Credit Rating Report

Gaz Métropolitain, Inc.

(Based on the Guarantor, Gaz Métropolitain and Company, Limited Partnership)

Current Report: February 26, 2002
Previous Report: January 15, 2001

RATING

Rating	Trend	Rating Action	Debt Rated
"A"	Stable	Confirmed	First Mortgage Bonds/Secured Debt
R-1 (low)	Stable	Confirmed	Commercial Paper

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RATING HISTORY	Current	2001	2000	1999	1998	1997	1996
First Mortgage Bonds/Secured Debt	"A"	"A"	"A"	"A"	"A"	"A"	"A"
Commercial Paper	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)

RATING UPDATE

Gaz Métropolitain, Inc.'s ("Gaz Métro" or "the Company") earnings remained relatively stable in F2001, despite the decline in distribution throughputs as a result of the high gas prices. Operating cash flows increased due to the lower rate stabilization adjustment included in revenues (non-cash item) and, for the first time in three years, the Company generated a free cash flow surplus. Despite the free cash flow surplus, external financing was required to fund the large increase in deferred charges (classified as an investment) due to the high natural gas prices in F2001. Earnings in Q1 F2002 (October-December) were little changed from the same period the previous year, although operating cash flows fell as a result of the higher rate stabilization adjustment included in revenues (due to warmer than normal weather).

The outlook for Gaz Métro remains favourable. While it is expanding into non-regulated businesses, these activities comprise a very small part of the Company's operations and are expected to remain small pursuant to the Company's trust deeds. As a result, the Company's earnings and financial profile are expected to remain relatively stable. Over the near term, distribution earnings should be favourably impacted by the low gas prices through increased competitiveness of gas versus alternative energy sources. The approved ROE for F2002 (including authorized incentive return) is only marginally higher than the ROE achieved in F2001 (the authorized incentive return was not achieved) and, therefore, will have little impact on the Company's earnings. Over the longer term, however, earnings should benefit from the performance-based regulatory framework. The earnings contribution from the pipeline operations will be influenced by the new rates approved for the Portland Natural Gas Transmission System ("PNGTS") pipeline. PNGTS has filed an application for an increase in rates effective April 2002. Continued long-term challenges facing the Company include improving the low market penetration of gas use in Québec and increasing the capacity utilization of the PNGTS pipeline, which is currently operating at only 60% capacity.

With annual capital expenditures projected to remain around $80 million, the Company is expected to generate free cash flow surpluses over the medium term, which can be used to pay down debt or re-invested in income generating businesses.

RATING CONSIDERATIONS

Strengths:
- Regulation contributes to relative financial stability
- Operating cash flows more than sufficient to finance capital expenditures
- Investments in pipelines and non-domestic operations diversify earnings base
- Favourable key financial ratios relative to peer group

Challenges:
- Under-utilized transmission capacity (PNGTS)
- Competitive pressures from dual energy industrial users, subsidized electricity rates
- Earnings sensitivity to economic cycle and interest rates
- Flow-through tax accounting adversely impacts coverage ratios

FINANCIAL INFORMATION

	For the year ending September 30					
	2001	2000	1999	1998	1997	1996
Fixed-charges coverage (times)	2.45	2.67	2.39	2.69	2.70	2.62
% debt in the capital structure	62.8%	61.1%	59.7%	60.4%	56.1%	55.8%
Cash flow/total debt (times)	0.22	0.21	0.20	0.20	0.28	0.30
Cash flow/capital expenditures (times)	3.68	3.09	1.32	1.05	3.08	2.71
Approved base ROE - domestic gas distribution	9.60%	9.72%	9.64%	10.75%	11.50%	12.00%
Net income ($ millions)	141.2	143.7	135.8	140.7	138.7	145.8
Operating cash flow ($ millions)	297.5	265.9	234.1	231.7	257.9	275.7
Distribution throughputs (Bcf) (1)	200.4	231.5	224.8	224.5	227.9	218.4
Transmission throughputs (Bcf) (2)	212.6	206.7	138.7	117.7	124.8	121.3

(1) Weather normalized volumes. (2) Unadjusted for Gaz Metro's ownership interest.

