

THIS LETTER OF TRANSMITTAL IS FOR USE ONLY IN CONJUNCTION WITH THE PLAN OF ARRANGEMENT INVOLVING ALTAGAS INCOME TRUST, ALTAGAS LTD., ALTAGAS GENERAL PARTNER INC., ALTAGAS HOLDING LIMITED PARTNERSHIP NO. 1, ALTAGAS HOLDING LIMITED PARTNERSHIP NO. 2, ALTAGAS HOLDING TRUST, ALTAGAS CONVERSION INC., COMPUTERSHARE TRUST COMPANY OF CANADA (IN ITS CAPACITY AS VOTING AND EXCHANGE TRUSTEE) AND THE SECURITYHOLDERS OF ALTAGAS INCOME TRUST AND ALTAGAS HOLDING LIMITED PARTNERSHIP NO. 1

THIS LETTER OF TRANSMITTAL MUST BE VALIDLY COMPLETED, DULY EXECUTED AND RETURNED TO THE DEPOSITARY, COMPUTERSHARE INVESTOR SERVICES INC.



LETTER OF TRANSMITTAL

**FOR HOLDERS OF TRUST UNITS OF ALTAGAS INCOME TRUST
OR
CLASS B LIMITED PARTNERSHIP UNITS OF ALTAGAS HOLDING LIMITED PARTNERSHIP
NO. 1**

Please read the Instructions set out below carefully before completing this Letter of Transmittal.

**TO: ALTAGAS INCOME TRUST
AND TO: ALTAGAS HOLDING LIMITED PARTNERSHIP NO.1
AND TO: COMPUTERSHARE INVESTOR SERVICES INC., AS DEPOSITARY**

This Letter of Transmittal (the “**Letter of Transmittal**”) is for use by holders (“**Unitholders**”) of trust units (“**Trust Units**”) of AltaGas Income Trust (the “**Fund**”) and the holders (the “**LP #1 B Unitholders**”) and, together with the Unitholders, collectively the “**Securityholders**”) of Class B limited partnership units (“**LP #1 B Units**”) and, together with the Trust Units, collectively the “**Securities**”) of AltaGas Holding Limited Partnership No. 1 (“**AltaGas LP #1**”) in connection with the proposed arrangement (“**Arrangement**”) involving the Fund, AltaGas Ltd. (“**AltaGas**”), AltaGas General Partner Inc. (the “**General Partner**”), AltaGas LP #1, AltaGas Holding Limited Partnership No. 2, AltaGas Holding Trust (“**Holding Trust**”) and AltaGas Conversion Inc. (“**New AltaGas**”), Computershare Trust Company of Canada (as trustee under the voting and exchange trust agreement of the Fund) and the Securityholders pursuant to an Arrangement Agreement dated as of May 4, 2010, a copy of which is attached as Appendix C to the Information Circular and Proxy Statement (“**Information Circular**”) of the Fund dated May 4, 2010. Pursuant to the Arrangement, Unitholders and LP #1 B Unitholders will ultimately receive, for each Trust Unit or LP #1 B Unit held, one common share (a “**New AltaGas Amalco Share**”) of AltaGas Ltd. (“**New AltaGas Amalco**”), a corporation to be formed by the amalgamation of AltaGas, the General Partner and New AltaGas pursuant to the Arrangement.

Capitalized terms used but not defined in this Letter of Transmittal shall have the meanings given to them in the Information Circular.

Securityholders whose Trust Units or LP #1 B Units, as the case may be, are registered in the name of a broker, dealer, bank, trust company or other nominee must contact that nominee for information about how to exchange their Securities for New AltaGas Amalco Shares.

The undersigned delivers to you the enclosed certificate(s) (or, in the case of the LP #1 B Units only, a copy thereof) representing Trust Units and/or LP #1 B Units, as the case may be, to be exchanged for certificate(s) representing New AltaGas Amalco Shares pursuant to and in accordance with the Arrangement described in the Information Circular. If applicable, and in the case of LP #1 B Units only, the undersigned hereby directs

AltaGas LP #1, or AltaGas LP #1's legal counsel, Stikeman Elliott LLP, to deliver or cause to be delivered to the Depository the original certificate(s) representing such LP #1 B Units.

