercisable as to 1/3rd thereof on the first, second and third anniversaries of the grant date at the above exercise price and expire on the fifth anniversary of the grant date and are otherwise subject to the terms and conditions of the Fund's Unit Option Plan described under the heading "Fund Unit Option Plan" on page 8 of this Information Circular and the employment agreements described under the heading "Employment Agreements" on page 10 of this Information Circular.
- (2) Of the 700,000 options granted to four officers of Electrico (including Paul DeVries as to 280,000 options) on January 25, 2002 at an exercise price of \$20.03 per Unit, 28.6% thereof or 200,000 options (including Paul DeVries as to 80,000 thereof) were granted subject to the terms and conditions described in note (1) above. The remaining 71.4% thereof or 500,000 options (including Paul DeVries as to 200,000 thereof) are exercisable only on the achievement of specific performance targets of which (a) 200,000 options (including Paul DeVries as to 80,000 thereof) shall vest as to 33 1/3% thereof on each of the first, second and third anniversary of the day when Electrico and OESC have achieved an aggregated contracted flowing customer base of 100 megawatts of electricity (the "First Target Date") and (b) 300,000 options (including Paul DeVries as to 120,000 thereof) shall vest as to 33 1/3% thereof on each of the first, second and third anniversary of the day when Electrico and OESC have 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 shall 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 Option Plan and the employment agreements described under the heading "Employment Agreements" on page 10 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, 2002, 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, 2002. 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, 2002 which was \$24.35 per Unit.

Name	Securities Acquired on Exercise	Aggregate Value Realized	Unexercised Options at March 31, 2002		Value of Unexercised in-the-Money Options at March 31, 2002 ⁽¹⁾	
			Vested	Not Vested	Vested	Not Vested
Rebecca MacDonald	Nil	Nil	Nil	200,000	Nil	\$2,870,000
James H. McKelvie C.A.	Nil	Nil	Nil	300,000	Nil	\$4,305,000
Brennan R. Mulcahy	Nil	Nil	Nil	200,000	Nil	\$2,870,000
Jack Schoenmakers	Nil	Nil	Nil	100,000	Nil	\$1,215,000
Paul DeVries	Nil	Nil	Nil	280,000	Nil	\$1,209,600

Note:

- (1) The in-the-money value of the unexercised Unit options has been calculated using the closing price of \$24.35 for the Units of the Fund on the TSX on March 28, 2002, 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 Executive Vice-President and Chief Financial Officer of OESC, Mr. Brennan R. Mulcahy (February 1, 2001),

as Executive Vice-President and Chief Operating Officer of OESC and Mr. Jack Schoenmakers (June 1, 2001), as Senior Vice-President, Energy Supply of OESC. On March 1, 2002, Mr. Paul DeVries entered into an employment agreement with Electrico (guaranteed by OESC) as the President and Chief Executive Officer.

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 Mr. DeVries, 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 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 employer, ie., OESC or Electrico, 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 and Corporate Governance Committee of the Board of OESC. The Compensation and Corporate Governance 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 most cases, a discretionary bonus based on achieving operating performance targets including distributable cash flow. Unit options provide a longer-term incentive for executives to enhance Unitholder value. Each officer's performance and related salary level, bonus and amount of Unit options is reviewed annually by the Compensation and Corporate Governance Committee in conjunction with the Chair, President and Chief Executive Officer of OESC whose compensation package is subject to the approval of the Compensation and Corporate Governance 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 and Corporate Governance 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.

Fund Option Grants: Options to purchase Units of the Fund have been granted to Named Executive Officers and directors by the Compensation and Corporate Governance Committee. These option grants provide longer-term incentive to pursue significant performance for OESC and Electrico 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 and Corporate Governance Committee. As with the other Named Executive Officers, Ms. MacDonald entered into an employment agreement with OESC on February 1, 2001. See “Employment Agreements” on page 10 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.

