



ALTAGAS

10 Years of Extraordinary Growth

CIBC World Markets – 2004 Income Fund Conference
September 2004

Presentation Agenda



- Introduction
- Business Overview
- Investment Highlights
- Financial Review

AltaGas Senior Leadership Team



	<u>Title</u>	<u>At AltaGas Since</u>
David Cornhill	Chairman and CEO	1994 (inception)
Gary Holden	President and COO	2003
Patricia Newson	SVP Finance and CFO	1996
Dennis Dawson	VP General Counsel and Corporate Secretary	1997
Kent Stout	VP Corporate Resources	1998
Marilyn Pfaefflin	Treasurer	1996

- The Senior Leadership Team of AltaGas has an average of 23 years of energy industry experience

AltaGas in the News

- **Entrepreneur of the Year Award Recipient (Ernst & Young)**
- **2nd ranked Energy CEO and 30th ranked overall CEO (National Post)**
- **Canada's Top 100 Employers (MediaCorp)**
- **Top 30 Fastest Growing Companies in Alberta (Alberta Venture Magazine)**
- **205th by profit in the Top 1000 largest publicly traded Canadian corporations (Report on Business)**
- **232nd by profit in the Financial Post 500's ranking of Canada's Largest Corporations (Financial Post)**

Exceptional Value Creation

- **Demonstrated track record of exceptional growth and value creation**
 - Canada's first publicly traded pure-play midstream energy business
 - Incorporated in 1994 with an investment of \$37,000
 - Now one of the largest infrastructure based business trusts in Canada's energy sector with a market capitalization of over \$1 billion
 - Growth achieved by combination of acquisitions and internally generated opportunities
 - Per annum return to equity holders
 - 60.2% since January 2003
 - 16.4% since ASE Listing (July 1999)
 - 67.9% since inception (1994)

AltaGas Income Trust on the TSX

- **AltaGas Income Trust effective May 1, 2004**
- **Trust units listed on the TSX as ALA.UN**
 - Exchangeable securities do not trade
- **Included in indexes May 14, 2004**
 - S&P/TSX Capped Income Trust Index
 - S&P/TSX Capped Energy Trust Index
- **Total units outstanding 51.5 million**
 - 48.1 million trust units
 - 3.4 million exchangeable securities
 - Enbridge Inc.
 - sold 13.4 million AltaGas units at \$19.75 in August 2004
 - reduced Enbridge's ownership interest from approximately 36 percent to approximately 9 percent

Investment Highlights

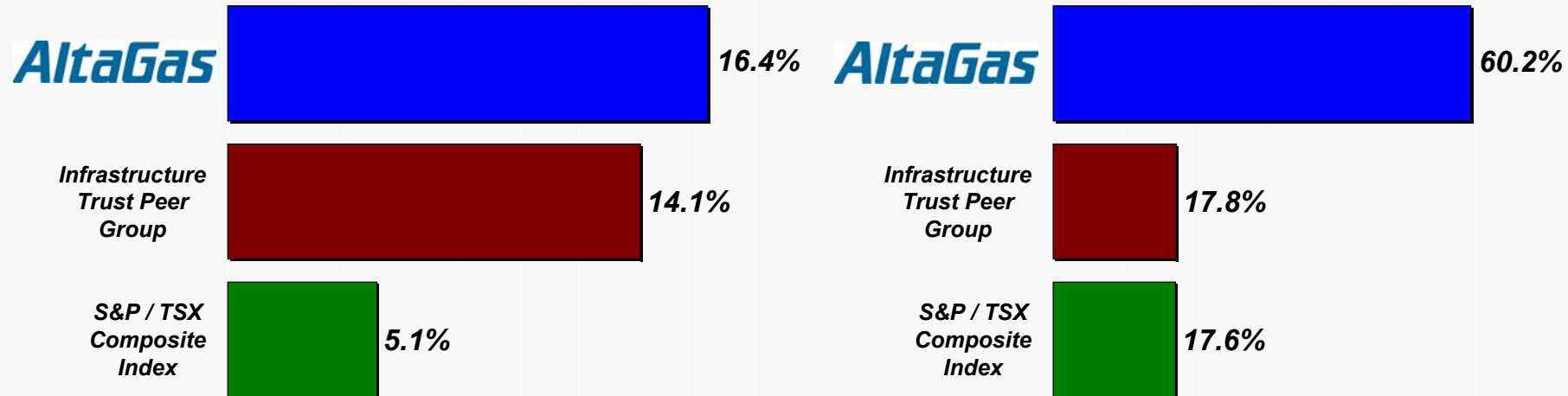
- **Demonstrated track record of exceptional growth and value creation**
- **Integrated energy business with a diversified portfolio of assets and services**
- **Stable long-term cash flow from essential industry services**
- **Strong industry fundamentals provide attractive growth opportunities**
- **Conservative financial management with low ongoing capital requirements**

Creating Long-Term Value

Total Per Annum Equity Returns

SINCE ASE LISTING (July 1999)