THE COMPANY

Gaz Métropolitain, Inc. is the general partner of Gaz Métropolitain and Company, Limited Partnership ("GMCLP") and currently owns 77.4% of the partnership units. Gaz Métro is indirectly owned by Hydro-Québec (41%, excluding an option on an additional 9% owned by others), Enbridge Inc. (32%) and Gaz de France (18%). Gaz Métro acts as a financing vehicle for GMCLP, raising funds as required and down-lending on a back-to-back basis. GMCLP is actively involved in gas distribution and transmission.

AUTHORIZED PAPER AMOUNT Limited to $300 million.

Basis of Analysis

The rating of Gaz Métropolitain, Inc. is based on the guarantor, Gaz Métropolitain and Company, Limited Partnership ("GMCLP"). GMCLP owns gas distribution operations in Québec and in the U.S. (Northern New England Gas Corporation - "NNEG"). GMCLP's gas pipeline interests include: (1) a 50% ownership stake in the Trans Québec & Maritimes Pipeline ("TQM" - see separate report); (2) one cross-border (Ontario-Québec) pipeline (Champion Pipe Lines) and a 50% interest in the proposed Cartier Pipeline, another cross-border pipeline (New Brunswick-Québec); and (3) an indirect (held by NNEG) 20.7% ownership interest in a U.S. pipeline (Portland Natural Gas Transmission System – "PNGTS") that runs from the Québec/U.S. border to Boston.

DBRS uses both consolidated and non-consolidated numbers in its analysis. However, given that GMCLP's gas distribution operations in Québec (not a separate subsidiary) make up about 85% of GMCLP's net earnings, the analysis focuses on the consolidated numbers.

Regulation

Domestic gas distribution operations are regulated by the Régie de l'énergie ("Régie"). Beginning in F2001 and for a five-year period, the domestic distribution operations are based on a new regulatory framework, which is a combination of cost of service/rate of return methodology and performance-based regulation (revenue cap). Under this new framework, the Company will be allowed to retain a share of the productivity gains it generates as a performance incentive. Gas costs continue to be flowed through to the consumer, with price adjustments made on a monthly basis.

The base approved ROE continues to be determined according to a formula. The mechanism consists of two components: (1) the (typically) August Consensus Forecast yield for ten-year bonds plus the market spread between Canada ten- and thirty-year bond yields; and (2) 75% of the variance in the August forecast rate of return on 30-year Canada bonds. The formula incorporates a 384 basis point equity risk premium. The authorized incentive return is based on the following revenue cap formula:

$R = (r*(1+i-p))*volumes \pm z$, where r = distribution rates, i = inflation rate, p = productivity factor and z = exogenous factors.

For F2002, the approved base ROE has been set at 9.67%, and the authorized incentive return at 0.02% based on forecast productivity gains.

Trans Québec & Maritimes Pipeline ("TQM") is regulated by the National Energy Board based on a cost of service/rate of return methodology. TQM is also subject to incentive regulation that allows for an equal sharing of cost savings. The current regulatory regime is up for renewal/renegotiation in 2002. The approved ROE for 2002 has been set at 9.53%.

U.S. gas distribution operations (Vermont Gas Systems Inc.) are regulated by the Vermont Public Service Board on a compliant basis based on a cost of service/rate of return methodology. The approved ROE remains at 11.25% and deemed equity is set at 63% (well above applicable approved ROEs and allowed deemed equity for Canadian gas distributors set in the 9.6%-9.7% range and 35%-40% range, respectively).

Portland Natural Gas Transmission System is regulated by the U.S. Federal Energy Regulatory Commission ("FERC"). The ROE had been set at 14% (well above applicable approved ROEs for Canadian pipelines set at about 9.60%) and deemed equity at 25% for the 1999-2002 period. The initial rates are in effect until April 2002. PNGTS has applied for an increase in rate base and in rates.