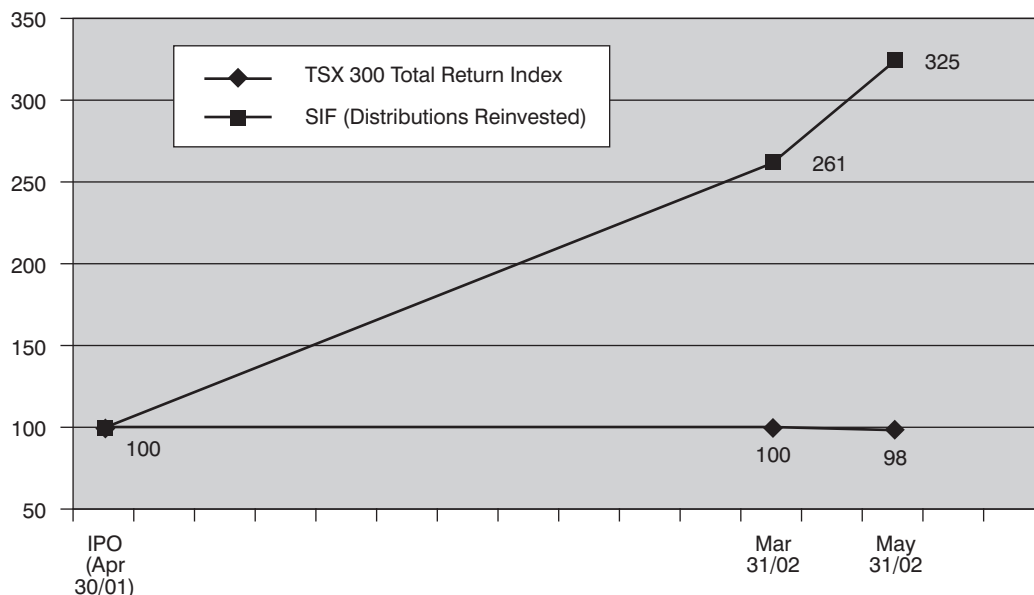
For the year ended March 31, 2002, Ms. MacDonald’s base salary was \$250,000 and was based on the Board’s assessment of the salaries payable to the CEO of comparable entities. Ms. MacDonald’s discretionary bonus for the year ended March 31, 2002 was \$100,000 and was directly attributable to OESC’s growth, margins and distributable cash flow for the year ended March 31, 2002. Ms. MacDonald was granted 200,000 (9.1%) of the Unit options granted during the year ended March 31, 2002 to all employees of OESC and Electrico in order to provide a longer-term incentive for performance and growth in Unit value.

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) Ms. Rebecca MacDonald Mr. Hugh D. Segal Mr. James L. Locke

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 May 31, 2002, assuming an initial investment of \$100 and reinvestment of distributions, compared to the TSX Total Return Index.



<u>Fiscal Year</u>	<u>April 30, 2001</u>	<u>March 31, 2002</u>	<u>May 31, 2002</u>
SIFUN	100	261	325
TSE TRI	100	100	98