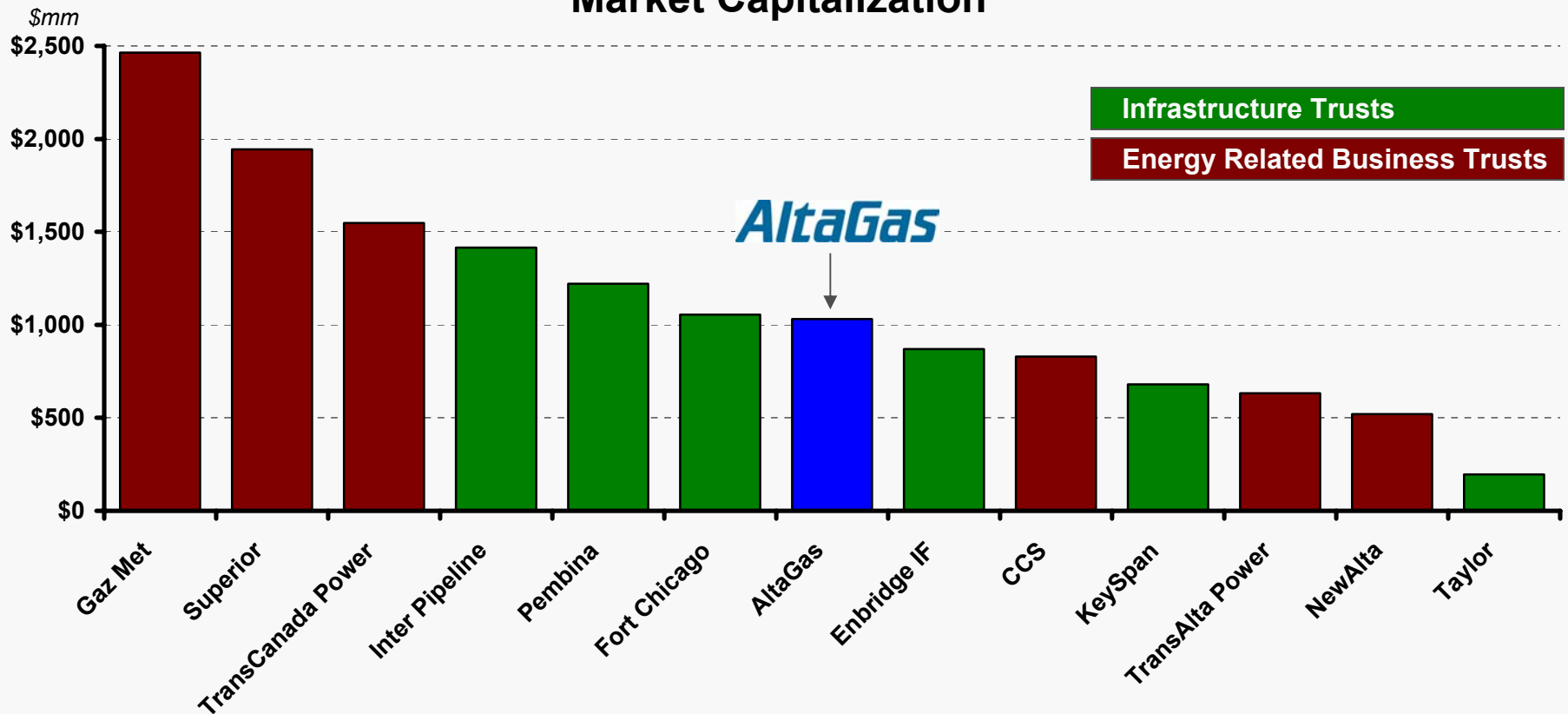
SINCE JANUARY 2003



- AltaGas was Canada's first publicly traded pure-play midstream energy company – and has provided equity holders a 67.9% per annum return since 1994

Large Cap Liquid Income Trust

Market Capitalization



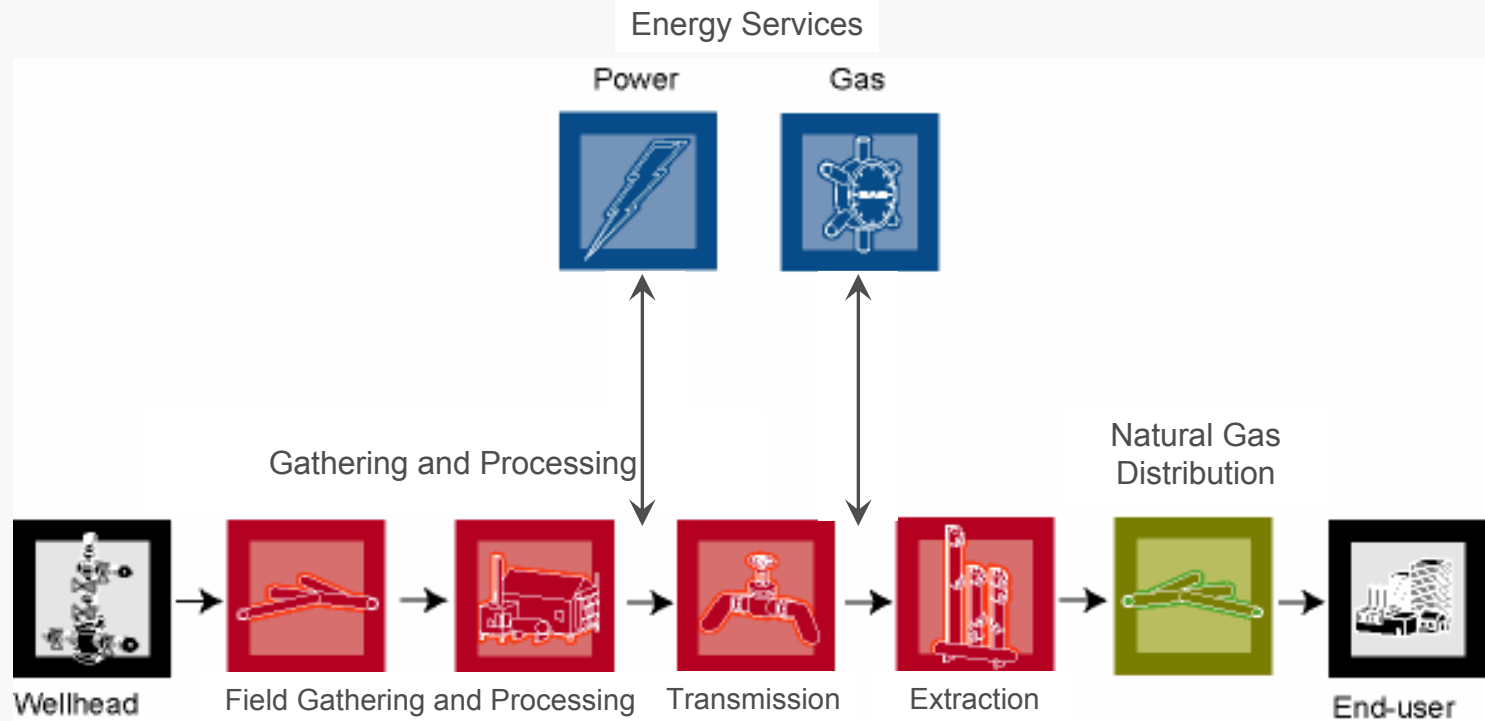
■ AltaGas has a market capitalization of over \$1 billion

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Business Overview

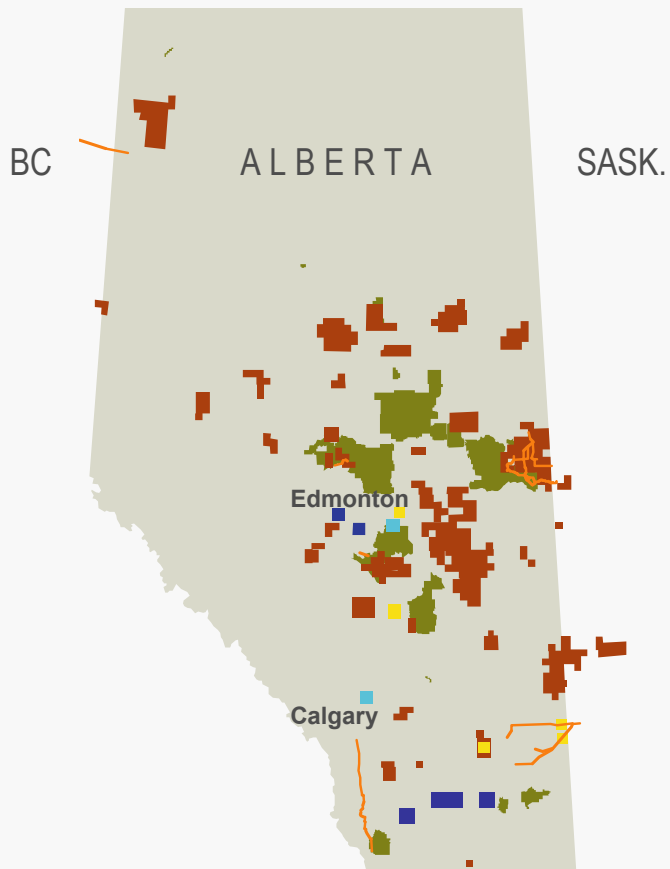


Midstream Energy Value Chain



- **AltaGas creates value by opportunistically linking all components of the midstream energy business**