Rating Considerations

Strengths: (1) Regulated operations currently account for all of the Company's earnings as non-regulated activities are currently operating at a loss. Domestic gas operations are permitted to utilize several deferral accounts that smooth the earnings impact of (a) weather-induced revenue fluctuations, and (b) interest rate fluctuations on floating rate debt, both of which are amortized and recovered in future rates over a five-year period. Note that these deferral accounts do not impact cash flows and artificially inflate interest coverage ratios over the short term (i.e., during periods of warmer than normal temperatures), but the impact is reversed as deferral balances are recovered.

(2) Gaz Métro continues to generate operating cash flows that are more than sufficient to cover its capital expenditures, although prior to F2001, they were insufficient to fully cover distributions to Partners and other investments. With the completion of two major capital projects and the decline in capital expenditures, it is expected the Company will generate free cash flow surpluses, which could potentially be used to reduce outstanding debt and/or reinvested in other business opportunities.

(3) The continued diversification into pipelines and non-regulated activities will reduce the Company's exposure to Québec-based distribution operations.

(4) Gaz Métro's key ratios compare favourably relative to its peer group. As at September 2001, cash flow/total debt on a consolidated basis was 0.23 times and fixed charges coverage 2.47 times versus 2000 industry composites of 0.13 times and 2.04 times for Canadian gas distributors.

Challenges: (1) PNGTS is currently operating at only 60% capacity, with current volume throughputs insufficient to generate the authorized rate of return. Net earnings on the PNGTS capital investment are presently negligible, but sufficient to meet cash expenses. If the Company's proposed new rates (for after March 2002) are approved, the earnings contribution of the pipeline should improve.

However, increasing volume is key to earnings growth over the longer term.

(2) While the low market penetration of natural gas in Québec represents a potential growth opportunity, it contributes to a relatively high cost structure. Market penetration is well below the national Canadian average due to (a) heavily subsidized residential electricity rates (home heating is largely electricity-based), (b) extensive use of fuel oil and dual fuel switching capabilities in the industrial market segment, and (c) long distances from sources of gas supplies. These factors reduce the competitive price advantage of gas over alternative sources of fuel.

(3) Gaz Métro's earnings and cash flows are sensitive to the economic cycle and to interest rates through approved ROEs. About 60% of gas volumes are delivered to industrial customers, and another 30% to commercial customers, both of whom are sensitive to economic cycles. In terms of interest rates, a 25 basis point change in approved ROEs would impact net earnings by about $2.25 million.

(4) The Company faces contingent liabilities for TQM cost overruns. The Contractor is suing for cost differences that are not presently included in rate base and may not be recoverable in future tolls. TQM's cost overruns amount to about $57 million (original cost estimate $257 million), 50% of which would flow through to Gaz Métro.

(5) The tax accounting methodology adversely impacts coverage ratios. The use of the flow-through method of accounting for income taxes (standard practice in Canada) has resulted in an unrecorded deferred income tax liability of $132.6 million as at September 2001. The flow-through method results in lower revenue collections, thereby reducing operating income and interest coverage ratios. The recovery of this liability in future rates is not assured.

EARNINGS AND OUTLOOK

Consolidated results	For years ended September 30					
($ millions)	2001	2000	1999	1998R	1997	1996
Net revenues	535.7	526.5	476.6	460.4	475.7	474.3
EBITDA	363.5	350.4	312.0	301.2	317.3	329.2
EBIT	236.4	229.6	205.2	200.4	225.0	241.5
Net interest expense	95.2	85.9	69.4	59.6	86.3	95.7
Net income	141.2	143.7	135.8	140.7	138.7	145.8

R = Revised to conform with the F1999 reporting format.

($ millions)	% change	For the year ended September 30			
Segmented Earnings	2001/2000	2001	2000	1999	1998
Gross revenues					
Distribution	28.2%	1,962.6	1,530.4	1,248.2	1,142.4
Transmission	0.7%	58.4	58.0	42.8	29.9
Energy services & other	7.3%	41.3	38.5	26.9	24.2
Gross revenues	26.8%	2,062.3	1,626.8	1,317.9	1,196.5
Operating income					
Distribution	3.8%	205.7	198.1	181.7	184.2
Transmission	0.3%	32.2	32.1	22.4	16.1
Energy services & other (incl. unallocated)	nmf	(1.5)	(0.6)	1.0	0.1
Operating income (EBIT)	2.9%	236.4	229.6	205.2	200.4
Net Interest expense					
Distribution	10.4%	71.8	65.0	59.3	55.2
Transmission	8.7%	22.6	20.8	11.1	5.7
Energy services & other (incl. unallocated)	nmf	1.8	2.0	(1.0)	(1.3)
Net interest expense	9.6%	96.2	87.8	69.4	59.6
Net income					
Distribution	-0.5%	134.6	135.2	124.9	130.1
Transmission	-14.4%	10.3	12.0	12.1	10.8
Energy services & other (incl. unallocated)	nmf	(3.7)	(3.5)	(1.2)	(0.2)
Net income	-1.8%	141.2	143.7	135.8	140.7