**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 month of February and March, 2002, OESC loaned \$750,000 to the officers of Electrico whose names are listed below, to enable them, with 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 Outstanding During the Year Ended March 31, 2002	Amount Outstanding as at May 31, 2002	Security for Indebtedness
Paul DeVries, President and Chief Executive Officer, Ontario Electric Savings Corporation	Lender	\$300,000	\$300,000	Pledge of Units of the Fund
Christopher Gaffney, Vice-President and General Counsel, Ontario Electric Savings Corporation	Lender	\$172,500	\$172,500	Pledge of Units of the Fund
Jeff Borg, Vice-President, Marketing, Ontario Electric Savings Corporation	Lender	\$172,500	\$172,500	Pledge of Units of the Fund
David Ellis, Vice-President, Operations, Ontario Electric Savings Corporation	Lender	\$105,000	\$105,000	Pledge of 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 January 28, 2007 and are secured by a pledge in favour of OESC of 16,700 Units by DeVries, 9,665 Units by Gaffney, 9,665 Units by Borg and 5,870 Units by Ellis. On January 28, 2005 or earlier upon a "Change of Control" of the Fund as described under the heading "Employment Agreements — Named Executive Officers" on page 10 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 pledge. 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 31, 2002 was \$750,000. 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 31, 2002 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 31, 2002⁽³⁾
John A. Brussa⁽¹⁾ 2001	Director	Partner, Burnet, Duckworth & Palmer LLP	NIL
Peter F. Clark⁽¹⁾⁽²⁾ 2001	Director	Chairman and Chief Executive Officer, CPI Plastics Group Limited	377,890
The Hon. Michael Kirby⁽¹⁾ 2001	Director	Member of the Senate of Canada and Corporate Director	NIL
Rebecca MacDonald⁽²⁾ 2001	Chair, President and Chief Executive Officer and Director	Chair, President and Chief Executive Officer of the Corporation	1,982,599
James H. McKelvie, C.A. 2001	Executive Vice-President, Chief Financial Officer and Director	Executive Vice-President and Chief Financial Officer	150,050
Brennan R. Mulcahy 2001	Executive Vice-President, Operations, Chief Operating Officer and Director	Executive Vice-President, Operations and Chief Operating Officer	1,427,288
Hugh D. Segal⁽²⁾ 2001	Director	President, Institute for Research on Public Policy	3,334
Brian R.D. Smith 2001	Director	Federal Chief Treaty Negotiator and Energy Consultant	1,100

Notes:

- (1) Member of the Audit Committee
- (2) Member of the Compensation and Corporate Governance 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. 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 11 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). 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

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.

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, 2003 and "FOR" authorizing the Board of Directors of OESC to fix the auditor's remuneration.

SPECIAL ITEMS OF BUSINESS

PROPOSED AMENDMENT TO THE FUND'S UNIT OPTION PLAN

The Fund's 2001 Unit Option Plan reserved 2,125,000 Units for issuance under the Plan which was 10% of the then outstanding Units and Preference Shares. With the exercise of 366,670 options on May 10, 2002, 1,758,330 of the authorized options in the 2001 Plan remain outstanding. With the issuance of the 366,670 Units on the exercise of an equivalent number of Options and the issuance of 3,000,000 additional Units, 10% of the outstanding Units and Preference Shares totals 2,463,253 Units effective May 31, 2002. An increase of 700,000 options would maintain the total outstanding options at just under 10% of the aggregate number of outstanding Units and Preference Shares.

This increase is necessary to accommodate 353,500 of the 700,000 options granted, subject to Unitholder and regulatory approval, to the four officers retained on January 24, 2002 (including Paul DeVries, one of the Named Executive Officers) to manage the Fund's electricity business. The additional Options will be utilized to incent new and existing staff as the Fund continues its growth.

On May 30, 2002, based on the recommendation of the Compensation and Corporate Governance Committee, the Board of Directors of OESC, as administrator of the Fund, passed a resolution, subject to Unitholder and regulatory approval, to amend section 4.1 of the Option Plan to increase the number of options that may be granted under the Plan by 700,000 to 2,825,000.

Approval of the Holders of Units and Preference Shares

The policies of the TSE require that an amendment to the maximum number of Units issuable under an option plan be approved by persons entitled to vote at a meeting of the Unitholders. The text of the resolution approving the amendment is described below. In order to be passed, this resolution must be approved by at least

a majority of the votes cast by Unitholders and the Holders of Preference Shares represented in person or by proxy at the Meeting, other than votes attaching to Units and Preference Shares beneficially owned by insiders of the Fund and OESC or their associates. If the resolution is not approved, OESC may be required to make the payments described in Note (1) to the table on page 9 of the Information Circular with respect to the 323,500 options granted subject to regulatory and Unitholder approval.

Directors' Recommendation

The Board of Directors of OESC has determined that the amendment to the Plan 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 resolution approving the proposed amendment:

"BE IT RESOLVED AS A RESOLUTION THAT:

1. the amendment of the terms of the Fund's Unit Option Plan (the "Plan"), as described in the Management Proxy Circular of the Fund dated May 31, 2002, to increase the maximum number of Units of the Fund issuable under options granted pursuant to the Plan from 2,125,000 to 2,825,000 (including 353,500 options issued in excess of the authorized limit), is approved; and
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."

