



ALTAGAS

10 Years of Extraordinary Growth

Second Quarter 2004 Update

September, 2004

Forward-Looking Information



- **Certain information in this presentation is forward-looking. Such information is subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated in the forward-looking information. These risks and uncertainties include operating performance, regulatory and environmental issues, weather and economic conditions, competition and financing availability.**
- **For additional information on these and other factors see the reports filed by AltaGas with Canadian securities regulators. AltaGas disclaims any intention or obligation to update or revise any forward looking information whether as result of new information or future events.**

Q2 Financial Highlights



- **Converted from corporate structure to AltaGas Income Trust on May 1, 2004**
- **Commenced monthly cash distributions of \$0.15 per unit**
- **Successfully closed public offering of 4,730,000 trust units at \$18.70 for gross proceeds of \$88.5 million**
- **Implemented Premium Distribution™, Distribution Reinvestment and Optional Unit Purchase Plans for eligible holders of units**
- **Debt to total capitalization reduced to 39.9%**

Q2 Operational Highlights

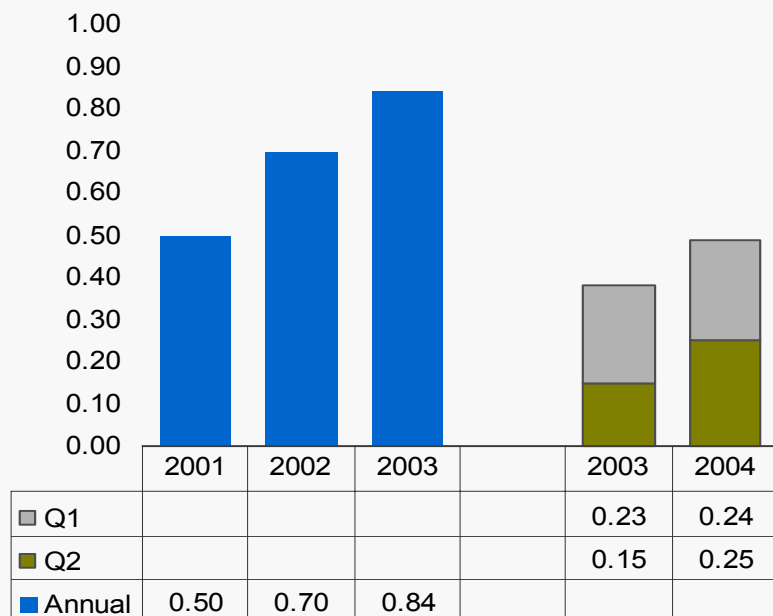


- Tied in 253 wells in the first half of 2004 compared to 147 well tie-ins during the first half of 2003
- Entered into agreement to acquire PremStar Energy Canada Ltd. and its subsidiaries, a leading energy agency business, for approximately \$22.0 million
- \$6.0 million spent on internal expansion projects in the field gathering and processing component in the first half of 2004

Financial Highlights



NET INCOME PER UNIT (\$)

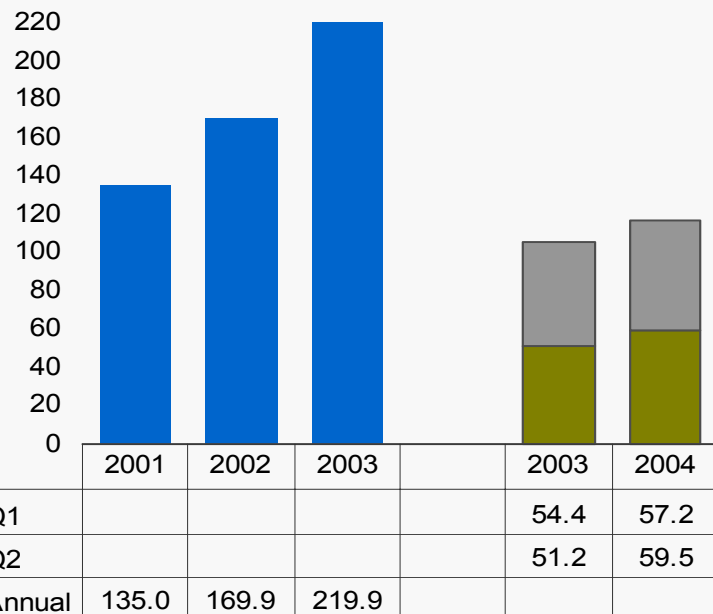


- **Net Income Per Unit**
 - Q2 2004 up 66.7% over Q2 2003
 - First six months 2004 up 28.9% over same period 2003