The decline in the Company's net income in F2001 was almost entirely due to higher interest expense, primarily related the higher level of debt required during the year to finance the higher accounts receivable and inventories as a result of the higher gas prices during the year. While interest costs related to higher accounts receivable due to higher gas costs are recoverable through rates, those related to higher inventories are not. The decline in weather-normalized throughputs as a result of the higher gas prices also had a negative effect on earnings. However, much of the impact was offset by lower operating & maintenance costs as a result of the Company's cost reduction efforts and the optimization of its transportation and storage capacities. As a result of the drop in throughputs, the Company was unable to achieve its authorized incentive return of 0.78 percentage points above the approved base ROE of 9.60%. The Company's transmission segment (pipelines) recorded no growth in its EBIT in 2001, although this was entirely due to higher depreciation and amortization expenses. The Company's unregulated activities (Energy Services & Other) recorded a slightly larger loss in F2001 primarily as a result of one-time reorganization and restructuring costs related to the creation of Gaz Métropolitain Plus.

The F2001 earnings include about $3.0 million (versus $5.5 million in F2000) for the Company's share of over-earnings generated in F2000. The decline in the share of over-earnings relative to the previous year also had a negative impact on reported net income.

Outlook: Over the medium term, Gaz Métro's earnings will continue to be driven primarily by the Company's ability to increase gas distribution volumes through increased market penetration of gas use in Québec, not only directly but also indirectly through the new performance-based regulation framework, which came into effect in F2001. In the near term, the low gas prices should increase the competitiveness of gas versus electricity in the province for residential customers. However, the current weaker economic environment will likely continue to have a dampening effect on industrial throughputs. The approved ROE for F2002 is only marginally higher than that in F2001 and, therefore, will have little impact on the Company's earnings.

The earnings contribution from its pipeline operations will be influenced in the near term primarily by the new rates that are approved for the PNGTS pipeline (the new rates will come into effect after March 2002). PNGTS has filed an application for an increase in rates. Earnings from the TQM pipeline are expected to remain relatively stable provided that there are no significant unfavourable changes made to the performance-based regulation framework being renewed in 2002. There is the risk that the Company will incur a one-time charge if the arbitrator rules against them in the claim for reimbursement of the contractor's cost overruns related to the TQM pipeline extension. The longer-term earnings growth potential of the Company's pipeline operations will be influenced by the capacity utilization of the PNGTS pipeline, which is currently operating at only 60% capacity.

Non-regulated businesses should begin to contribute positively to the Company's earnings, although it is expected that the contribution will remain small for the foreseeable future.