Major Infrastructure Midstream Businesses



- **FIELD GATHERING AND PROCESSING**
- **EXTRACTION**
- **TRANSMISSION**
- **POWER SERVICES**
- **GAS SERVICES**
- **NATURAL GAS DISTRIBUTION**

Northwest Territories



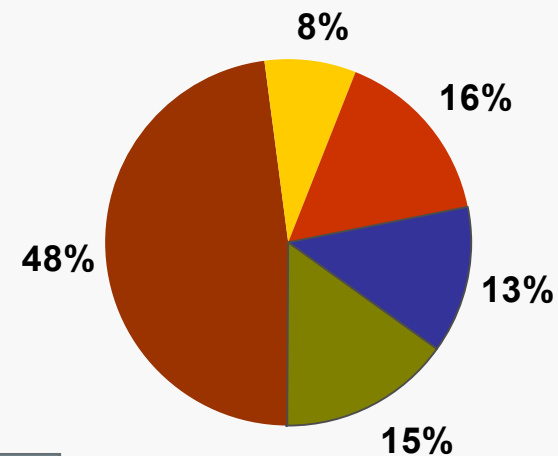
Nova Scotia



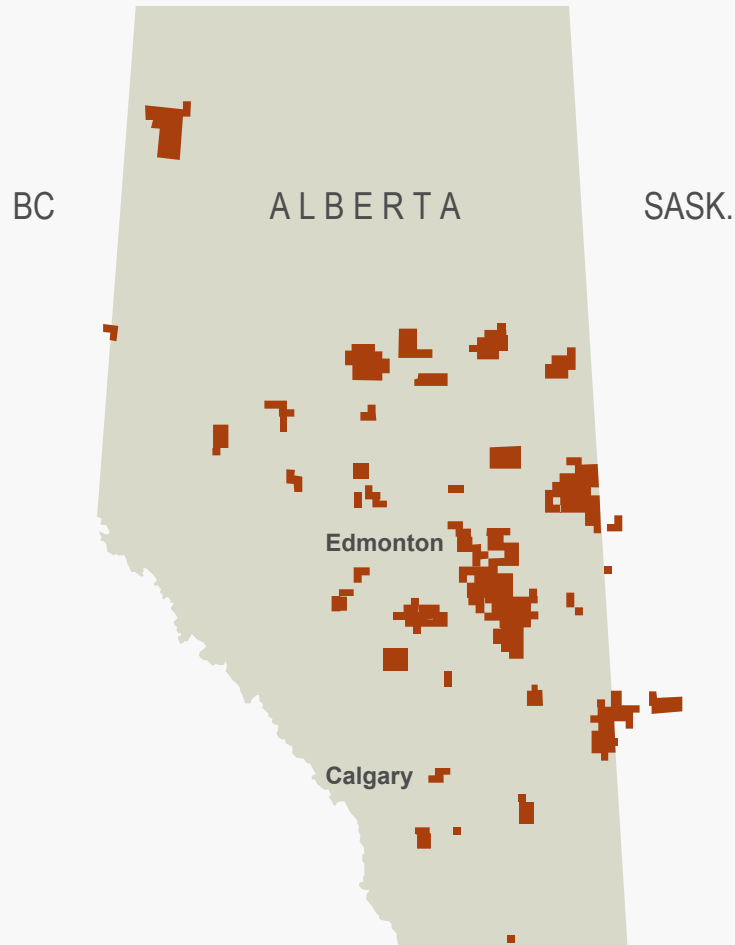
NET BOOK VALUE

At June 30, 2004

\$ 779.4 million



Flexible Core Business Line



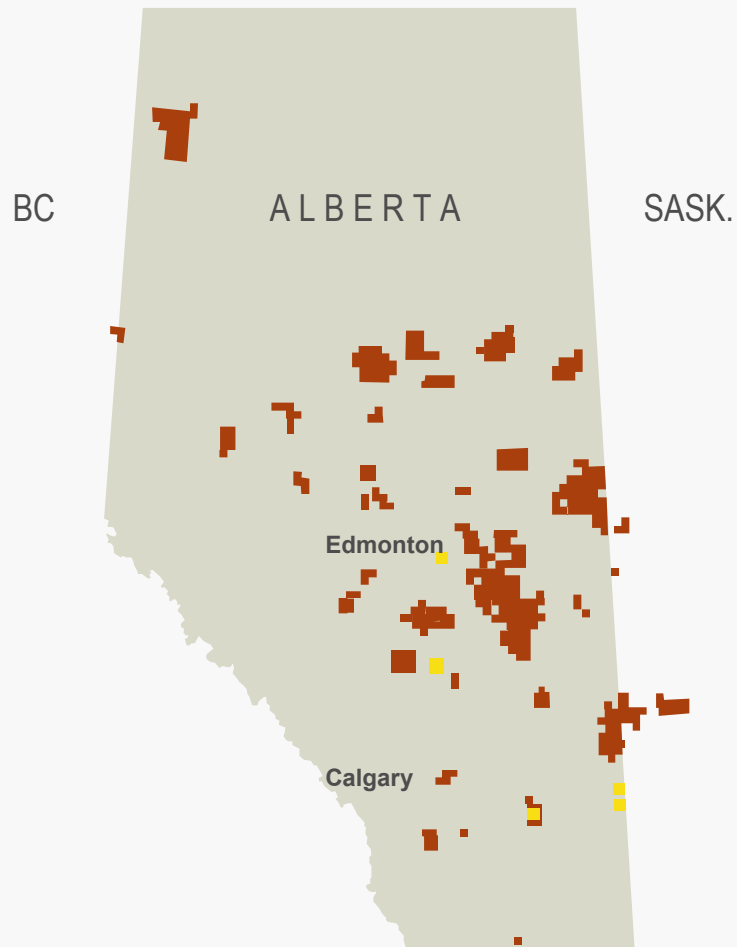
■ FIELD GATHERING AND PROCESSING

- 69 facilities with 906 mmcf/d of capacity
- moveable facilities
- 62% capacity utilization
- 40% of revenue from take-or-pay and capital and operating recovery contracts
- 60% of revenue has geographic franchise and area of mutual interest contractual support

