

**TSX: SIF.UN**

- **FOR IMMEDIATE RELEASE**

**PRESS RELEASE**

**Energy Savings Reports First Quarter Results –  
Customer Aggregation Ahead of Published Targets– 18<sup>th</sup> Distribution  
Increase**

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TORONTO, ONTARIO - - August 12, 2004 - -

*Highlights for the 3 Months ended June 30, 2004 (after removing effects of seasonality) included:*

- Gross margin of \$36.3 million up 9% year over year.
- Premarketing distributable cash of \$28.0 million (\$0.26 per unit) down 5% year over year due to increased general and administrative costs to support expansion into new markets.
- Gross customer additions were 69,000 and net additions were 52,000. Published targets for the year are gross additions of 260,000 and net additions of 160,000.
- Energy Savings signed its first customers in Quebec and Illinois.
- A license was received and infrastructure was established for an entry into the B.C. gas market.
- At the end of the quarter, Energy Savings had 1,045,000 long term customers up from 993,000 at March 31, 2004
- The Fund announced its 18<sup>th</sup> distribution rate increase to \$0.865 annually from \$0.835 annually effective the distribution paid in October.

## Energy Savings First Quarter Results

Energy Savings Income Fund announced its results for the first quarter ended June 30, 2004.

<i>Three Months ended June 30, (\$ millions except per Unit)<sup>1</sup></i>	<i>F2005</i>	<i>Per Unit</i>	<i>F2004</i>	<i>Per Unit</i>
<i>Sales<sup>1</sup></i>	\$203.5		\$153.0	
<i>Gross Margin<sup>1</sup></i>	36.3		33.2	
<i>Distributable Cash</i>				
<i>Premarketing</i>	28.0	\$0.26	29.5	\$0.28
<i>Post Marketing</i>	19.0	\$0.18	20.6	\$0.20
<i>Distributions</i>	21.3	\$0.20	18.7	\$0.18
<i>Long Term Customers</i>	1,045,000		837,000	

<sup>1</sup> Seasonally adjusted

The quarter saw continued success in customer aggregation. The Fund had published targets of 260,000 gross customer additions and 160,000 net additions for the year ending March 31, 2005. During the first quarter, the Energy Savings had gross additions of 69,000 new customers and net additions of 52,000 new customers. In the first quarter, the Fund has realized 33% of its expected net customer additions for the year.

The quarter saw Energy Savings' first customers in the United States, 5,000 additions in the Illinois natural gas market. As well, the first customers were added in Quebec and infrastructure was put in place to support our roll-out into British Columbia where we began marketing in July.

Premarketing distributable cash was \$28.0 million (\$0.26 per unit) down slightly from fiscal 2004 despite a 9% increase in gross margin. This was due to a \$4.5 million increase in general and administrative costs year over year which funded the continued build-out of infrastructure in the United States, Quebec and B.C. The customers aggregated did not result in any material cash flow received from these markets in the quarter. Energy Savings is an Income Fund and it reports in the attached Management's Discussion and Analysis a detailed calculation of distributable cash both before and after marketing expenditures to expand the Fund's customer base.

Distributions to Unitholders were \$21.3 million in the quarter (\$0.20 per unit) up 14% versus the first quarter of fiscal 2004. With this release, the Fund announces its 18<sup>th</sup> increase in distribution rate rising \$0.03 per unit to \$0.865 annually effective the October 2004 distribution.

Rebecca MacDonald, CEO of Energy Savings, stated: "Our first quarter was very important to the future of Energy Savings. After months and months of hard work, we finally entered two new markets, Illinois and Quebec, as well as putting into place our systems for our third new entry, into B.C., during July. As you can see, our customer additions have been very strong and we are on track to meet or exceed our published targets. I again want to compliment all our employees and independent agents for a job well done."

"The past few months have been an important period of building. The quarters to come will see us begin to reap the benefits of our infrastructure investments. We are also monitoring regulatory progress in other North-Eastern and Mid-West States in anticipation of our next expansion. Our confidence in our continued growth is reflected in our 18<sup>th</sup> distribution rate increase since our IPO. As always, this increase meets our rigorous financial standards."

### *The Fund*

Energy Savings' business, which is conducted in Ontario, Manitoba, Quebec, British Columbia and Illinois, involves the sale of natural gas to residential, small to mid-size commercial and small industrial customers under long term, irrevocable fixed price contracts. Energy Savings also supplies electricity to Ontario customers under contracts secured prior to the November 11, 2002 price freeze and to certain large volume users who do not fall under the Government's price cap. By fixing the price of natural gas or electricity under its fixed price contracts for a period of up to five years, Energy Savings' customers offset their exposure to changes in the price of these essential commodities. Energy Savings, which commenced business in July of 1997, derives its margin or gross profit from the difference between the fixed price at which it is able to sell the commodities to its customers and the fixed price at which it purchases the matching volumes from its suppliers. For the purpose of its disclosure, Energy Savings defines a "customer" as a residential customer equivalent consuming 106 GJs of gas or 10,000 kWhs of electricity per year.

### *Forward-Looking Statements*

The Fund's press releases may contain forward-looking statements including statements pertaining to customer revenues and margins, customer additions and renewals, customer consumption levels, distributable cash and treatment under governmental regulatory regimes. These statements are based on current expectations that involve a number of risks and uncertainties which could cause

actual results to differ from those anticipated. These risks include, but are not limited to, levels of customer natural gas and electricity consumption, rates of customer additions and renewals, fluctuations in natural gas and electricity prices, changes in regulatory regimes and decisions by regulatory authorities, competition and dependence on certain suppliers. Additional information on these and other factors that could affect the Fund's operations, financial results or distribution levels are included in the Fund's annual information form and other reports on file with Canadian securities regulatory authorities which can be accessed through the SEDAR website at [www.sedar.com](http://www.sedar.com) or through the Fund's website at [www.esif.ca](http://www.esif.ca)

The Toronto Stock Exchange has neither approved nor disapproved of the contents of this release.

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