

NEWS RELEASE

ALTAGAS CONTINUES STRONG GROWTH WITH 35 PERCENT INCREASE IN NET INCOME AND RAISES DIVIDEND

CALGARY, Alberta - August 13, 2003 - TSX: ALA

Second Quarter and Year-to-Date 2003 Highlights

(All financial figures are in Canadian dollars unless otherwise stated.)

- AltaGas Services Inc.'s net income for the first six months of 2003 was \$16.5 million or \$0.36 per share, compared to net income of \$12.2 million or \$0.31 per share for the first half of 2002. This is a 35 percent increase in net income and a 16 percent increase in net income per share. The 2003 results include an unfavorable one-time earnings impact of \$0.02 per share related to future income tax adjustments reflecting legislative changes in taxation for resource income. Net income for the first six months of 2002 included a \$1.8 million or \$0.04 per share net gain on the sale of investments. Excluding the impact of the tax adjustment in 2003 and the gain in 2002, the year-over-year growth in earnings per share for the first half of the year was \$0.11 per share or 41 percent.
- Second quarter 2003 net income was \$6.5 million, 35 percent higher than the 2002 second quarter net income of \$4.8 million. Net income per share increased to \$0.14 in the second quarter of 2003 compared to \$0.12 per share in the second quarter of 2002. Excluding the impact of the 2003 tax adjustment, AltaGas' earnings per share were \$0.16 for the second quarter of 2003.
- Increases in net income for the first six months and the second quarter of 2003 were a result of stronger contributions from the transmission, power and extraction components. The increases for the first six months and the second quarter of 2003 were partially offset by higher interest and taxes.
- AltaGas' Board of Directors declared an increase in the Company's quarterly dividend to \$0.11 per share from \$0.08 per share paid for the previous four quarters. This dividend increase is based on the strength and sustainability of AltaGas' earnings. The \$0.11 per share dividend will be paid on September 30, 2003 to shareholders of record at the close of business on August 29, 2003.
- Funds generated from operations for the first six months of 2003 grew 38 percent to \$42.4 million when compared to \$30.8 million for the first six months of 2002. In the first six months of 2003, AltaGas used these funds to invest \$23.3 million in its operations, pay \$7.3 million in dividends and reduce bank debt by \$15.1 million. Funds generated from operations for the second quarter of 2003 were \$20.5 million, a 28 percent increase over the same period last year.
- On April 1, 2003, AltaGas commenced selling power associated with its 100 megawatt Genesee energy strip contract. The energy strip contract requires no capital outlay by AltaGas, but instead requires AltaGas to pay a competitively priced fixed monthly capacity charge for the power capacity. With the addition of the Genesee strip contract, AltaGas' power supply totals 453 megawatts.
- On June 3, 2003 AltaGas announced that Heritage Gas Ltd. ("Heritage Gas") had accepted the distribution franchise to deliver natural gas to six counties in Nova Scotia. Heritage Gas, a Nova Scotia company in which AltaGas owns 24.9 percent, holds the full regulation class natural gas distribution franchise for a period of 25 years.

AltaGas Chairman and Chief Executive Officer David Cornhill, announcing changes to the Board of Directors, said, "Mr. Richard Bird, representing Enbridge Inc. on AltaGas' Board of Directors since 1999, stepped down as a director effective July 1, 2003. Mr. Bird will be missed for the valuable industry and financial experience he brought to the Board and to AltaGas. I would personally like to thank him for his insight and counsel over AltaGas' last four years of challenging growth and change. I welcome the appointment of Mr. Stephen Letwin, Group Vice President of Gas Strategy and Corporate Development at Enbridge Inc., to the Board of Directors, also effective July 1, 2003. Mr. Letwin brings many years of energy industry experience in the exploration and production, pipeline and utility businesses."

Commenting on AltaGas' results for the first six months of 2003, Mr. Cornhill stated, "We are on track to deliver solid earnings per share growth in 2003. Our second quarter earnings met our expectations and reflect our normal seasonality. The first half of 2003 has been busy as we continue to pursue and capture opportunities to enhance long-term shareholder value."

Net revenue for the Gathering and Processing segment was \$67.1 million for the first six months of 2003 compared to \$48.9 million for the first six months of 2002, an increase of 37 percent. The first six months of 2002 included a pre-tax gain of \$2.4 million on the sale of investments. Net revenue for the second quarter of 2003 was \$33.0 million compared to \$23.5 million for the second quarter of 2002. Net revenue growth in this segment was achieved largely due to increased volumes in the transmission, extraction and field gathering and processing components.

In the field gathering and processing component, gross average natural gas throughput was 510 Mmcf/d for the second quarter of 2003 compared to 473 Mmcf/d for the same period in 2002. The acquisition of the Wabasca gathering and processing facilities in late December 2002 was the primary contributor to the quarter-over-quarter volume increase. Increased well tie-in activity was offset by normal natural gas production declines, reduced throughput due to repairs and maintenance at facilities, delayed production due to spring breakup and lower producer activity in some AltaGas operating areas. The industry is forecasting increased oil and gas drilling in the Western Canadian Sedimentary Basin during the second half of 2003 as natural gas prices remain strong.

The Alberta Energy and Utilities Board ("AEUB"), effective September 1, 2003, has ordered the interim shut-in of all wells with natural gas production from the Wabiskaw-McMurray formation in a designated Athabasca oil sands area in northeastern Alberta. The AEUB believes that continued gas production from this area leads to an unacceptable risk to potential bitumen recovery. A small number of the affected wells deliver natural gas to AltaGas' Winefred and Thornbury processing facilities. AltaGas' management estimates that current throughput at these two facilities could be reduced by approximately 4 Mmcf/d in total, or less than one percent of the Company's field gathering and processing throughput. The financial impact of the AEUB's decision is not material to the Company due to the small volume of natural gas affected by the ruling, the diversity of AltaGas' overall business and the diversity of customers, operating areas, facilities and producing zones in AltaGas' field gathering and processing component. The AEUB decision also provided gas producers an opportunity to exempt any gas zone where they have evidence that it is not associated with the recoverable bitumen, potentially further reducing any impact to throughput at AltaGas' facilities. AltaGas will seek financial compensation for any lost revenue and opportunity cost.