Sylvan Lake Gas Plant



Strategically Located Facilities



■ FIELD GATHERING AND PROCESSING

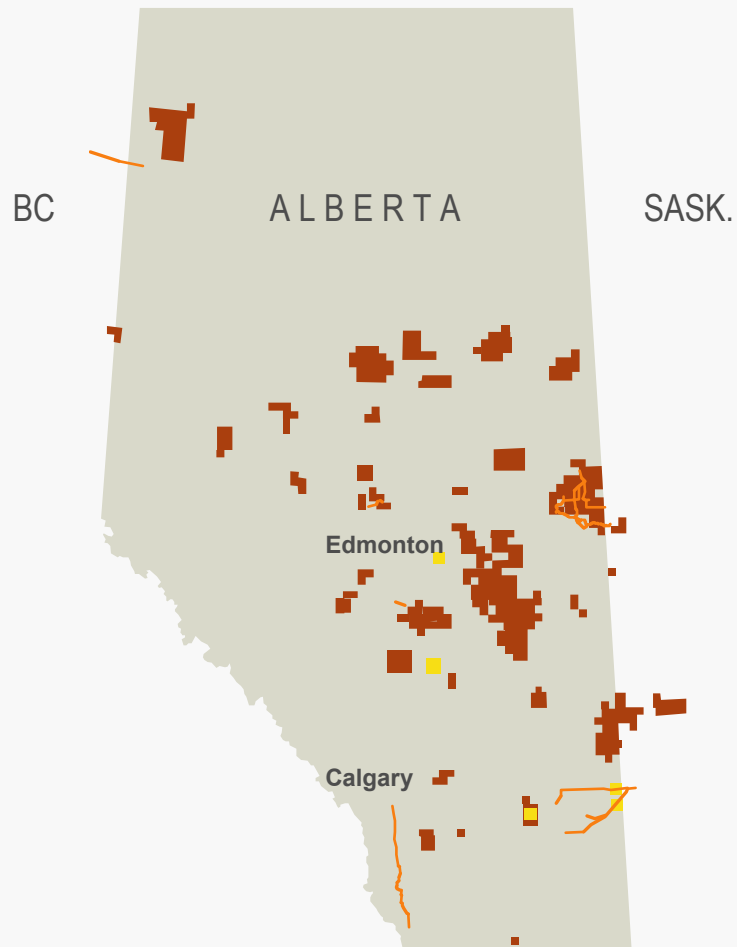
■ EXTRACTION

- 4 extraction plants with 539 Mmcf/d inlet capacity, including Alberta's newest plant
- one field fractionation plant
- approximately 19,500 Bbls/d production
- approximately 90% of operating margin based on cost of service or fixed fee arrangements

*Joffre Ethane
Extraction Plant*



Long Term Stability



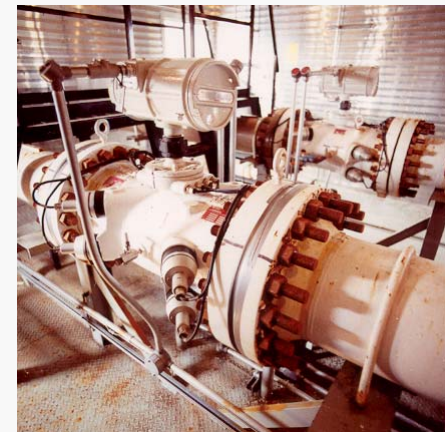
- **FIELD GATHERING AND PROCESSING**

- **EXTRACTION**

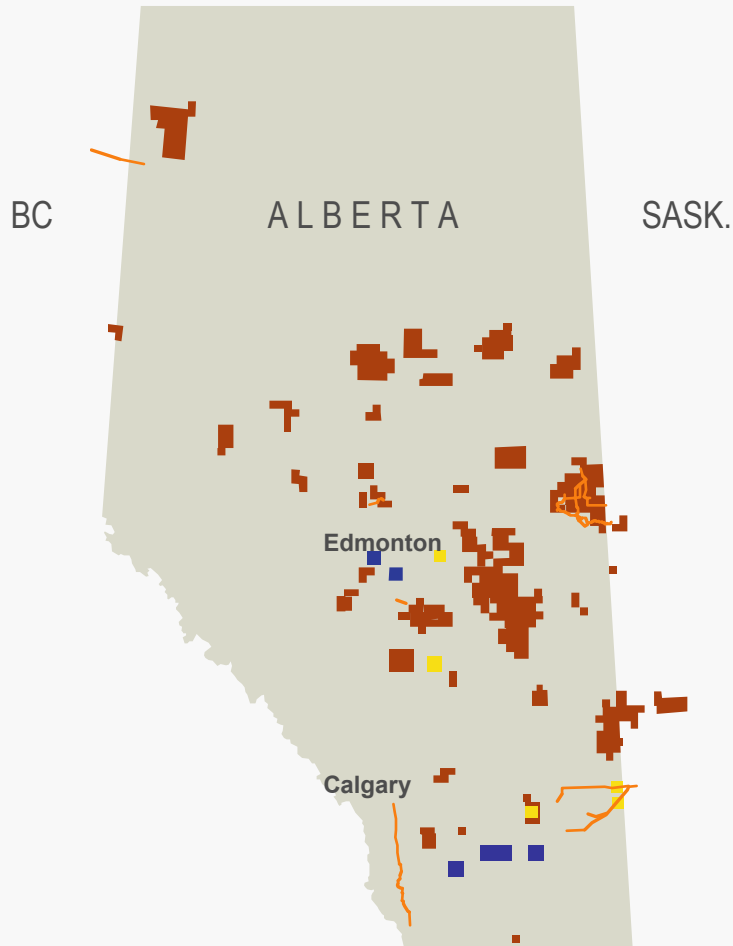
- **TRANSMISSION**

- 6 transmission pipelines totaling 750 km
- 415 mmcf/d volumes
- attractive cost-of-service assets
- Suffield pipeline backed by long-term transport-or-pay from EnCana