DESCRIPTION OF CERTIFICATES DEPOSITED			
Certificate Number(s)	Name in which Trust Units or LP #1 B Units, as the case may be, are Registered	Number of Trust Units (if any)	Number of LP #1 B Units (if any)
TOTAL:			

(If space is not sufficient, please attach a list in the above form)

- Some or all of my Trust Unit certificates have been lost, stolen or destroyed. Please review Instruction 7 for the procedure to replace lost, stolen or destroyed certificates (**Check box if applicable**).

- Some or all of the copies of my LP #1 B Unit certificates have been lost, stolen or destroyed. Please review Instruction 7 for the procedure to be followed (**Check box if applicable**).

Securityholders will not receive New AltaGas Amalco Shares or any dividends or other distributions which may be declared thereon after the effective date of the Arrangement (the "Effective Date") until they submit the certificates for their Securities (or, in the case of the LP #1 B Units only, a copy of such LP #1 B Unit certificate(s)) to the Depository along with a duly completed Letter of Transmittal. Each certificate (or, in the case of the LP #1 B Units only, a copy of such LP #1 B Unit certificate) formerly representing Securities that is not deposited with all other documents as required pursuant to the Arrangement on or prior to the sixth anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature including the right of the holder to receive New AltaGas Amalco Shares or any dividends or other distributions which may have been declared thereon.

AUTHORIZATION

The undersigned:

1. represents and warrants that the undersigned is the legal owner of the above listed Securities, has good title to the rights represented by the above mentioned certificates, free and clear of all liens, charges, encumbrances, claims and equities and together with all rights and benefits, and has full power and authority to deliver such certificates;
2. represents and warrants that the certificate(s) (or, in the case of the LP #1 B Units only, a copy of such LP #1 B Unit certificate(s)) described above, together with any other certificates submitted with a separate Letter of Transmittal as required by the attached instructions, represents all of the Securities owned by the undersigned;
3. represents and warrants that the information provided herein is true, accurate and complete as of the date hereof;
4. acknowledges receipt of the Information Circular;
5. directs the Depository to issue or cause to be issued the New AltaGas Amalco Shares to which the undersigned is entitled on completion of the Arrangement in the name indicated below, and to send the New AltaGas Amalco Shares to the address, or hold the same for pickup, as indicated in this Letter of Transmittal, unless otherwise indicated under “*Special Registration Instructions*” or “*Special Delivery Instructions*”;
6. covenants and agrees to execute, upon request, any additional documents, transfers and other assurances as may be necessary or desirable to complete the exchange of certificate(s) representing Trust Units and/or LP #1 B Units, as applicable, for certificate(s) representing New AltaGas Amalco Shares;
7. acknowledges that all authority conferred or agreed to be conferred by the undersigned herein may be exercised during any subsequent legal incapacity of the undersigned and shall survive the death or incapacity, bankruptcy or insolvency of the undersigned and all obligations of the undersigned herein shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned; and
8. by virtue of the execution of this Letter of Transmittal shall be deemed to have agreed that all questions as to validity, form, eligibility (including timely receipt) and acceptance of any Securities deposited pursuant to the Arrangement will be determined by the Fund in its sole discretion and that such determination shall be final and binding and acknowledges that there shall be no duty or obligation on the Fund, AltaGas LP #1, New AltaGas Amalco, the Depository or any other person to give notice of any defect or irregularity in any deposit and no liability shall be incurred by any of them for failure to give such notice.

Unless otherwise indicated under “*Special Registration Instructions*” or “*Special Delivery Instructions*” (in which case issuance and delivery should be made in accordance with those instructions), the certificates for the New AltaGas Amalco Shares should be issued in the name of the undersigned and forwarded to the undersigned at the address specified below the signature of the undersigned (or if no such address or delivery instructions are provided, to the latest address of record on the Fund’s register of Trust Units and/or AltaGas LP #1’s register of LP #1 B Units, as applicable). If the Arrangement is not completed and the Arrangement Agreement is terminated or the parties thereto terminate their obligations thereunder, the undersigned directs the Depository to return the enclosed certificate(s) (or, in the case of the LP #1 B Units only, a copy of such LP #1 B Unit certificate(s)) in accordance with the instructions in the preceding sentence.

BOX A
SPECIAL REGISTRATION INSTRUCTIONS
(See Instruction 2)

To be completed only if the certificate(s) for the New AltaGas Amalco Shares are NOT to be issued in the name of the Securityholder.