- **Q2/04 absorbed one time costs**
 - \$3.5 million in trust conversion costs
 - \$1.7 million in turnaround costs at Bantry field processing facility

Net Revenue

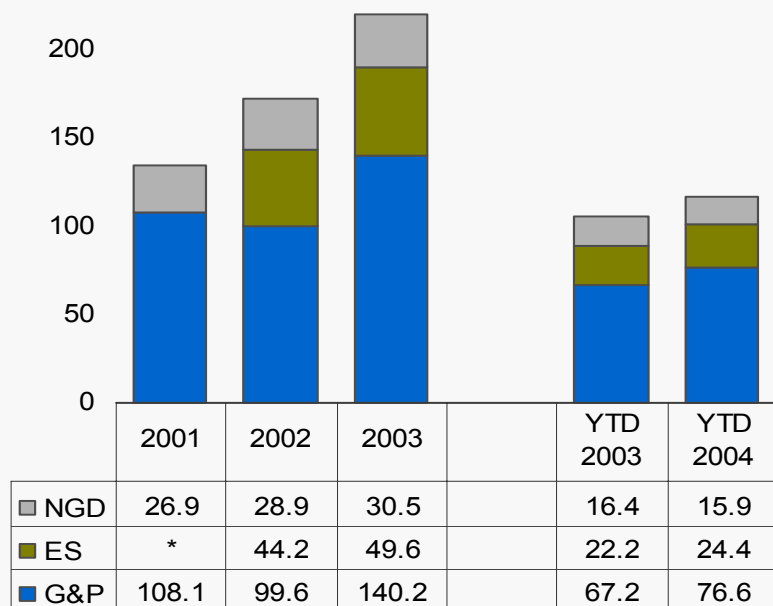
NET REVENUE (\$ Millions)



- **Second quarter**
 - \$59.5 million in 2004, 16.2% increase over 2003
- **First six months**
 - \$116.7 million in 2004, 10.5% increase over 2003

Net Revenue by Segment

NET REVENUE BY SEGMENT (\$ Millions)



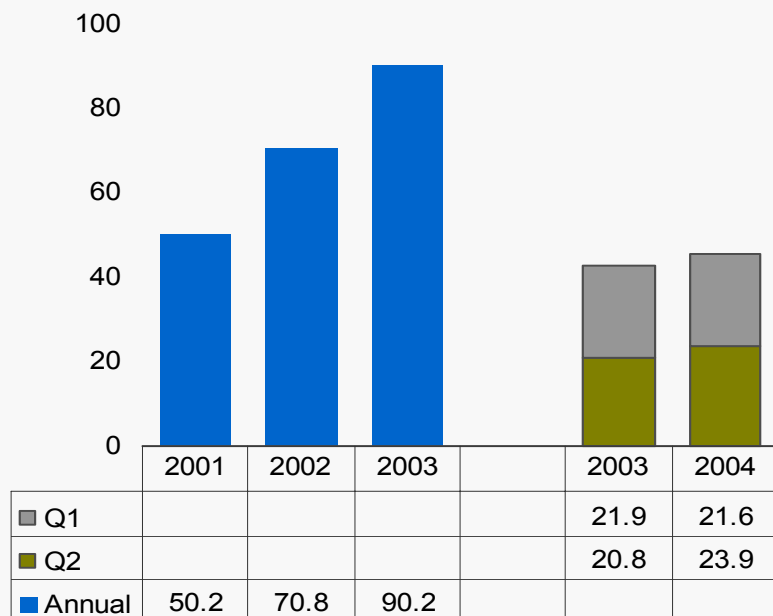
* Energy Services results were combined with Gathering and Processing in 2001

- **Gathering and Processing**
 - Increased throughput in field gathering and processing, extraction and transmission
 - Acquisitions and expansions
- **Energy Services**
 - Genesee energy contract
 - Higher power prices
- **Natural Gas Distribution**
 - Increased customer base
 - Partially offset by warmer weather in 2004