*Suffield Transmission
Meter Station*



Adding Value by Managing Risk



■ FIELD GATHERING AND PROCESSING

■ EXTRACTION

■ TRANSMISSION

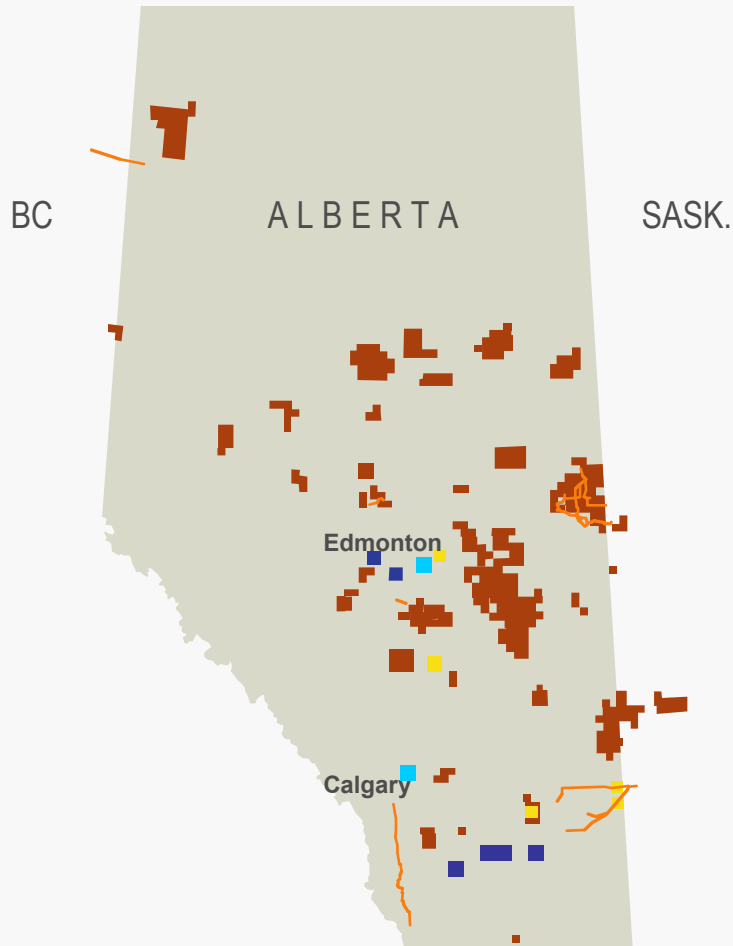
■ POWER SERVICES

- total power portfolio of 478 MWs
- supply 6% of Alberta's power capacity
- 1,725 MWh sold at \$48/MWh in first half 2004
- predictable cash flows provided by active hedging strategies

*Sundance B
Power Plant*



Adding Value by Managing Risk



■ **FIELD GATHERING AND PROCESSING**

■ **EXTRACTION**

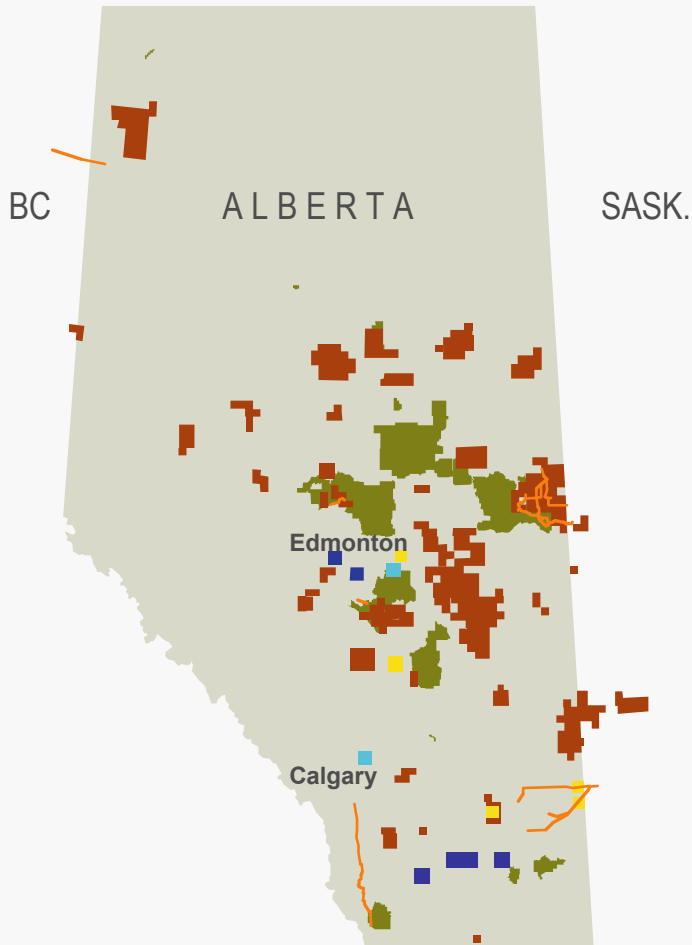
■ **TRANSMISSION**

■ **POWER SERVICES**

■ **GAS SERVICES**

- natural gas marketing and supply management
- Premstar Energy Canada Ltd. - leading energy agency businesses
- low risk, fee for service business

Cost of Service Returns



■ **FIELD GATHERING AND PROCESSING**

■ **EXTRACTION**

■ **TRANSMISSION**

■ **POWER SERVICES**

■ **GAS SERVICES**

■ **NATURAL GAS DISTRIBUTION**

- 60,000 customers or 6% of Alberta market
- Heritage Gas - invest \$32 million over six years
- regulated cost of service returns

Northwest Territories



Nova Scotia



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Growth Strategy

The background image shows an industrial facility, likely a refinery or chemical plant. A prominent feature is a tall, cylindrical distillation column with a spiral staircase wrapped around it. To the right, there is a complex network of metal pipes, walkways, and structural beams. The entire scene is overlaid with a semi-transparent blue filter. The number '10' is positioned in the top left corner, and the title 'Growth Strategy' is centered in the middle of the image.

Lower Risk Profile from Integration and Diversification



- **Integrated energy business**
 - Capturing value through all components of the midstream value chain
- **Diversified portfolio of assets and services provides stability**
 - 3 business segments with 6 distinct business components
 - underlying commodities – natural gas, natural gas liquids, power
 - various industry cycles – often offsetting
 - Extensive geographic footprint and numerous assets
 - Broad customer base with multiple revenue sources
 - Comprehensive range of contractual terms minimize short-term commodity price exposure
 - cost of service and fee based
 - take/transport-or-pay
 - area of mutual interest and life of reserves
 - various tenures