AltaGas remains focused on operational excellence and enhanced customer service. In the field gathering and processing component, AltaGas is developing demand-driven expansion opportunities to meet its customers' needs. For example, during the first six months of 2003, AltaGas expanded its Namaka and Manola facilities, adding approximately 15 Mmcf/d in field gathering and processing capacity. AltaGas redeployed equipment for the expansions for an estimated capital cost saving of \$4.0 million. Both expansions were supported by customers through long-term take-or-pay commitments. The Company is implementing new systems to integrate contracts and invoicing for field gathering and processing customers and installing a field data capture system across most of the Company's field gathering and processing facilities to enable AltaGas to provide better operating information to its customers. AltaGas expects to make significant progress on both initiatives during the remainder of 2003 and the Company expects to begin to realize the associated benefits in 2004.

In the extraction component, AltaGas' net production averaged 6,305 Bbls/d of ethane and natural gas liquids ("NGLs") during the first half of the year compared to an average 3,027 Bbls/d extracted during the first six months of 2002. AltaGas' total average extraction volumes for the second quarter of 2003 increased to 6,195 Bbls/d from

2,806 Bbls/d for the same period in 2002. The higher average production in 2003 is a result of the commissioning of the Joffre ethane extraction plant in December 2002. Contract arrangements at AltaGas' extraction plants provide for both fee-for-service and margin-based revenue. Approximately 70 percent of the Company's inlet volumes capture a fee-for-service and bear no commodity price spread risk. Margin based revenues are subject to the spread between the price received for the NGLs extracted and the price paid for the natural gas purchased to make up the heating value of the NGLs extracted, after subtracting operating costs. The volatility in natural gas prices resulted in periods of reduced natural gas liquids margins during the second quarter of 2003. AltaGas, however, continued to earn its fee-for-service revenues on volumes processed.

Total average transmission volumes increased to 320 Mmcf/d for the first six months of 2003 from 48 Mmcf/d for the same period in 2002. This is primarily a result of the Suffield transmission pipelines acquisition which increased natural gas transmission capacity by 400 Mmcf/d.

The Energy Services segment generated net revenue of \$22.3 million for the first six months of 2003 compared to \$16.6 million for the first six months of 2002. Net revenue for the second quarter of 2003 was \$12.5 million compared to \$10.2 million for the same period in 2002. The increases in net revenue in this segment are primarily attributable to the higher price received for power sold and the additional power sales in the second quarter of 2003 associated with the Genesee energy strip contract.

AltaGas reduces its exposure to electricity price volatility by using a balanced portfolio of contracts to lock in power margins to reduce pricing risk. AltaGas' hedging strategy targets an optimal balance between operating margin certainty and operational flexibility. The average price AltaGas received from power sales during the first six months of 2003 was \$46.34 per MWh compared to \$38.47 per MWh during the first half of 2002. Average Alberta Power Pool prices were \$67.37 per MWh and \$39.61 per MWh for the first half of 2003 and 2002 respectively. The average price AltaGas received from power sales in the second quarter of 2003 was \$46.55 per MWh compared to \$42.11 per MWh in the second quarter of 2002. Average Alberta Power Pool prices were \$50.88 per MWh and \$43.86 per MWh in the second quarter of 2003 and 2002 respectively.

In the Natural Gas Distribution segment, net revenue for the first six months of 2003 was \$16.4 million compared to \$15.9 million for the same period in 2002. The increase in AltaGas Utilities Inc's ("AUI") customer base during the first six months of 2003 compared to the first six months of 2002 was partially offset by the impact of warmer weather in 2003. Net revenue for the second quarter of 2003 was \$5.8 million, compared to \$5.9 million for the second quarter of 2002. The increase in AUI customer base in the second quarter of 2003 compared to the second quarter of 2002 was offset by the impact of warmer weather in 2003.

On June 27, 2003 AUI filed a 2003/2004 General Rate Application with the AEUB proposing a negotiated settlement process for Phase 1 of this proceeding. In Phase 1 proceedings, the revenue requirements of the company are determined, while Phase 2 proceedings determine the rates that will be charged to each customer class. AUI continues to negotiate with customer interest groups on its 2002 Phase 2 application. Phase 1 of the 2002 application allowed for a 9.7 percent return on equity, based on a capital structure of 41 percent equity and 59 percent debt. The same return level and capital structure have been recommended for 2003. On July 10, 2003 AUI and other natural gas and electric utilities in Alberta filed the first set of exhibits related to a Generic Cost of Capital Proceeding. This proceeding has been established by the AEUB to determine rate of return and capital structure for utilities on a generic basis, as opposed to a case-by-case basis as currently exists in Alberta. A hearing has been scheduled to commence mid-November 2003. AUI expects its 2004 rate of return on equity and capital structure to be determined in the Generic Cost of Capital Proceeding.

Heritage Gas Ltd., 24.9 percent owned by AltaGas, expects Nova Scotians to begin enjoying natural gas by the end of this year. AltaGas will invest approximately \$32 million during the project's first six years as Heritage Gas makes natural gas available to an initial 20,000 residences and 6,500 businesses. This project provides the Company the rare opportunity to apply its knowledge and experience in building a utility from the ground up. It expands AltaGas' geographic footprint beyond western Canada while complementing AltaGas' strategy of investing in infrastructure-based assets that provide long-term cash flows. This project is not expected to contribute to AltaGas' financial and operating results until late 2004.

During the second quarter of 2003, AltaGas acquired approximately 19.2 percent of the outstanding partnership units of Taylor NGL Limited Partnership ("Taylor") for \$9.4 million. This purchase strengthens the existing business relationship the companies have with the co-ownership of the Joffre ethane extraction plant and is expected to create growth opportunities for both AltaGas and Taylor.

Consolidated Financial Highlights

(\$ millions)	Three months ended June 30		Six months ended June 30	
	2003	2002	2003	2002
Revenue	168.6	114.6	372.0	235.2 ⁽⁴⁾
Net revenue ⁽¹⁾	51.2	38.9	105.6	79.7 ⁽⁴⁾
EBITDA ⁽²⁾	27.6	21.4	58.5	45.6 ⁽⁴⁾
Net income	6.5	4.8	16.5	12.2 ⁽⁴⁾
Funds generated from operations	20.5	16.0	42.4	30.8

Results per basic and diluted share (dollars except number of shares)	Three months ended June 30		Six months ended June 30	
	2003	2002	2003	2002
EBITDA ⁽²⁾	0.61	0.53	1.29	1.15 ⁽⁴⁾
Net income	0.14	0.12	0.36	0.31 ⁽⁴⁾
Funds generated from operations	0.45	0.40	0.94	0.79
Dividends paid per share	0.08	0.06	0.16	0.12
Basic shares outstanding for the period (millions) ⁽³⁾	45.4	40.4	45.3	39.5
Shares outstanding at period end (millions)	45.4	45.1	45.4	45.1

Certain comparative figures have been reclassified to conform to the current financial presentation.