Funds from Operations



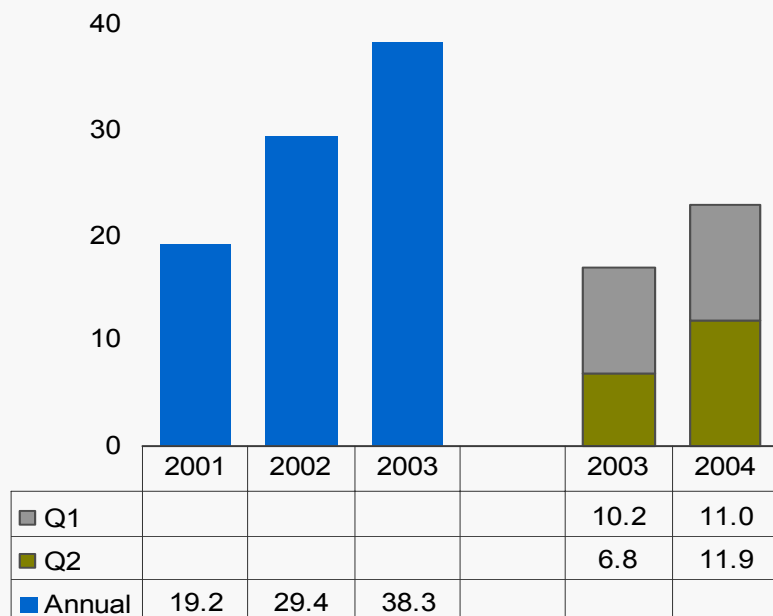
FUNDS FROM OPERATIONS (\$ Millions)



- **Second quarter**
 - \$23.9 million in 2004, 14.9% increase over 2003
- **First six months**
 - \$45.5 million in 2004, 6.6% increase over 2003

Net Income

NET INCOME (\$ Millions)

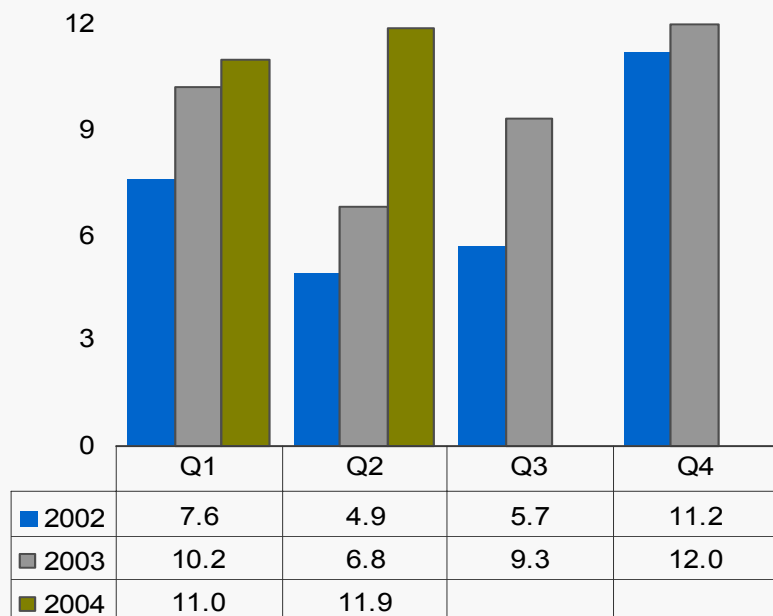


- **Second quarter**
 - \$11.9 million in 2004, 75.0% increase over 2003
- **First six months**
 - \$22.9 million in 2004, 34.7% increase over 2003
- **Two months of operating as an income trust**