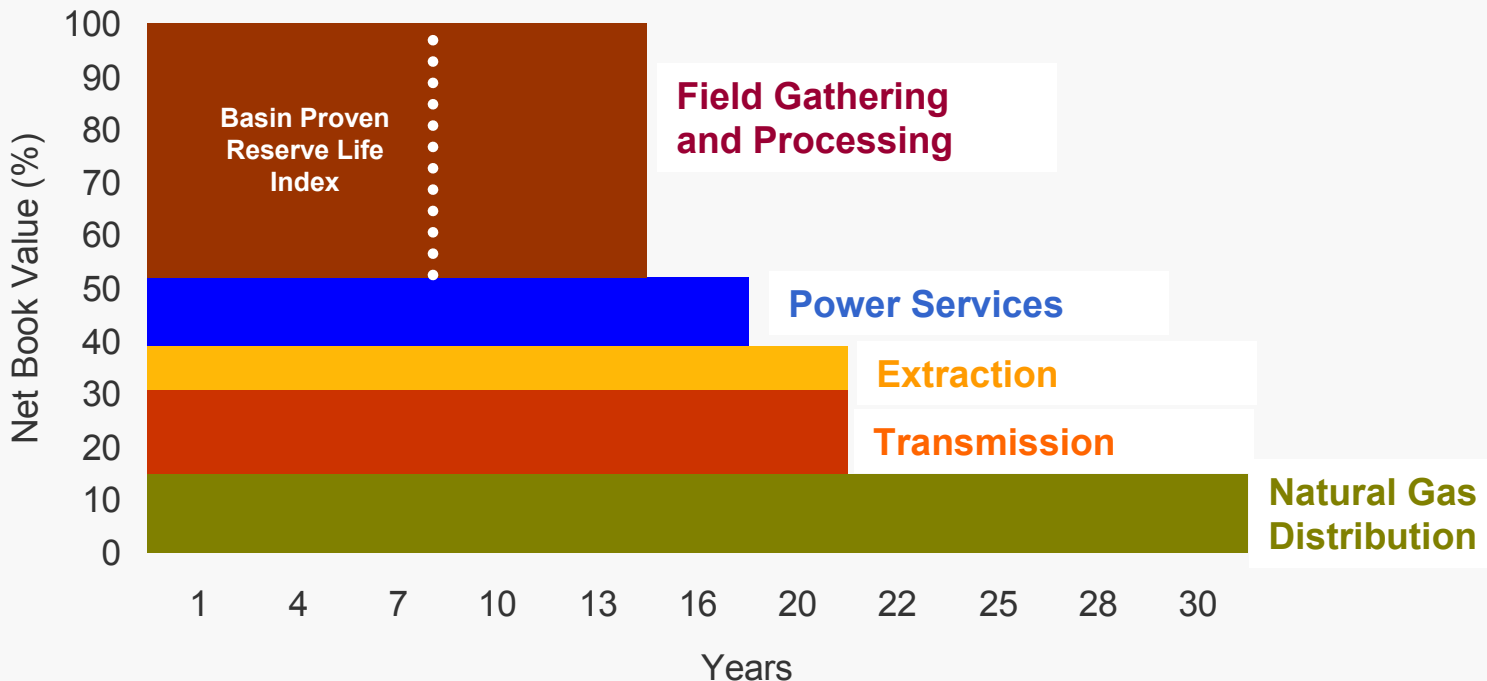
Lower Risk Profile from Integration and Diversification

Cash Flow Horizon 2004

NET BOOK VALUE

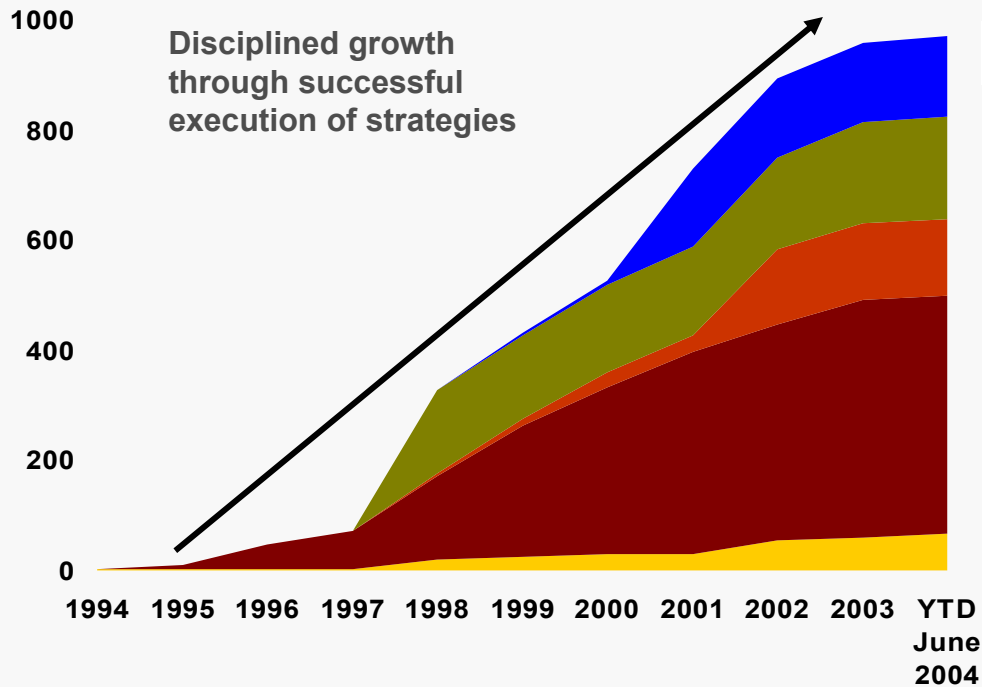
At June 30, 2004

\$ 779.4 million



Strength and Diversity

CAPITAL INVESTMENT (\$ millions)



Approximately
\$976 million

Energy Services

Natural Gas
Distribution

Transmission

Field Gathering
and Processing

Extraction

Gathering and
Processing
Segment

Low Maintenance Capital



- **Low ongoing annual maintenance capital**
 - Approximately \$5-\$6 million
 - 5% of 2003 EBITDA
 - Improve operational efficiency
 - Maintain field gathering and processing volumes
 - Maintain rate base

Attractive Growth Opportunities



- **Strong industry fundamentals provide attractive growth opportunities**
 - Gathering and Processing
 - internal growth with low investment combined with accretive acquisitions
 - strong E&P activity with 279 wells tied in year to date (173 in 2003)
 - Energy Services
 - 478 MWs of long term conservatively priced power supply
 - expect to realize \$47 per MWh on power volumes in 2004
 - Natural Gas Distribution
 - existing customer base increasing on average by 2% per year
 - additional expansion through Heritage Gas

Recent Developments

- **May 26, 2004 – Premstar Energy Canada Ltd.**
 - announced intention to acquire Premstar for \$22 million payable by way of 993,789 AltaGas treasury trust units and \$1.2 million in cash
 - one of Canada's leading energy agency businesses, specializing in the procurement and supply of energy to end use customers
 - closing anticipated Q3, 2004
- **August 25, 2004 – Edmonton Ethane Extraction Plant**
 - acquired BP Canada Energy Resources Company's 48 2/3% interest for \$46 million
 - 190 mmcf/d net inlet capacity to AltaGas (total now 539 Mmcf/d)
 - 10,143 Bbls/d NGLs production net to AltaGas (total now 19,500 Bbls/d)
- **August 30, 2004 – 25 MWs Power Capacity**
 - contract with Maxim Energy Group Ltd. for the right to 25 megawatts of gas fired power peaking capacity
 - no capital outlay by AltaGas but instead requires AltaGas to pay Maxim monthly variable operating and maintenance charges plus a capacity fee
- **Year to date 2004 – Organic growth**
 - internal expansion projects at Marten Creek, Doris and Namaka
 - invested \$7.5 million and adding \$1.5 million in maintenance capital
 - increases in natural gas throughput have offset declines and increased total volumes by 14 Mmcf/d