In the Name of: _____
(please print)

Address: _____

(include postal or zip code)

Telephone Number (during business hours)

BOX B
SPECIAL DELIVERY INSTRUCTIONS
(See Instruction 2)

To be completed only if the certificate(s) for the New AltaGas Amalco Shares are to be sent to a name or an address other than the name and address of the undersigned specified below the signature of the Securityholder.

In the Name of: _____
(please print)

Address: _____

(include postal or zip code)

BOX C
HOLD FOR PICKUP
(See Instruction 2)

Check here if the certificate(s) for the New AltaGas Amalco Shares are to be held for pick-up at the office of the Depository at which this Letter of Transmittal is deposited.

Signature guaranteed by (if required under Instructions 3 and 4):

Dated: _____, 2010

Authorized Signature of Guarantor

Signature of Securityholder or Authorized Representative
(see Instructions 3 and 5)

Name of Guarantor
(please print or type)

Address of Securityholder

Daytime Telephone Number of Securityholder

Address of Guarantor
(please print or type)

Facsimile Number of Securityholder

Name of Securityholder (please print or type)

Name of Authorized Representative, if applicable
(please print or type)

Social Insurance Number or U.S. Resident Taxpayer
Identification Number
(must be provided)

INSTRUCTIONS

1. Use of Letter of Transmittal.

- (a) This Letter of Transmittal (or a manually executed copy hereof) validly completed and duly signed as required by the instructions set forth below, together with accompanying certificate(s) (or, in the case of the LP #1 B Units only, a copy of such LP #1 B Unit certificate(s)) representing the Trust Units and/or LP #1 B Units, as applicable, and all other documents required by the terms of the Arrangement and this Letter of Transmittal must be received by the Depository at the office specified on the back page of this document.
- (b) The method used to deliver this Letter of Transmittal and any accompanying certificates (or, in the case of the LP #1 B Units only, a copy of such LP #1 B Unit certificate(s)) representing Trust Units and/or LP #1 B Units, as applicable, and all other required documents is at the option and risk of the person depositing the same, and delivery will be deemed effective only when such documents are actually received. It is recommended that the necessary documentation be hand delivered to the Depository at any of their offices specified on the back page of this document, and a receipt obtained. However, if such documents are mailed, it is recommended that registered mail be used and that proper insurance be obtained. **Securityholders whose Securities are registered in the name of a nominee should contact their stockbroker, investment dealer, bank, trust company or other nominee for assistance in depositing those Securities.**

2. Special Registration and Delivery Instructions.

The boxes entitled “*Special Registration Instructions*”, “*Special Delivery Instructions*” and “*Hold for Pickup*”, as applicable, should be completed if the certificate(s) for the New AltaGas Amalco Shares to be issued pursuant to the Arrangement is to be: (a) issued in the name of a person other than the person signing the Letter of Transmittal; (b) sent to someone other than the person signing the Letter of Transmittal or sent to the person signing the Letter of Transmittal at an address other than that appearing below that person's signature; or (c) held by the Depository for pick-up. See also Instruction 4 below.

3. Signatures.

This Letter of Transmittal must be validly completed and duly signed by the holder of Securities or by such holder's duly authorized representative (in accordance with Instruction 5 below).

- (a) If this Letter of Transmittal is signed by the registered owner(s) of the accompanying certificate(s) (or, in the case of the LP #1 B Units only, a copy of such LP #1 B Unit certificate(s)), such signature(s) on this Letter of Transmittal must correspond with the name(s) as registered or as written on the face of such certificate(s) without any change whatsoever, and the certificate(s) need not be endorsed. If such transmitted certificate(s) are owned of record by two or more joint owners, all such owners must sign the Letter of Transmittal.
- (b) If this Letter of Transmittal is signed by a person other than the registered owner(s) of Securities or if New AltaGas Amalco Shares are to be issued to a person other than the registered holder(s):
 - (i) such deposited certificate(s) (or, in the case of the LP #1 B Units only, a copy of such LP #1 B Unit certificate(s)) must be endorsed or be accompanied by an appropriate share transfer power of attorney duly and properly completed by the registered owner(s); and
 - (ii) the signature(s) on such endorsement or power of attorney must correspond exactly to the name(s) of the registered owner(s) as registered or as appearing on the certificate(s) (or, in the case of the LP #1 B Units only, a copy of such LP #1 B Unit certificate(s)) and must be guaranteed as noted in Instruction 4 below.