Seasonality with Consistent Growth



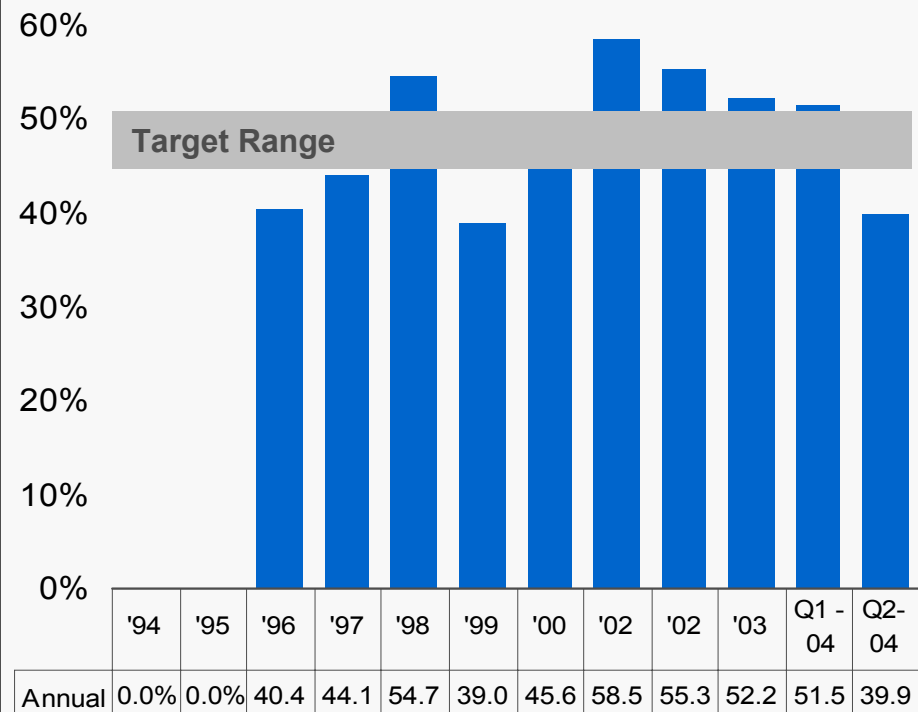
NET INCOME BY QUARTER
(\$ Millions)



- Q2 2004 is strongest Q2 in AltaGas' history
- On track for another record year
- Expect each quarter to surpass last year

2004 Financial Structure

DEBT AS A PERCENTAGE OF TOTAL CAPITAL

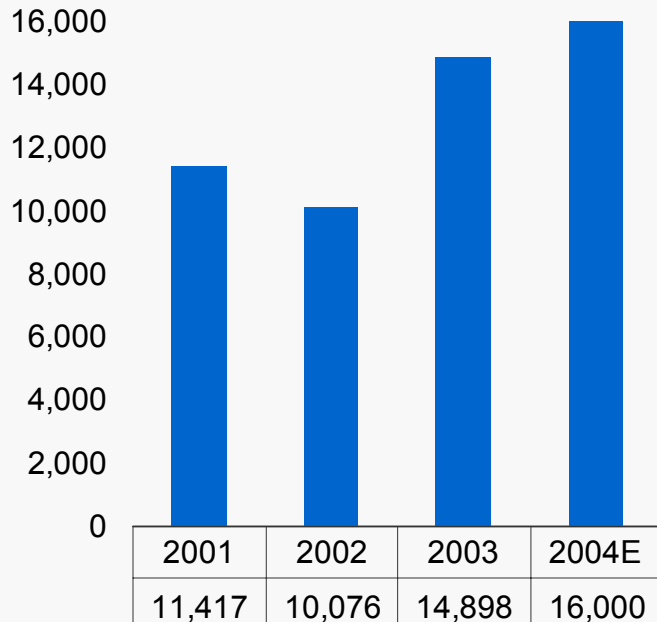


- **Trust stability rating**
 - S&P: In process
 - DBRS: STA-3 (middle)
- **Reaffirmed investment grade rating on medium term notes**
 - S&P: BBB-
 - DBRS: BBB(low)
- **Capital structure**
 - June 30, 2004 39.9%
 - Trust target 45 - 50%
 - Historical target 50 - 55%