Comparison to Peer Group

	AltaGas	Enbridge Income Fund	Fort Chicago	Inter Pipeline	KeySpan Facilities	Pembina Pipelines	Taylor NGL
Field Gathering and Processing	✓				✓		✓
Extraction	✓		✓	✓			✓
Transmission	✓	✓	✓	✓	✓	✓	✓
Gas Services	✓				✓		
Power Services	✓						
Natural Gas Distribution	✓						

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Financial Overview

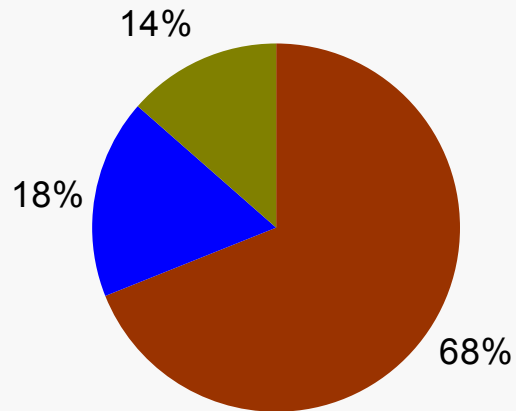


Strength and Diversity

ASSETS

At June 30, 2004

\$ 952.6 million

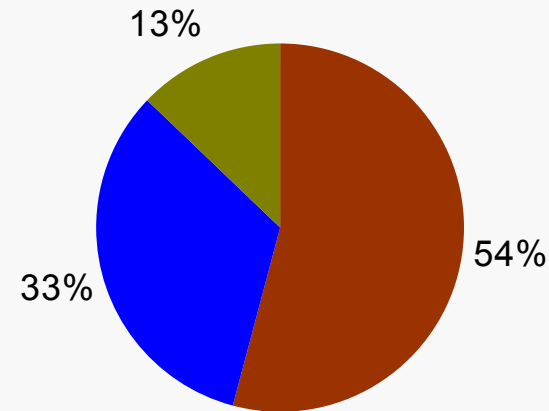


- Gathering and Processing
- Energy Services
- Natural Gas Distribution

EBITDA

For the six months ended June 30, 2004

\$ 59.0 million



- Gathering and Processing
- Energy Services
- Natural Gas Distribution

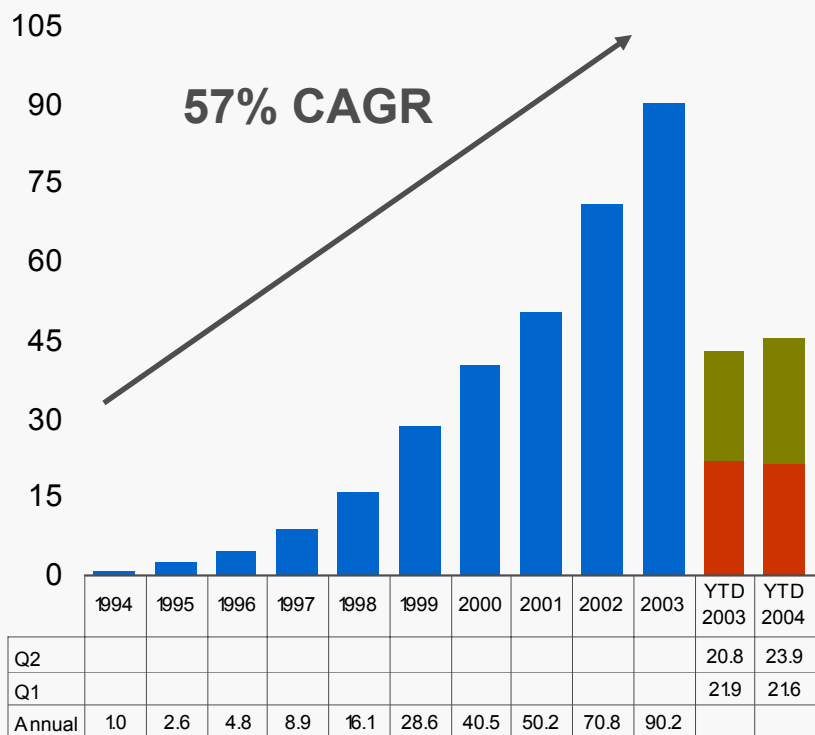
Stable Long-Term Cash Flows



- **Stable long-term cash flow from essential industry services**
 - Gathering and Processing
 - substantial revenues from take/transport-or-pay and cost recovery contracts
 - area of mutual interest and life of reserves contracts
 - Energy Services
 - managed commodity price exposure through contracts which lock in a significant portion of power margins
 - long-term conservatively priced power supply contracts from two of the lowest cost coal fired plants in Alberta
 - 25 MWs of peaking supply provides backstopping to AltaGas' Sundance B PPA and Genesee energy contract
 - Natural Gas Distribution
 - regulated cost of service, long-term franchise agreements

Exceptional Financial Stability and Growth

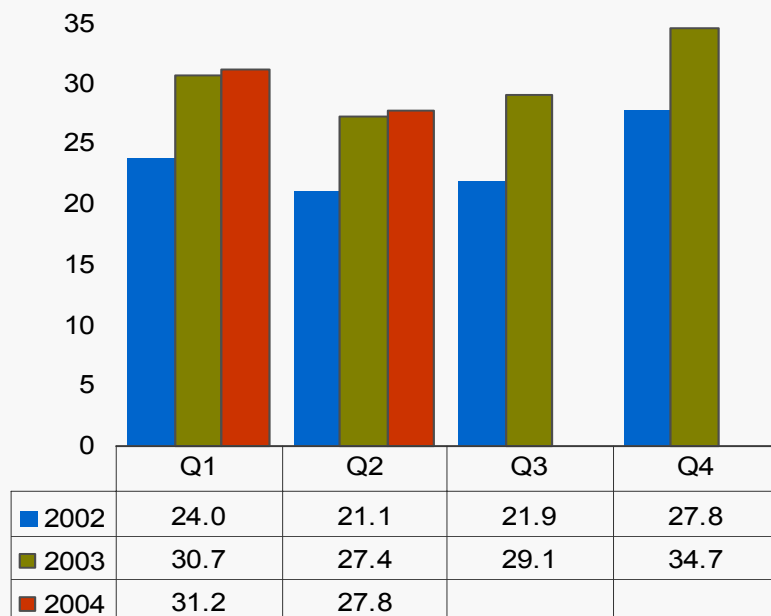
FUNDS GENERATED FROM OPERATIONS (\$ Millions)