(1) Net revenue is gross revenue less the costs of the purchase of natural gas for resale and the costs to purchase power under power purchase arrangements.

(2) Earnings before interest expense, income taxes, and amortization. EBITDA is provided to assist investors in determining the ability of AltaGas to generate funds from operations. This measure does not have any standardized meaning prescribed by generally accepted accounting principles and may not be comparable to similar measures presented by other companies.

(3) Based on the weighted average number of shares outstanding for the period.

(4) 2002 includes a pre-tax gain of \$2.4 million (\$1.8 million after tax or \$0.04 per share) from the sale of investments.

About AltaGas

AltaGas moves energy from its source to the end user, adding value through the process. The Company has over \$850 million of assets and a market capitalization of over \$500 million. Its steadily expanding asset base today includes natural gas gathering and processing facilities, interests in ethane and natural gas liquids extraction plants, and transmission pipelines. AltaGas distributes natural gas to Alberta customers through AltaGas Utilities Inc., to customers in the Northwest Territories through the Ikhil Gas Project and will distribute gas in Nova Scotia through its interest in Heritage Gas. The Company provides energy services to customers, including marketing of natural gas and natural gas liquids and sale of power from its power purchase arrangements.

AltaGas' common shares are listed on the Toronto Stock Exchange under the symbol ALA. The Company is included in the S&P/TSX Composite Index, S&P/TSX Canadian Smallcap Index and the S&P/TSX Canadian Energy Index.

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When used in this press release, the words "anticipate," "estimate," and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated in the forward-looking statements. These risks and uncertainties include operating performance, regulatory and environmental issues, weather and economic conditions, competition and financing availability.

SECOND QUARTER REPORT

INTERIM REPORT TO SHAREHOLDERS
FOR THE SIX MONTHS ENDED JUNE 30, 2003

RESULTS AT A GLANCE

	Three months ended June 30		Six months ended June 30	
	2003	2002	2003	2002
Net income (millions of dollars)	6.5	4.8	16.5	12.2
Net income excluding net gains from sale of investments (millions of dollars)	6.5	4.8	16.5	10.4
Net income per share	0.14	0.12	0.36	0.31
Net income per share excluding net gains from sale of investments	0.14	0.12	0.36	0.27

Note: Per share amounts are based on the weighted average number of shares outstanding for the period or basic shares.

Net income excluding gains is provided to assist in determining normal income for ongoing operations.

Net income excluding gains does not have any standardized meaning prescribed by Canadian generally accepted accounting principles.

MANAGEMENT'S DISCUSSION & ANALYSIS

The following discussion and analysis should be read in conjunction with the accompanying unaudited consolidated financial statements and in conjunction with the audited consolidated financial statements and the Management's Discussion and Analysis contained in the Company's annual report for the year ended December 31, 2002.

RESULTS OF OPERATIONS

Consolidated Operations

(\$ millions)	Three months ended June 30		Six months ended June 30	
	2003	2002	2003	2002 ⁽¹⁾
Revenue	168.6	114.6	372.0	235.2
Net revenue ⁽²⁾	51.2	38.9	105.6	79.7
EBITDA ⁽³⁾	27.6	21.4	58.5	45.6
Operating income	17.3	12.5	37.9	27.9

(1) 2002 includes a pre-tax net gain of \$2.4 million from the sale of investments.

(2) Net revenue is gross revenue less cost of sales (the costs to purchase natural gas for resale and the costs to purchase power under power purchase arrangements).

(3) EBITDA (operating income plus amortization) is provided to assist in determining the ability of AltaGas to generate funds from operations. This measure does not have any standardized meaning prescribed by Canadian generally accepted accounting principles and may not be comparable to similar measures presented by other companies.

AltaGas' growth in operating and financial results in the first half of 2003 was primarily driven by the late December 2002 acquisition of two natural gas transmission pipelines at Suffield, Alberta. A higher contribution from the power component due to increased power prices and additional power sales associated with AltaGas' 100 megawatt Genesee energy strip contract, and the start-up of the Joffre ethane extraction plant in late December 2002 also contributed to the growth.

Revenue for the six months ended June 30, 2003 rose 58 percent compared to the same period in 2002. For the three months ended June 30, 2003, revenue increased 47 percent compared to the three months ended June 30, 2002. The increases in revenue are primarily due to the higher prices received for natural gas and power sold in the Energy Services segment in 2003.

Net revenue increased 32 percent in the first six months and the second quarter of 2003 when compared to the respective periods of 2002. In the extraction component and the Natural Gas Distribution and Energy Services segments, net revenue better reflects performance than does revenue, as changes in the market price of natural gas and power affect both revenue and the cost of goods sold.

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the six and three months ended June 30, 2003 rose 28 percent and 29 percent respectively compared to the same periods in 2002. EBITDA per share increased to \$1.29 for the six months ended June 30, 2003 compared to \$1.15 for the six months ended June 30, 2002. EBITDA for the six months ended June 30, 2002 includes a net gain from the sale of investments of \$2.4 million or \$0.06 per share.

Net income for the six months ended June 30, 2003 was \$16.5 million or \$0.36 per share compared to \$12.2 million or \$0.31 per share for the six months ended June 30, 2002. After tax net gains on the sale of investments included in the 2002 first quarter results were \$1.8 million or \$0.04 per share.

The increase in results in the first six months and the second quarter of 2003 was due to the late December 2002 Suffield pipelines acquisition, the higher price received for power sold, the additional power sales associated with AltaGas' 100 megawatt Genesee energy strip contract and 2002 expansions at extraction and field gathering and processing facilities. The growth was partially offset by additional interest costs due to higher debt balances and by increased income taxes related to changes to the Income Tax Act for federal taxation of resource income.