PROPOSED SUBDIVISION OF UNITS

The Board of Directors of OESC passed a resolution at a board meeting on May 30, 2002 recommending the subdivision of the issued Units of the Fund on a 2:1 basis to increase the total number of outstanding Units held by public Unitholders. The resulting reduction in the trading price per Unit will make it more affordable for small investors to purchase board lots of the Fund's Units, which, together with the increase in the total number of outstanding Units, should provide the Unitholders with increased liquidity and the Fund with a broader range of Unit ownership.

If the resolution is passed and all regulatory approvals are obtained, it is expected that the Units will begin to trade on a subdivided basis on or about Friday, July 29, 2002. If approved, the subdivision of the Units will be completed by the "push out" method. Accordingly, Unitholders of record on the record date for determining Unitholders entitled to participate in the subdivision, which date is expected to be on or about Monday, July 31, 2002, will retain the Units that they currently hold and their accounts at their brokers who participate in the book based only system administered by The Canadian Depository for Securities Limited, will be credited with uncertificated Units representing a number of additional Units equal to the number of Units owned by Unitholders on the record date.

Approval of the Holders of Units and Preference Shares

The proposed resolution will be presented at the Meeting in substantially the form set forth below. **The resolution will be adopted as a resolution of the Fund if it receives the affirmative vote of a majority of the votes cast thereon either in person or by proxy.**

Directors' Recommendation

The Board of Directors of OESC has determined that subdivision of Units of a 2:1 basis is in the best interest of the Fund, OESC and their respective Unitholders and shareholders and recommends that the holders of Units and Preference Shares vote "FOR" the following resolution approving the subdivision:

"BE IT RESOLVED AS A RESOLUTION THAT:

1. each outstanding Unit of the Fund be subdivided on a 2 for 1 basis; and

2. the proper officers of OESC, as administrator of the Fund, be and they are hereby authorized and directed to execute all directions and such other documents and to do such other things as they deem necessary or desirable for the implementation of this resolution, provided that the directors may, in their sole discretion, revoke this resolution before the subdivision of the Units is effected without further approval of the Unitholders.”

On May 30, 2002, the Board of Directors and shareholders of OESC and OESC as administrator of the Fund approved a special resolution (i) authorizing the subdivision of all of the issued and outstanding Common Shares, Class A Preference Shares and Class B Preference Shares of OESC on a 2:1 basis and (ii) subject to the approval of the Unitholders and the holders of Preference Shares of OESC subdividing the Units of the Fund on a 2:1 basis, authorizing the filing of Articles of Amendment of OESC to effect such special resolution immediately prior to the close of business on July 31, 2002, the record date for the subdivision of such Units.

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 30, 2001 to March 31, 2002.

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, 2001 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 31st day of May, 2002.

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.
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 its 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 nine members, six of whom are unrelated directors and three of whom are the President and Chief Executive Officer, the Executive Vice-President and the Chief Financial Officer and the Executive Vice-President and Chief Operating Officer of the Corporation. The Chief 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 July 18, 2002 consists of eight directors, of which five 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 an Executive Vice-President and Chief Financial Officer of the Corporation and Brennan Mulcahy an Executive Vice-President and the Chief Operating Officer of the Corporation are related directors. Each of Messrs. Brussa, Segal, Kirby, Locke, Clark and Smith 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), 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, Locke, Clark and Smith are unrelated directors.
4. **Committees.** Following the annual and special meeting on July 18, 2002, the Board will appoint a Compensation and Corporate Governance Committee, composed of the Chairman and the two unrelated directors and an Audit Committee composed of three unrelated directors. The Compensation and Corporate Governance 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 and Corporate Governance 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.** The Compensation and Corporate Governance Committee is mandated to monitor the quality of the relationship between Management and the Board and recommend improvements.
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.
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 75% of the members of the Compensation and Corporate Governance 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 or with a Compensation and Corporate Governance Committee of which Ms. Rebecca MacDonald is not a member. 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.