FINANCIAL PROFILE AND SENSITIVITY ANALYSIS

	For years ended September 30					Stress Testing		
($ millions)	2001	2000	1999	1998	1997	Year 1	Year 2	Year 3
EBITDA	363.5	350.4	312.0	301.2	317.3	345.3	345.3	345.3
Net income	141.2	143.7	135.8	140.7	138.7	112.9	114.3	115.7
Depreciation + amortization	128.3	122.9	107.9	102.6	93.4	128.1	127.7	127.4
Rate stabilization	(5.3)	(29.1)	(30.4)	(26.2)	4.3	0.0	0.0	0.0
Other non-cash charges	33.3	28.2	20.8	14.6	21.6	0.0	0.0	0.0
Operating Cash Flow	297.5	265.9	234.1	231.7	257.9	241.0	242.1	243.1
Capital expenditures	(80.8)	(86.0)	(176.8)	(221.7)	(83.7)	(80.0)	(80.0)	(80.0)
Cash flow before working capital changes	216.6	179.8	57.2	10.0	174.3	161.0	162.1	163.1
Working capital changes	25.6	(75.8)	12.5	0.0	(10.3)	0.0	0.0	0.0
Free cash flow before distributions	242.2	104.0	69.7	10.0	164.0	161.0	162.1	163.1
Distributions to partners	(140.3)	(137.0)	(134.7)	(138.5)	(142.2)	(107.2)	(108.6)	(109.9)
Free Cash Flow	101.9	(33.0)	(65.0)	(128.4)	21.8	53.8	53.5	53.2
Net investments (incl. deferred charges)	(177.1)	(56.6)	(65.6)	(44.1)	(36.2)	(40.0)	(40.0)	(40.0)
Net debt financing	73.9	84.1	52.6	195.3	(8.2)	(13.8)	(13.5)	(13.2)
Net equity financing (1)	0.9	0.4	59.0	3.2	0.0	0.0	0.0	0.0
Net change in cash	(0.4)	(5.1)	(19.0)	25.9	(22.5)	0.0	0.0	0.0
Cash flow/capital expenditures (times)	3.68	3.09	1.32	1.05	3.08	3.01	3.03	3.04
Cash flow/total debt (times) (2)	0.22	0.21	0.20	0.20	0.28	0.18	0.18	0.18
% debt in the capital structure (2)	62.8%	61.1%	59.7%	60.4%	56.1%	62.4%	62.0%	61.6%
Fixed-charges coverage (times)	2.45	2.67	2.39	2.69	2.70	2.08	2.11	2.13

(1) Includes minority interest which DBRS treats as a common equivalent. (2) Receivable sales treated as short-term debt financings.

Assumptions: EBITDA declines 5% in Year 1 and remains flat thereafter; free cash flow deficits plus net investments are debt financed.

Financial Profile: Operating cash flows remained more than sufficient in F2001 to internally fund capital expenditures, as well as working capital changes. Furthermore, unlike the previous three years, internally generated cash flows were also sufficient to cover the Company's distributions to its Partners. However, external financing was required to fund the large increase in deferred charges due to the high natural gas prices in F2001. This had little impact on the Company's leverage and only marginally reduced its fixed-charges coverage. Given the dominance of regulated activities, Gaz Métro's leverage and coverage ratios tend to fluctuate within a narrow band.

Outlook: Operating cash flows are expected to remain relatively stable in F2002, with the improved competitiveness of gas relative to last year potentially offering additional support to customer (and volume) growth. With no major capital projects underway and assuming no large acquisitions, annual capital expenditures are expected to remain close to $80 million and other investments (including deferred charges) around $40 million. Operating cash flows are expected to remain sufficient to cover capital expenditures, working capital changes and distributions to Partners. Furthermore, they will likely be sufficient to cover other investments and allow for some debt reduction. Leverage, interest coverage and cash flow/total debt ratios should remain relatively stable given the improved competitiveness of gas prices relative to last year.

Sensitivity Analysis:

DBRS stress tests the financial strength of companies analyzed to measure their sensitivity under various adverse scenarios.
Assumptions: Gaz Métro's EBITDA decline 5% in Year 1 and remains flat thereafter; capital expenditures are $80 million per year and other investments are $40 million per year; the distributions payout is 95% of net income.

DBRS stress tests financial results to measure earnings and cash flow sensitivities and their impact on key debt ratios. Under the above scenario, the Company would continue to generate sufficient cash flow to internally fund all of its requirements. Leverage would remain relatively stable, while interest coverage and cash flow/debt would deteriorate somewhat. Given that almost all of the Company's activities are regulated, DBRS expects that the Company would make the necessary adjustments to distributions to Partners and/or capital investments to maintain a stable financial profile.

Long Term Debt Maturities and Bank Lines

(GMCLP only)

(As at Sept. 30) ($ millions)	F2002	F2003	F2004	F2005	F2006
Term debt	3.1	3.1	3.1	3.1	27.0
Term loan	0	0	0	300.0	0

Term debt maturities are generally well spread out, although the Company faces a larger maturity in F2003. The Company is exposed to refinancing risk primarily through its term loans, many of which mature (total = $350 million) over the next five years.