Income tax expense for the six months and second quarter ended June 30, 2003 included a one-time future income tax liability adjustment of \$0.02 per share to reflect legislative changes announced late in the second quarter with respect to federal taxation of resource income. The changes include the phase out of the deduction for resource allowance and impact taxes otherwise estimated to be payable by AltaGas beyond 2003. The resource allowance deduction was designed to provide oil and gas industry participants a credit in calculating taxable income in place of non-deductible royalties paid on hydrocarbon production. Since 1997, AltaGas has benefited from the resource allowance deduction on its field gathering and processing business, a significant portion of its income, but pays no material royalties. Under the recently announced changes, resource allowance is replaced by the deductibility of provincial or crown royalties and a reduction in the tax rates applicable to resource income. The impact of recording this future income tax adjustment, combined with differences between the periods in the composition of income before income tax, has increased the six months 2003 effective tax rate by four percentiles as compared to the same period of 2002. In comparison to 2002, AltaGas' ongoing effective income tax rate will increase by approximately two percentiles as a result of this legislative change.

Results by Operating Segment

AltaGas reports consolidated financial and operating results on the basis of three business segments: Gathering and Processing, Energy Services and Natural Gas Distribution. Gathering and Processing includes natural gas field gathering and processing facilities, ethane and natural gas liquids extraction plant interests and natural gas transmission pipelines. Energy Services includes power services, gas services, and oil and natural gas production. Natural Gas Distribution includes AltaGas' wholly-owned subsidiary AltaGas Utilities Inc., the Company's one-third interest in Inuvik Gas Ltd., a company that distributes natural gas within the Town of Inuvik and the Company's 24.9 percent ownership in Heritage Gas Ltd., a company preparing to distribute natural gas to six counties in Nova Scotia.

Gathering and Processing

FINANCIAL RESULTS

(\$ millions)	Three months ended June 30		Six months ended June 30	
	2003	2002	2003	2002
Revenue	36.4	24.7	75.9	51.5 ⁽¹⁾
Net revenue	33.0	23.5	67.1	48.9 ⁽¹⁾
Operating and administrative expenses	17.6	11.4	35.9	22.9
Amortization expense	6.7	5.1	13.3	10.2
Operating income	8.7	7.0	17.9	15.8 ⁽¹⁾

(1) 2002 includes a first quarter pre-tax gain of \$2.4 million on the sale of investments. Operating income excluding the gain was \$13.4 million for 2002.

Growth in the Gathering and Processing segment in the first half of 2003 compared to the same period in 2002 was primarily due to the late December 2002 acquisitions of the Suffield transmission pipelines and the Wabasca field gathering and processing facilities. The commissioning of the Joffre ethane extraction plant in late 2002 also contributed to the growth.

Revenue in this segment for the six months and three months ended June 30, 2003 increased by 47 percent compared to the respective periods in 2002. Net revenue, revenue minus the costs associated with the purchase of shrinkage gas at extraction facilities, increased by 37 percent for the six months ended June 30, 2003 and 40 percent for the second quarter of 2003 compared to the same periods of 2002. The extraction component purchases shrinkage gas or natural gas to make up the heating value of natural gas liquids extracted.

Operating and administrative expenses increased in the first six months of 2003 compared to the first six months of 2002 due to costs associated with 2002 acquisitions and expansions in the field gathering and processing component. Increases in repairs and maintenance and general increases in the cost of power and property taxes also contributed to higher operating and administrative expenses.

Amortization expense increased for the six months and three months ended June 30, 2003 compared to the same periods in 2002 primarily due to the late 2002 acquisitions and start up of the Joffre ethane extraction plant.

OPERATING STATISTICS

	Three months ended June 30		Six months ended June 30	
	2003	2002	2003	2002
Field gathering and processing				
Capacity (gross Mmcf/d) ⁽¹⁾	838	767	838	767
Throughput (gross Mmcf/d) ⁽²⁾	510	473	522	479
Capacity utilization at quarter end (percent)	61	62		
Average working interest (percent) ⁽¹⁾	88	88	88	88
Extraction				
Inlet capacity (Mmcf/d) ⁽¹⁾	349	219	349	219
Production (Bbls/d) ⁽²⁾	6,195	2,806	6,305	3,027
Transmission volumes (Mmcf/d) ^{(2) (3)}	321	48	320	48

(1) As at June 30.

(2) Average for the period.

(3) Excludes condensate pipeline volumes.

Throughput volumes increased for the second quarter of 2003 compared to the same period in 2002 primarily due to the acquisition of the Wabasca field gathering and processing facilities. Increased well tie-in activity was largely offset by normal natural gas production declines and the impact of down time for repairs and maintenance on facilities. Throughput volumes for the second quarter of 2003 decreased by 25 Mmcf/d when compared to the first quarter of 2003 due to normal natural gas production declines, the downtime for repairs and maintenance and delayed production due to spring breakup.

In the extraction component, higher average production and extraction inlet capacity in the second quarter of 2003 compared to 2002 relates to the start up of the Joffre ethane extraction plant in December 2002. AltaGas monitors the price differential between the price received for the natural gas liquids (NGLs) extracted and the price paid for the natural gas purchased to make up the heating value of the NGLs extracted, after subtracting operating costs. If commodity prices or operating costs make NGLs extraction uneconomic, the NGLs may be reinjected or the facilities shut in. Production volumes decreased three percent in the second quarter of 2003 when compared to the first quarter of 2003 as NGLs were reinjected at the Joffre plant due to lower gas to liquids price differential.

Transmission volumes increased during the three months ended June 30, 2003 compared to the three months ended June 30, 2002 primarily due to the acquisition of the Suffield transmission pipelines in December 2002 which increased AltaGas' transmission capacity by 400 Mmcf/d.

Net additions to capital assets in the Gathering and Processing segment were \$8.5 million during the first six months of 2003 compared to \$22.1 million during the same period of 2002. Approximately 60 percent of the capital invested in 2003 related to well tie-ins at existing field gathering and processing facilities. The remaining 40 percent primarily related to investment in extraction facilities including the expansion of the EnCana-operated Empress extraction plant which is expected to be on-stream in late 2003.

Energy Services

FINANCIAL RESULTS

(\$ millions)	Three months ended June 30		Six months ended June 30	
	2003	2002	2003	2002
Revenue	124.0	87.0	276.6	164.9
Net revenue	12.5	10.2	22.3	16.6
Operating and administrative expenses	2.1	3.1	3.6	5.7
Amortization expense	2.1	2.3	4.2	4.6
Operating income	8.3	4.8	14.5	6.3

Operating income in 2003 in the Energy Services segment increased primarily due to the higher price received for power sold in the power services component and the additional volumes of power available for sale associated with the Genesee energy strip contract effective April 1, 2003.