4. **Guarantee of Signatures.** If this Letter of Transmittal is executed by a person other than the registered owner(s) of the Securities, or if certificates representing New AltaGas Amalco Shares are to be issued to a person other than the registered holder(s) or sent to an address other than the address of the registered holder(s) as shown on the register of Unitholders and or LP #1 B Unitholders, as the case may be, maintained by the Fund's transfer agent, such signature must be guaranteed by an Eligible Institution, or in some other manner satisfactory to the Depositary (except that no guarantee is required if the signature is that of an Eligible Institution).

An "Eligible Institution" means a Canadian schedule 1 chartered bank, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Industry Regulatory Organization of Canada, members of the Financial Industry Regulatory Authority or banks and trust companies in the United States.

5. **Fiduciaries, Representatives and Authorizations.** Where this Letter of Transmittal or any certificate or share transfer or power of attorney is executed by a person as an executor, administrator, trustee, guardian, attorney-in-fact or agent or on behalf of a corporation, partnership or association or is executed by any other person acting in a fiduciary or representative capacity, this Letter of Transmittal must be accompanied by satisfactory evidence of the authority to act. The Depositary, at its discretion, may require additional evidence of authority or additional documentation.

6. **Miscellaneous.**

- (a) If the space on this Letter of Transmittal is insufficient to list all certificates for Securities, additional certificate numbers and the number of Securities represented thereby may be included on a separate signed list affixed to this Letter of Transmittal.
- (b) If Securities are registered in different forms (e.g. "John Doe" and "J. Doe") a separate Letter of Transmittal should be signed for each different registration.
- (c) No alternative, conditional or contingent deposits will be accepted. All depositing Securityholders by execution of this Letter of Transmittal (or a copy thereof) waive any right to receive any notice by the Depositary.
- (d) The holder of the Securities covered by this Letter of Transmittal hereby unconditionally and irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta and the courts of appeal therefrom.
- (e) Additional copies of the Letter of Transmittal may be obtained on request and without charge from the Depositary at any of their offices at the addresses listed on the back page of this document.
7. **Lost Certificates.** If a certificate representing Securities has been lost or destroyed, this Letter of Transmittal should be completed as fully as possible and forwarded, together with a letter describing the loss, to the Depositary. The Depositary will respond with the replacement requirements (if applicable), which must be properly completed and returned prior to effecting the exchange. If a certificate (or, in the case of the LP #1 B Units only, a copy of such LP #1 B Unit certificate) has been lost or destroyed, please ensure that you provide your telephone number to the Depositary so that they may contact you.
8. **Privacy Notice.** The Depositary is committed to protecting your personal information. In the course of providing services to you and as corporate clients, the Depositary receives non-public personal information about you – from transactions the Depositary performs for you, forms you send the Depositary, other communications the Depositary has with you or your representatives, etc. This

information could include your name, address, social insurance number, securities holdings and other financial information. The Depository uses this to administer your account, to better serve you and the Depository's clients' needs and for other lawful purposes relating to the Depository's services. The Depository has prepared a *Privacy Code* to tell you more about the Depository's information practices and how your privacy is protected. It is available at the Depository's website, computershare.com, or by writing to the Depository at 100 University Avenue, Toronto, Ontario M5J 2Y1. The Depository will use the information you are providing on this form in order to process your request and will treat your signature(s) on this form as your consent to the above.

Offices of the Depository, Computershare Investor Services Inc.

By Mail

Computershare Investor Services Inc.
P.O. Box 7021
31 Adelaide Street East
Toronto, Ontario M5C 3H2
Attention: Corporate Actions

By Registered Mail, Hand or Courier

Calgary

Computershare Investor Services Inc.
600, 530 - 8th Avenue SW
Calgary, Alberta T2P 3S8
Attention: Corporate Actions

Toronto

Computershare Investor Services Inc.
9th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1
Attention: Corporate Actions

Toll Free: 1-800-564-6253 (Canada and U.S.)
Telephone: 1-514-982-7555 (Outside North America)
E-Mail: corporateactions@computershare.com