The Company has a $300 million commercial paper program, which is fully supported by a revolving, committed $300 million loan agreement with a syndicate of nine banks. In addition, the Company has $193 million in non-committed lines of credit available for general corporate needs.

Gaz Metropolitain and Company, Limited Partnership
(Consolidated)

Balance Sheet
($ millions)

	As at September 30				As at September 30		
Assets:	2001	2000	1999	**Liabilities & Equity:**	2001	2000	1999
Cash	3.7	4.1	9.2	Short-term debt	38.4	33.2	45.8
Accounts receivable	32.8	74.3	41.3	A/P + accr'ds.	229.1	228.5	199.7
Inventories	216.5	207.6	132.9	L.t.d. due in 1 year	3.1	3.7	11.3
Prepaid expenses	6.4	8.5	12.3	Current liabilities	270.6	265.4	256.8
Current assets	259.4	294.5	195.7	Long-term debt	1,267.2	1,189.8	1,082.4
Net fixed assets	1,750.7	1,740.6	1,727.5	Minority interest	0.0	1.8	2.0
Rate stabilization acct	70.8	77.8	54.9	Partners' equity	811.8	806.0	796.8
Deferred + other assets	244.8	125.4	134.5				
Goodwill	24.0	24.7	25.4				
Total	2,349.7	2,262.9	2,138.0	Total	2,349.7	2,262.9	2,138.0

Ratio Analysis (1)	Equity Accounting		For years ended September 30					
Liquidity Ratios (2)	2001	2000	2001	2000	1999	1998R	1997	1996
Current ratio	1.05	1.20	0.97	1.09	0.80	0.89	0.73	0.81
Accumulated depreciation/gross fixed assets	32.2%	30.5%	31.5%	29.7%	27.9%	27.2%	27.2%	25.6%
Cash flow/total debt	0.26	0.26	0.22	0.21	0.20	0.20	0.28	0.30
Cash flow/capital expenditures	4.12	3.36	3.68	3.09	1.32	1.05	3.08	2.71
Cash flow-dividends/capital expenditures	1.97	1.45	1.94	1.50	0.56	0.42	1.38	1.32
% debt in capital structure	55.7%	53.6%	62.8%	61.1%	59.7%	60.4%	56.1%	55.8%
Average coupon on long-term debt	7.35%	7.86%	8.41%	7.65%	8.05%	8.26%	9.49%	9.76%
Deemed common equity (domestic gas distribution)	38.5%	38.5%	38.5%	38.5%	38.5%	38.5%	38.5%	38.5%
Deemed common equity (U.S. gas distribution)	63.3%	63.3%	63.3%	63.3%	63.3%	63.3%	66.8%	66.8%
Deemed common equity (TQM - pipeline)	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	25.0%
Deemed common equity (PNGTS - U.S. pipeline)	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	-	-
Common dividend payout (before extras.)	99.4%	95.6%	99.4%	95.3%	99.2%	98.4%	102.5%	97.1%
Coverage Ratios (3)								
EBIT interest coverage	2.92	3.33	2.45	2.67	2.39	2.69	2.70	2.62
EBITDA interest coverage	4.31	4.89	3.75	4.04	3.62	4.01	3.81	3.57
Fixed charges coverage	2.92	3.33	2.45	2.67	2.39	2.69	2.70	2.62
Earnings Quality/Operating Efficiencies & Statistics								
Operating margin	46.7%	46.2%	44.1%	43.6%	43.1%	43.5%	47.3%	50.9%
Net margin (before extras.)	33.2%	34.3%	26.4%	27.3%	28.5%	30.6%	29.2%	30.7%
Return on partners equity (before extras.)	17.5%	17.9%	17.5%	17.9%	17.7%	19.1%	18.9%	19.9%
Approved base ROE (domestic gas distribution)	-	-	9.60%	9.72%	9.64%	10.75%	11.50%	12.00%
Approved ROE (U.S. gas distribution)	-	-	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%
Approved ROE (TQM - pipeline)	-	-	9.61%	9.90%	9.58%	10.21%	10.67%	11.25%
Approved ROE (PNGTS - U.S. pipeline)	-	-	0.14	0.14	0.14	0.14	-	-
Rate base - domestic gas distribution ($millions)	-	-	1,545.84	1,487.00	1,413.25	1,397.30	1,352.24	1,340.11
Rate base growth - domestic gas distribution	-	-	0.04	0.05	0.01	0.03	0.01	0.02
Rate base (avg.) - TQM pipeline ($millions)	-	-	524.17	544.07	492.70	294.10	307.55	307.30
Rate base - PNGTS US pipeline (U.S. millions)	-	-	495.00	455.00	450.00	375.00	-	-
Customer/employee (domestic gas distribution)	-	-	127.68	115.95	112.44	113.04	115.27	115.90
Customer growth (domestic gas distribution)	-	-	0.1%	1.7%	0.8%	-0.3%	0.0%	0.0%
Degree Day Deficiency - % normal (domestic gas)	-	-	99.9%	87.8%	84.1%	86.5%	98.6%	99.2%