Revenue increased 68 percent in the first half of 2003 compared to the first half of 2002. The revenue increases in this segment are primarily due to the higher price of gas received in the gas services component and the impact of the higher price received for power in the power services component in combination with higher sales volumes associated with the Genesee strip contract. Net revenue, gross revenue less the costs of the purchase of natural gas for resale and the costs to purchase power under power purchase arrangements, and operating income increased for the six months ended June 30, 2003 compared to the same period in 2002 primarily due to the higher price received for power sold and increased power sales.

The decrease in operating and administrative expenses for the first six months of 2003 compared to the first six months of 2002 was due to lower costs related to oil and gas production. Amortization decreased in 2003 compared to 2002 due to lower oil and natural gas production volumes.

OPERATING STATISTICS

	Three months ended June 30		Six months ended June 30	
	2003	2002	2003	2002
Volume of power sold (thousands of MWh)	861	664	1,521	1,323
Average price received on the sale of power (\$/MWh) ⁽¹⁾	46.55	42.11	46.34	38.47
Alberta Power Pool average spot price (\$/MWh) ⁽¹⁾	50.88	43.86	67.37	39.61

(1) Average for the period.

AltaGas reduces volatility in earnings associated with fluctuating power prices by locking in margins with financial instruments at levels consistent with the Company's hedging strategy. The Company entered the power business in late 2001 and started hedging its power capacity late in the first quarter of 2002.

Net additions to capital assets in the Energy Services segment were \$1.1 million during the six months ended June 30, 2003 compared to \$1.6 million during the same period of 2002. The 2003 net additions to capital assets were primarily related to development costs in the oil and natural gas production component.

Natural Gas Distribution

The Natural Gas Distribution segment includes AltaGas Utilities Inc. (AUI), AltaGas' one-third interest in Inuvik Gas Ltd. and the Company's 24.9 percent ownership in Heritage Gas Ltd.

FINANCIAL RESULTS

(\$ millions)	Three months ended June 30		Six months ended June 30	
	2003	2002	2003	2002
Revenue	23.5	15.4	81.8	51.2
Net revenue	5.8	5.9	16.4	15.9
Operating and administrative expenses	4.0	3.7	7.8	7.2
Amortization expense	1.5	1.5	3.1	2.9
Operating income	0.3	0.7	5.5	5.8

Operating income in the Natural Gas Distribution segment for the first six months and the second quarter of 2003 decreased compared to the same period of 2002. This decrease is due to higher operating and administrative expenses related to routine operating and maintenance activities.

Natural Gas Distribution revenue increases in 2003 compared to 2002 were primarily due to the impact of higher natural gas prices in 2003. Net revenue for the six months ended June 30, 2003 increased compared to the same period in 2002 due to an increase in the number of service customers and an increase in the revenue requirement allowed by the Alberta Energy and Utilities Board. These increases were offset by warmer weather in the period. The majority of Natural Gas Distribution net revenue is generated by AUI. AUI's net revenue is unaffected by changes in the cost of gas as the actual cost is permitted, subject to approval by the Alberta Energy and Utilities Board, to be passed through to the distribution customers.

Higher operating and administrative expenses in this segment in 2003 were related to benefits, insurance costs and routine operating and maintenance activities. The natural gas distribution business is highly seasonal with the majority of natural gas deliveries occurring during the winter heating season. Gas sales during the winter typically account for approximately two-thirds of annual gas distribution revenue, resulting in strong first and fourth quarter results and second and third quarters that show either small profits or losses.

OPERATING STATISTICS

	Three months ended June 30		Six months ended June 30	
	2003	2002	2003	2002
Volume of natural gas distributed				
Sales (Bcf)	2.1	2.4	8.0	8.3
Transportation (Bcf)	2.2	1.8	4.1	3.8
Number of customers ⁽¹⁾	58,671	57,665	58,671	57,665
Degree day variance (percent) ⁽²⁾	15.4	34.4	10.7	16.0

(1) At June 30.

(2) Variance from 20-year average. Positive variances are favourable.

Net additions to capital assets in the Natural Gas Distribution segment were \$2.8 million during the six months ended June 30, 2003 compared to \$2.9 million during the same period in 2002. The additions in 2003 were primarily related to costs associated with routine system betterment projects, new business development and construction of a pipeline in the Rainbow Lake area of Northern Alberta.

Heritage Gas Ltd. accepted the distribution franchise to deliver natural gas to six counties in Nova Scotia. There was no impact on operating or financial results during the first half of 2003. Heritage Gas Ltd. will be distributing natural gas by the end of 2003.

Consolidated Expenses

(\$ millions)	Three months ended June 30		Six months ended June 30	
	2003	2002	2003	2002
Interest	5.7	4.7	11.2	9.4
Income taxes	5.1	3.0	10.2	6.3

AltaGas' interest expense for the six months ended June 30, 2003 increased 19 percent from the same period in 2002. The increase in interest in 2003 is due to higher average debt balances outstanding and higher interest rates. The higher debt levels were primarily attributable to the debt of \$114.7 million incurred to fund the Wabasca field gathering and processing and Suffield transmission pipeline acquisitions on December 19, 2002.

Income tax expense for the six months ended June 30, 2003 increased from the same period in 2002 due to higher net income before taxes and the effect of the previously outlined changes to the Income Tax Act for federal income taxation of resource income.

LIQUIDITY AND CAPITAL RESOURCES

Funds generated from operations for the six months ended June 30, 2003 increased to \$42.4 million from \$30.8 million for the six months ended June 30, 2002. The increase in 2003 funds generated from operations is primarily due to the acquisition of the Suffield transmission pipelines and the higher contribution from power in the Energy Services segment.

In the second quarter of 2003, the Company invested \$9.4 million in Taylor NGL Limited Partnership. The investment represents approximately 19.2 percent of the outstanding Units. Taylor NGL Limited Partnership unit holders receive quarterly cash distributions.

AltaGas had a working capital surplus of \$15.4 million at June 30, 2003 compared to a working capital deficit of \$27.6 million at June 30, 2002 and \$27.2 million at December 31, 2002. The change in working capital is primarily due to the repayment of the \$50.0 million non-revolving bridge credit facility during the second quarter of 2003.