2004 Opportunities - Gathering and Processing



GAS WELL COMPLETIONS IN THE WCSB

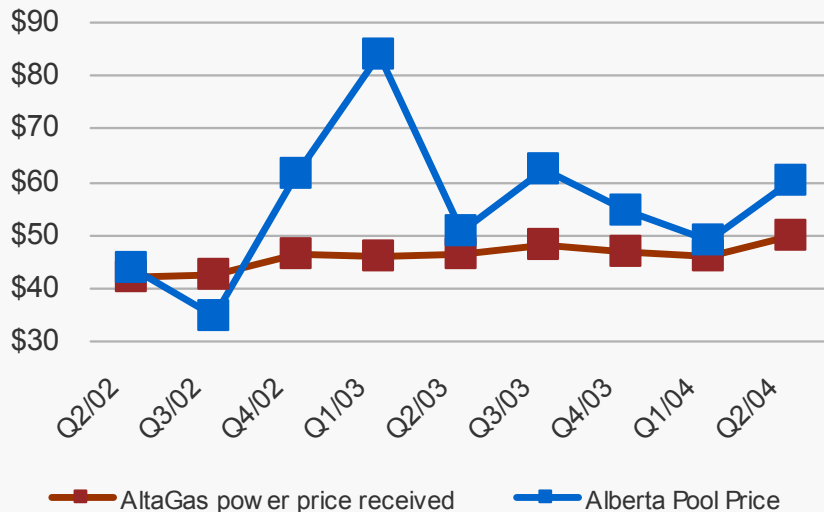


- **Internal growth with low investment**
 - numerous plant expansions underway or anticipated
- **Strong E&P activity**
 - tied in 253 wells in first half 2004 compared to 147 in first half 2003
- **Acquisitions**
 - Edmonton ethane extraction plant
 - evaluating other opportunities
- **Operational excellence and enhanced customer service**

2004 Opportunities - Energy Services



POWER PRICE RECEIVED COMPARED TO POWER POOL PRICE (\$/MWh)



■ Power Services

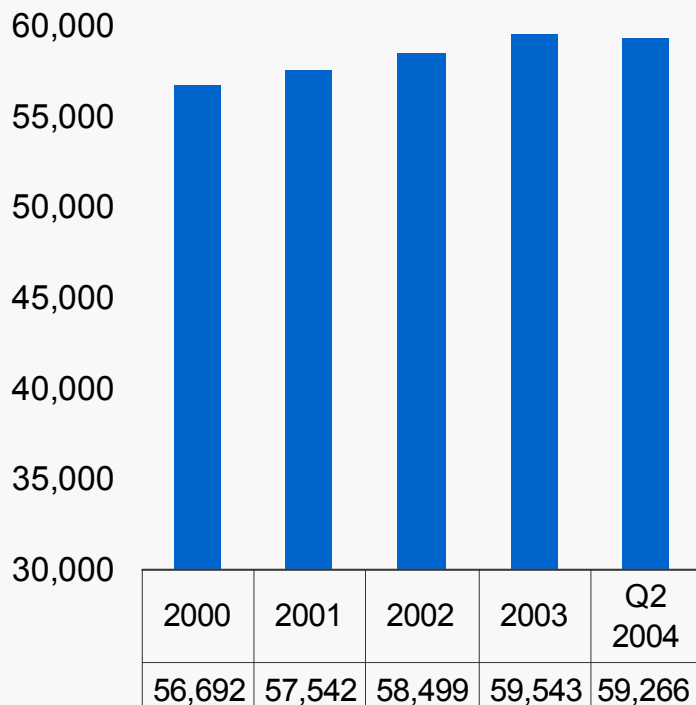
- 478 MW of long term conservatively priced power supply
 - including 25 MW of gas fired power peaking capacity
- substantial portion of power margins locked in for 2004
- expect to realize average of \$47 per MWh on power volumes for 2004

■ Gas Services

- Premstar expected to close Q3/04

2004 Opportunities – Natural Gas Distribution

NUMBER OF GAS DISTRIBUTION CUSTOMERS (AUI)



- **Expansion of existing franchise customer base**
 - customer base increasing on average by 2% per year
 - continue to see healthy growth particularly in urban areas
- **Heritage Gas**
 - delivery of natural gas to first commercial customer in December 2003 and first residential customer in January 2004
 - expecting to be providing natural gas to 477 customers by 2004 year end
 - AltaGas' capital commitment for 2004 is approximately \$5 million

2004 Outlook



- **Expect growth to continue**
 - Gathering and Processing
 - ahead of 2003
 - producers active, significant well tie-in activity
 - impact of acquisitions and expansions
 - Energy Services
 - ahead of 2003
 - power pricing and operations improving
 - Premstar acquisition
 - Natural Gas Distribution
 - flat year over year



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