- Annual growth rates since inception
 - Assets: 75%
 - Net revenues: 54%
 - Funds from operations: 57%
 - Net income: 49%

Excellent Outlook for 2004

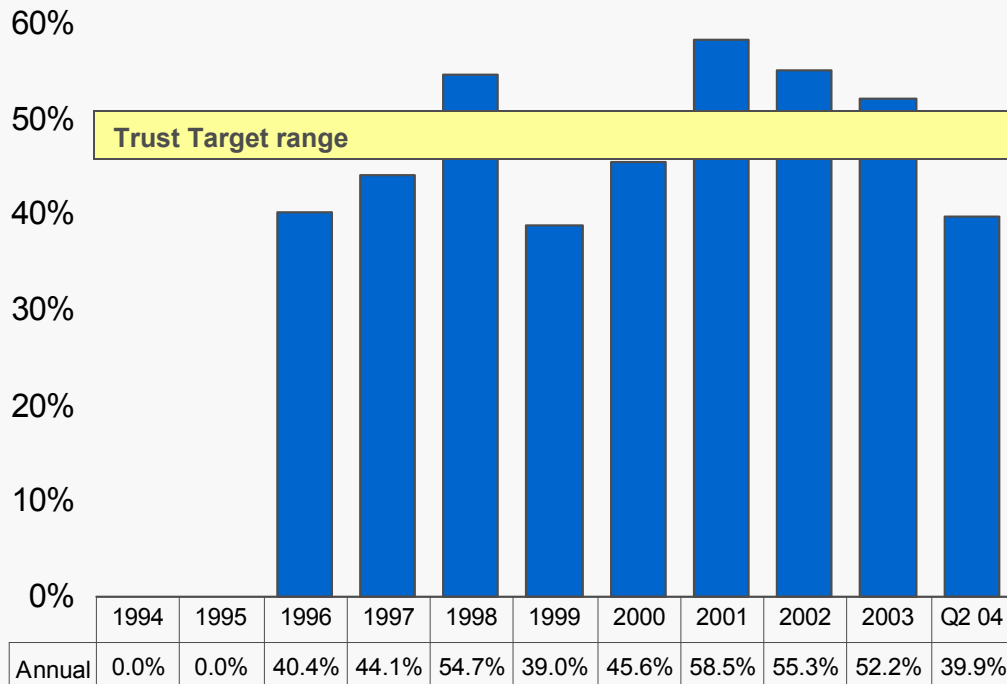
EBITDA BY QUARTER (\$ Millions)



- Strong operational performance in Q2 2004
- Record second quarter and six month results
- Q2 2004 absorbed:
 - \$3.5 million conversion costs
 - \$1.7 one time turnaround costs
- Q2 normally affected by seasonality

Conservative Financial Structure

Debt as a Percentage of Total Capital



- **Trust stability rating**
 - DBRS: STA-3 (mid)

- **Investment grade rating on medium term notes**
 - S&P: BBB-
 - DBRS: BBB(low)

- **Strong balance sheet**
 - debt percentage of capital structure
 - June 30, 2004 39.9%
 - Trust target 45 - 50%
 - Historical target 50 - 55%

Income Trust Strategy



- **Pay stable monthly cash distributions to Trust unitholders**
 - Includes both trust units and exchangeable securities
 - Funded from AltaGas' existing operations
 - Monthly distributions of \$0.15 per unit to be paid on or about 15th day of the month to unitholders of record at the close of business on or about the 25th day of the previous month
 - 2004 distributions - 70% interest, 30% dividends and ROC

- **Continue to make accretive acquisitions and expand AltaGas' business with growth financing from:**
 - New equity
 - Debt
 - Targeted asset sales
 - Funds from operations
 - DRIP, Premium DRIP and Optional cash purchases

Income Trust Strategy

- **DRIP / Premium DRIP / Optional Trust Unit Purchase Plan**
 - DRIP – Distribution Reinvestment Plan
 - Method by which you accumulate, in lieu of your Unit cash distributions, new Trust units at a 5% discount to the average market price
 - Premium DRIP - Premium Distribution Reinvestment Plan
 - Method by which you receive, in lieu of your Unit cash distributions, a cash payment equal to 102% of the distribution
 - Optional Cash Purchase Plan
 - Method by which you can purchase new Trust units at the average market price with no discount by directly investing additional amounts

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Investment Highlights

A photograph of an industrial facility, likely a refinery or chemical plant, featuring a tall distillation column, complex piping, and metal walkways. The image is overlaid with a semi-transparent blue filter.

Comparables

	<u>Unit Price</u>	<u>Market Cap.¹</u> <i>(\$mm)</i>	<u>Enterprise Value</u> <i>(\$mm)</i>	<u>Net Debt² / EV</u> %	<u>Dist. Est.³</u> \$	<u>Yield</u> %
Pipeline and Midstream Trusts						
⁴ Inter Pipeline Fund	\$7.98	\$1,415	\$1,988	28.8%	\$0.75	9.4%
Pembina Pipeline Income Fund	\$12.10	\$1,221	\$1,919	36.4%	\$1.05	8.7%
Fort Chicago Energy Partners L.P.	\$10.11	\$1,054	\$2,904	63.7%	\$0.83	8.2%
Enbridge Income Fund	\$11.97	\$870	\$1,946	55.3%	\$0.86	7.2%
⁵ KeySpan Facilities Income Fund	\$12.55	\$680	\$1,023	33.5%	\$1.18	9.4%
⁶ Taylor NGL L.P.	\$6.85	\$195	\$209	6.5%	\$0.60	8.8%
Mean		\$906	\$1,665	37.4%		8.6%
⁷ AltaGas Income Trust	\$19.75	\$1,030	\$1,389	25.8%	\$1.80	9.1%

Notes:

1 Based on share prices as of 08/24/04 and Financial Statements dated 06/30/04, unless otherwise noted

2 Debt calculated as Short Term Debt + Long Term Debt + Converts + Capitalized Leases - Cash

3 Distribution estimates as per RBC and IBES research

4 Pro Forma July 8 \$715.0 MM acquisition of 3 NGL extraction plants from Williams Energy and concurrent \$286.5 MM equity offering

5 Pro Forma May 18, 2004 \$272.8 MM EnerPro acquisition

6 Pro Forma July 27 \$25 MM EDS acquisition, initial \$20 MM Joffre Feedstock Pipeline payment (paid August 19) and August 4 \$53.0 MM equity offering

7 Pro Forma March 18 \$46.0 MM EEEP acquisition, May 26 \$22.0 MM PremStar acquisition, and August 4 \$10.6 MM Taylor investment

Investment Highlights



- **Demonstrated track record of exceptional growth and value creation**
- **Integrated energy business with a diversified portfolio of assets and services**
- **Stable long-term cash flow from essential industry services**
- **Strong industry fundamentals provide attractive growth opportunities**
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