At June 30, 2003 AltaGas had total debt outstanding of \$399.5 million compared to \$317.7 million at June 30, 2002 and \$419.5 million at December 31, 2002. The Company's debt to capitalization ratio as at June 30, 2003 increased to 54 percent from 49 percent at June 30, 2002 and decreased from 56 percent at December 31, 2002. The debt to capitalization ratio increased at June 30, 2003 compared to June 30, 2002 primarily due to the funding of the Suffield transmission pipelines and Wabasca field gathering and processing facilities acquisitions in December 2002. The improvement in the capitalization ratio from December 31, 2002 is due to the increase in funds generated from operations being applied to debt repayment.

AltaGas reduces financing costs and minimizes the effect of future interest rate movements on its cash flows through the use of interest rate swaps. During the second quarter of 2003 AltaGas fixed interest rates on an additional \$60.0 million of its variable rate debt through floating to fixed interest rate swaps. The total amount of debt with variable interest rates that was fixed through interest rate swaps at June 30, 2003 was \$130.0 million. At June 30, 2003 approximately 55 percent of the Company's total debt, including swaps and \$100.0 million of Medium Term Notes, was at fixed interest rates.

On June 30, 2003 the Company paid down its \$50.0 million non-revolving bridge credit facility with a syndicate of Canadian chartered banks and canceled the facility. The bridge had a maturity date of September 30, 2003. On June 30, 2003 AltaGas entered into a new 364 day extendible revolving \$75.0 million letter of credit facility with a Canadian chartered bank. The revolving term credit facility expires June 28, 2004 and bears fees and interest at market rates. AltaGas may borrow up to \$25.0 million by way of prime borrowings or bankers' acceptances on the letter of credit facility.

AltaGas paid a quarterly dividend of \$0.08 per fully paid common share and participating share in the capital stock of the Company on June 30, 2003. AltaGas' Board of Directors declared an increase in the Company's quarterly dividend to \$0.11 per share from \$0.08 per share for the previous four quarters. This dividend increase is based on the strength and sustainability of AltaGas' earnings. The \$0.11 per share dividend will be paid on September 30, 2003 to shareholders of record at the close of business on August 29, 2003.

AltaGas implemented a Normal Course Issuer Bid through the facilities of The Toronto Stock Exchange on December 1, 2000. The Company renewed its Normal Course Issuer Bid for an additional 12 month period commencing December 2, 2002. During the period from December 2, 2002 through June 30, 2003 no shares were purchased.

R I S K M A N A G E M E N T

With respect to continuing operations the nature of AltaGas' risk exposure and the methods of managing risk remain substantially unchanged since December 31, 2002. AltaGas manages market and credit risk exposures in accordance with its corporate risk policies and position limits. The policies and limits are designed to mitigate the risk of significant loss. For further information on risks, refer to Management's Discussion and Analysis in AltaGas' 2002 Annual Report.

O U T L O O K

Looking forward through the remainder of 2003, AltaGas' earnings are expected to follow the trend established in previous years, with the third quarter showing improvement from the second quarter and fourth quarter being the strongest quarter of the year. On an annual basis AltaGas expects to deliver earnings per share growth consistent with the Company's five-year compound annual growth of approximately 20 percent.

CONSOLIDATED BALANCE SHEETS

(Unaudited except for December 31, 2002)

(\$ thousands)	June 30 2003	December 31 2002
ASSETS		
Current assets		
Accounts receivable	\$ 75,910	\$ 98,996
Inventory	1,782	3,770
Other	4,442	5,180
	82,134	107,946
Capital assets	642,859	647,703
Energy services arrangements and contracts	104,041	107,030
Goodwill	18,860	18,860
Future income taxes	202	208
Investments and other assets	16,054	7,450
	\$ 864,150	\$ 889,197
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 52,884	\$ 77,165
Short-term debt (note 2)	3,745	50,555
Other	10,100	7,397
	66,729	135,117
Long-term debt	395,779	368,943
Deferred revenue and other	1,014	807
Future income taxes	53,995	48,070
	450,788	417,820
Shareholders' equity		
Share capital (note 3)	265,447	264,290
Retained earnings	81,186	71,970
	346,633	336,260
	\$ 864,150	\$ 889,197

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

(Unaudited)

(\$ thousands except per share amounts)	Three months ended June 30		Six months ended June 30	
	2003	2002	2003	2002
REVENUE				
Operating	\$ 168,271	\$ 114,594	\$ 371,727	\$ 232,747
Other	296	(22)	318	2,470
	168,567	114,572	372,045	235,217
EXPENSES				
Cost of sales	117,356	75,697	266,468	155,471
Operating and administrative	23,562	17,544	47,070	34,180
Amortization				
Capital assets	8,857	7,373	17,613	14,691
Energy services arrangements and contracts	1,506	1,507	3,010	3,017
	151,281	102,121	334,161	207,359
Operating income	17,286	12,451	37,884	27,858
Interest expense				
Short-term debt	679	784	1,376	1,553
Long-term debt	4,970	3,881	9,823	7,826
Income before income taxes	11,637	7,786	26,685	18,479
Income taxes	5,129	3,054	10,216	6,299
Net income	6,508	4,732	16,469	12,180
Retained earnings, beginning of period	78,304	60,285	71,970	55,157
Dividends	(3,626)	(2,325)	(7,253)	(4,645)
Retained earnings, end of period	\$ 81,186	\$ 62,692	81,186	\$ 62,692
Net income per share (note 3)				
Basic	\$ 0.14	\$ 0.12	\$ 0.36	\$ 0.31
Diluted	\$ 0.14	\$ 0.12	\$ 0.36	\$ 0.31