(1) Due to a change in accounting policies, income statement data prior to F1998, and in particular coverage ratios, are not directly comparable to prior periods. DBRS estimates that had the accounting changes been adopted sooner, historical coverage ratios would have been weaker than indicated above.

(2) Debt ratios adjusted to reflect receivable sales (i.e., debt equivalent). Minority interest treated as a common equivalent.

(3) Before capitalized interest, AFUDC and debt amortizations. See note (1). R = Revised to conform with F1999 reporting format.

Gaz Metropolitain and Company, Limited Partnership
(Consolidated)

Income Statement ($ millions)	For years ended September 30 2001	2000	1999	1998R	1997	1996
Distribution (1)	1,962.6	1,530.4	1,248.2	1,142.4	-	-
Transmission	58.4	58.0	42.8	29.9	-	-
Other energy services	41.3	38.5	26.9	24.2	-	-
Gross revenues	2,062.3	1,626.8	1,317.9	1,196.5	1,205.4	1,149.5
Direct costs	1,526.6	1,100.3	841.4	736.1	729.7	675.2
Net revenues	535.7	526.5	476.6	460.4	475.7	474.3
Expenses:						
Operating + maintenance	172.2	176.1	160.7	155.4	150.1	144.0
Development costs	0.0	0.0	3.8	3.9	8.2	1.2
Depreciation	127.1	120.8	106.8	100.8	92.4	87.6
Total operating costs	299.3	296.9	271.4	260.0	250.7	232.8
Operating income	236.4	229.6	205.2	200.4	225.0	241.5
Interest expense	97.7	87.7	87.1	76.2	83.4	92.2
Other financial charges	0.4	2.4	(14.3)	(11.8)	2.9	3.5
Interest/dividend income	(2.9)	(4.3)	(3.4)	(4.7)	0.0	0.0
Net interest expense	95.2	85.9	69.4	59.6	86.3	95.7
Pre-tax income	141.2	143.7	135.8	140.7	138.7	145.8
Distribution Throughputs - Breakdown						
Industrial 60%	106.7	133.8	131.5	138.3	139.7	133.2
Commercial 29%	66.5	64.7	60.4	55.3	60.9	59.3
Residential 11%	25.9	25.6	24.3	24.2	26.5	26.7
Total (actual) - billions of cubic feet	199.1	224.1	216.1	217.8	227.1	219.3
Weather Normalized Throughputs (Bcf) (2)	200.4	231.5	224.8	224.5	227.9	218.4
Growth in volume throughputs (actual)	(11.2%)	3.7%	(0.7%)	(4.1%)	3.6%	5.2%
Growth in volume throughputs (normalized)	(13.5%)	3.0%	0.1%	(1.5%)	4.3%	2.8%
Transmission Throughputs (Bcf) (2)	212.6	206.7	138.7	117.7	124.8	121.3

R = Revised to conform with the F1999 reporting format.

(1) Domestic distribution revenues are based on weather normalized throughputs.

(2) Volumes not adjusted for Gaz Metro's ownership interest.