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

(\$ thousands)	Three months ended June 30		Six months ended June 30	
	2003	2002	2003	2002
Cash from operations				
Net income	\$ 6,508	\$ 4,732	\$ 16,469	\$ 12,180
Items not involving cash:				
Amortization	10,363	8,880	20,623	17,708
Future income taxes	3,708	2,311	5,311	3,389
Loss (gain) on sale of assets and investments	(48)	-	(46)	(2,442)
Equity income	(268)	24	(292)	(27)
Other	227	62	363	50
Funds generated from operations	20,490	16,009	42,428	30,858
Increase in deferred revenue and other	200	73	207	167
Net change in non-cash working capital	(2,074)	5,163	6,718	3,451
	18,616	21,245	49,353	34,476
Investing Activities				
Acquisition of capital assets	(5,642)	(14,403)	(14,716)	(21,287)
Disposition of capital assets	83	-	279	-
Acquisition of energy services arrangements and contracts	(7)	(29)	(21)	(762)
Acquisition of investments and other assets	(9,879)	(30)	(10,304)	(1,377)
Disposition of investments and other assets	-	207	1,480	1,787
	(15,445)	(14,255)	(23,282)	(21,639)
Financing Activities				
Decrease in operating loans	(28)	(61,990)	(19,973)	(66,071)
Dividends	(3,626)	(2,325)	(7,253)	(4,645)
Net proceeds from issuance of common shares (note 3)	483	57,325	1,155	57,879
	(3,171)	(6,990)	(26,071)	(12,837)
Change in cash	-	-	-	-
Cash, beginning of period	-	-	-	-
Cash, end of period	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited except for December 31, 2002)

(tabular amounts in thousands of dollars except per share amounts and otherwise noted)

NOTE 1. Summary of Significant Accounting Policies

The interim consolidated financial statements of AltaGas Services Inc. (the Company) have been prepared by management in accordance with Canadian generally accepted accounting principles. The accounting policies applied are consistent with those outlined in the Company's annual consolidated financial statements for the fiscal year ended December 31, 2002. These consolidated financial statements for the six months ending June 30, 2003 do not include all disclosures required in the annual financial statements and should be read in conjunction with the audited consolidated financial statements included in AltaGas' 2002 Annual Report.

Certain comparative figures have been reclassified to conform with current financial statement presentation.

NOTE 2. Short-Term Debt

On June 30, 2003 the Company arranged a \$75.0 million extendible revolving credit facility with a Canadian chartered bank. The credit facility, which expires June 28, 2004, bears fees and interest at market rates.

On June 30, 2003 the Company paid down its \$50.0 million non-revolving bridge credit facility with a syndicate of Canadian chartered banks and canceled the facility.

NOTE 3. Share Capital**Authorized:**

- an unlimited number of common shares without nominal or par value.
- an unlimited number of preferred shares without nominal or par value.

Common Shares Issued:

	Number of Shares	Amount
December 31, 2002	36,237,092	\$ 175,326
Issued for cash on exercise of options	165,652	1,136
Issued for compensation	2,000	21
June 30, 2003	36,404,744	\$ 176,483

Preferred Participating Shares Issued:

	Number of Shares	Amount
December 31, 2002 and June 30, 2003	9,000,000	\$ 88,964
Total shares issued	45,404,744	\$ 265,447

The Company has an employee stock option plan under which both employees and directors are eligible to receive grants. At June 30, 2003, there were 3,800,000 common shares reserved for issuance under the plan. To June 30, 2003, options granted under the plan generally had a term of ten years to expiry and vested no longer than over a four year period. Options outstanding under the plan have a weighted average exercise price of \$8.07 and a weighted average remaining contractual life of 6.5 years.

	Number of Options	Weighted Average Exercise Price
Stock options outstanding, December 31, 2002	1,670,676	\$ 7.66
Granted	249,000	9.90
Exercised	(165,652)	6.86
Cancelled	(40,075)	7.46
Stock options outstanding, June 30, 2003	1,713,949	\$ 8.07
Exercisable June 30, 2003	733,824	\$ 8.01

The basic number of shares outstanding for the six months ended June 30, 2003 was 45.3 million (June 30, 2002 - 39.5 million) and the diluted number of shares outstanding for the six months ended June 30, 2003 was 45.7 million (June 30, 2002 - 39.7 million).

As at July 31, 2003 the number of total shares outstanding was 45,460,219 and the number of stock options outstanding was 1,653,474.

NOTE 4. Segmented Information

AltaGas is a midstream energy company with a portfolio of assets and services used to move energy from the source to the end-user. The Company has three reportable segments:

Gathering and Processing – natural gas gathering and processing, natural gas transmission, and ethane and natural gas liquids extraction.

Energy Services – power services, gas services and oil and natural gas production.

Natural Gas Distribution – natural gas distribution to end users and related services.

For the three months ended June 30, 2003	Gathering and Processing	Energy Services	Natural Gas Distribution	Intersegment Elimination	Total
Revenue	\$ 36,401	\$ 123,959	\$ 23,557	\$ (15,350)	\$ 168,567
Cost of sales	(3,447)	(111,460)	(17,688)	15,239	(117,356)
Operating and administrative expenses	(17,527)	(2,035)	(4,111)	111	(23,562)
Amortization	(6,749)	(2,073)	(1,541)	-	(10,363)
Operating income	\$ 8,678	\$ 8,391	\$ 217	\$ -	\$ 17,286
Net additions to capital assets	\$ 3,326	\$ 216	\$ 1,421	-	\$ 4,963
Segment assets	\$ 568,881	\$ 170,080	\$ 125,189	-	\$ 864,150

For the six months ended June 30, 2003	Gathering and Processing	Energy Services	Natural Gas Distribution	Intersegment Elimination	Total
Revenue	\$ 75,939	\$ 276,591	\$ 81,831	\$ (62,316)	\$ 372,045
Cost of sales	(8,830)	(254,331)	(65,398)	62,091	(266,468)
Operating and administrative expenses	(35,858)	(3,551)	(7,886)	225	(47,070)
Amortization	(13,323)	(4,217)	(3,083)	-	(20,623)
Operating income	\$ 17,928	\$ 14,492	\$ 5,464	\$ -	\$ 37,884
Net additions to capital assets	\$ 8,481	\$ 1,075	\$ 2,816	-	\$ 12,372
Segment assets	\$ 568,881	\$ 170,080	\$ 125,189	-	\$ 864,150

For the three months ended June 30, 2002	Gathering and Processing	Energy Services	Natural Gas Distribution	Intersegment Elimination	Total
Revenue	\$ 24,732	\$ 86,973	\$ 15,334	\$ (12,467)	\$ 114,572
Cost of sales	(1,247)	(76,735)	(9,428)	11,713	(75,697)
Operating and administrative expenses	(11,443)	(3,137)	(3,718)	754	(17,544)
Amortization	(5,079)	(2,354)	(1,447)	-	(8,880)
Operating income	\$ 6,963	\$ 4,747	\$ 741	\$ -	\$ 12,451
Net additions to capital assets	\$ 12,854	\$ 933	\$ 1,640		\$ 15,427
Segment assets	\$ 430,553	\$ 170,023	\$ 119,610		\$ 720,186

For the six months ended June 30, 2002	Gathering and Processing	Energy Services	Natural Gas Distribution	Intersegment Elimination	Total
Revenue	\$ 51,539	\$ 164,855	\$ 51,167	\$ (32,344)	\$ 235,217
Cost of sales	(2,604)	(148,222)	(35,295)	30,650	(155,471)
Operating and administrative expenses	(22,932)	(5,764)	(7,178)	1,694	(34,180)
Amortization	(10,228)	(4,587)	(2,893)	-	(17,708)
Operating income	\$ 15,775	\$ 6,282	\$ 5,801	\$ -	\$ 27,858
Net additions to capital assets	\$ 22,043	\$ 1,620	\$ 2,938		\$ 26,601
Segment assets	\$ 430,553	\$ 170,023	\$ 119,610		\$ 720,186

OTHER INFORMATION

FINANCIAL SUMMARY BY BUSINESS SEGMENT

(\$ millions except per share amounts)	Q2/03	Q1/03	Q4/02	Q3/02	Q2/02
Revenue					
Gathering and Processing					
Field gathering and processing	24.8	25.1	22.6 ⁽¹⁾	20.3	20.5
Extraction	5.7	8.3	4.3	3.4	2.6
Transmission	6.4	6.2	2.3	1.7	1.6
Intercomponent elimination	(0.5)	(0.1)	-	-	-
Energy Services	124.0	152.6	112.4	78.6	87.0
Natural Gas Distribution	23.5	58.3	34.0	9.1	15.4
Intersegment elimination	(15.3)	(47.0)	(25.3)	(5.9)	(12.5)
	168.6	203.4	150.3	107.2	114.6
Net revenue					
Gathering and Processing					
Field gathering and processing	24.8	25.1	22.6 ⁽¹⁾	20.3	20.5
Extraction	2.3	2.9	1.8	2.0	1.4
Transmission	6.4	6.2	2.3	1.7	1.6
Intercomponent elimination	(0.5)	(0.1)	-	-	-
Energy Services	12.5	9.8	14.6	13.0	10.2
Natural Gas Distribution	5.8	10.6	8.5	4.5	5.9
Intersegment elimination	(0.1)	(0.1)	(1.0)	(0.1)	(0.7)
	51.2	54.4	48.8	41.4	38.9
Operating income					
Gathering and Processing	8.7	9.2	5.6 ⁽¹⁾	5.7	7.0
Energy Services	8.3	6.2	9.9	7.8	4.8
Natural Gas Distribution	0.3	5.2	3.4	(0.4)	0.7
	17.3	20.6	18.9	13.1	12.5

⁽¹⁾ Q4 2002 results include a loss of \$2.4 million on sale of investments.

Note: Certain comparative figures have been reclassified to conform to the current financial statement presentation.

OPERATING SUMMARY BY BUSINESS SEGMENT

(\$ millions except per share amounts)	Q2/03	Q1/03	Q4/02	Q3/02	Q2/02
Gathering and Processing					
Field gathering and processing					
Processing capacity (gross Mmcf/d) ⁽¹⁾	838	847	842	767	767
Processed throughput (gross Mmcf/d) ⁽²⁾	510	535	532	479	473
Capacity utilization (percent) ⁽¹⁾	61	63	63	62	62
Average working interest (percent) ⁽¹⁾	88	88	88	87	88
Extraction					
Inlet capacity (Mmcf/d) ⁽¹⁾	349	349	349	219	219
Production (Bbls/d) ⁽³⁾	6,195	6,416	3,802	3,487	2,806
Transmission					
Volumes (Mmcf/d) ⁽²⁾⁽⁴⁾	321	319	106	75	48
Energy Services					
Volume of power sold (thousands of MWh)	861	660	672	674	664
Price received on the sale of power (\$/MWh) ⁽²⁾	46.55	46.07	46.42	42.50	42.11
Average Alberta Power Pool prices (\$/MWh) ⁽⁵⁾	50.88	83.85	61.43	34.59	43.86
Natural Gas Distribution					
Customers	58,671	58,700	58,499	57,900	57,665
Volume of natural gas distributed					
Sales (Bcf)	2.1	5.9	4.5	1.4	2.4
Transportation (Bcf)	2.2	1.9	2.0	1.8	1.8
Degree day variance (percent) ⁽³⁾	15.4	9.2	(7.4)	20.7	34.4

⁽¹⁾ At period end.

⁽²⁾ Quarter average.

⁽³⁾ Variance from 20-year average. Positive variances are favourable.

⁽⁴⁾ Excludes condensate transmission volumes.

DIVIDENDS

On January 11, 2001 the Corporation declared its first quarterly cash dividend per fully paid common share and participating share in the capital stock of the Company, which was paid on March 31, 2001. No dividends were paid on any shares of AltaGas from the date of its incorporation to the end of December 2000. Dividend levels will be reviewed periodically by the Board of Directors giving consideration to AltaGas' growth-related initiatives, financial position, financing requirements, cash flow and other relevant factors. The following table summarizes AltaGas' dividend history.

(dollars)	2003	2002	2001
First quarter	\$ 0.08	\$ 0.06	\$ 0.03
Second quarter	0.08	0.06	0.03
Third quarter	0.11	0.08	0.06
Fourth quarter	Not declared	0.08	0.06
		\$ 0.28	\$ 0.18

EARNINGS COVERAGE RATIO

The following table sets forth AltaGas Services Inc.'s earnings coverage ratio which is provided in connection with its continuous offering of Medium Term Notes. The financial ratio has been calculated based on Canadian generally accepted accounting principles.

	Twelve months ended	
	June 30 2003	December 31 2002
Earnings coverage on short and long term debt	3.5 x	3.3x

DEFINITIONS

Bbls/d	barrels per day
Bcf	billion cubic feet
Mmcf/d	million cubic feet per day
MW	megawatt
MWh	megawatt-hour
Net revenue	gross revenue less the costs of the purchase of natural gas for resale and the costs to purchase power under power purchase arrangements

When used in this report, the words "outlook", "anticipate," "estimate," and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated in the forward-looking statements. These risks and uncertainties include operating performance, regulatory and environmental issues, weather and economic conditions, competition and financing availability.

