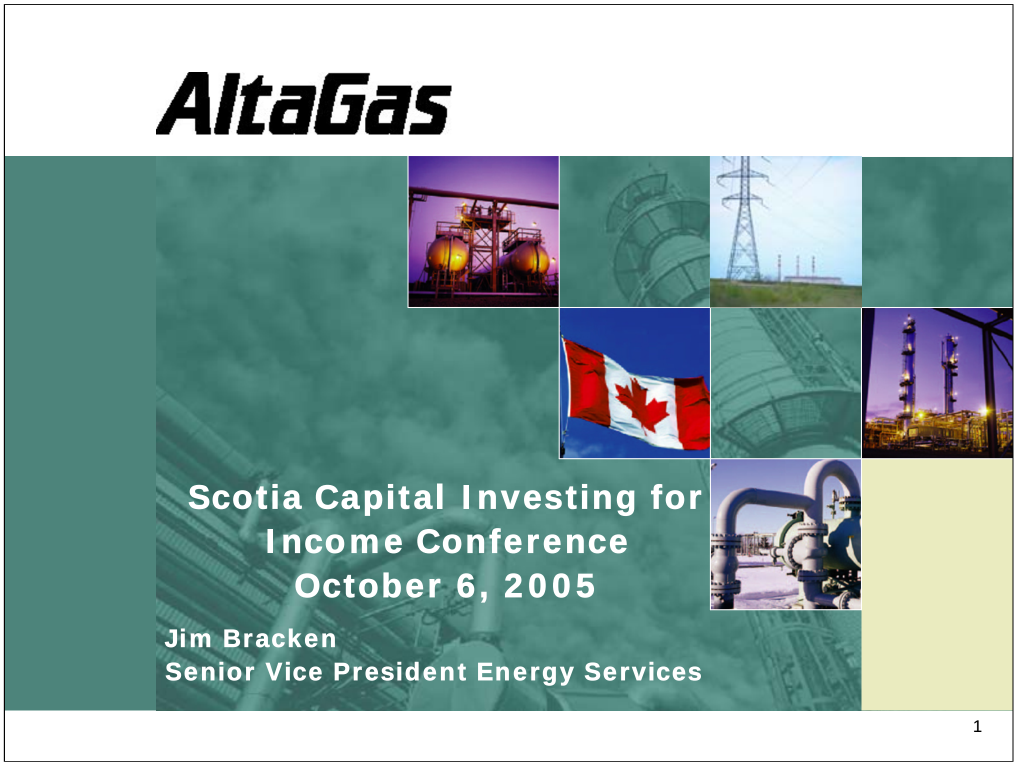

- Good morning everyone and thank you for attending our presentation. I would like to thank Scotia Capital for inviting us to speak today. We welcome the opportunity to provide you with an update on AltaGas.
- I'll first provide you with a business overview, talk a bit about our strong performance both year-to-date and since our inception in 1994, take a look at our strategy for growth and predictable and sustainable distributions, then conclude with some investment highlights.

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.

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AltaGas

- Before I proceed I would like to draw your attention to the forward-looking statement and ask that you have regard to it.

AltaGas

Trust profile

- 54.0 million units[1]
- ALA.UN on TSX
- Current market capitalization $1.5 billion[2]
- Assets $1.1 billion[1]
- Distributions 16 cents/unit/month ($1.92 annualized)
  - 7% increase announced August 10th
  - 6.9% yield[2]

1. June 30, 2005
2. Based on closing market price on October 3, 2005

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AltaGas

- Let me begin with a quick profile of AltaGas Income Trust.
- Our units trade under the symbol ALA.UN on the Toronto Stock Exchange, and we had approximately 54 million units outstanding as at June 30, 2005.
- Our market capitalization is approximately $1.5 billion, based on an October 3rd unit price of $27.87 per unit, and our assets currently total $1.1 billion, which includes the natural gas distribution segment that will be spun out before the end of the year.
- In August, we were happy to announce that we were increasing our monthly distributions by 7%, from 15 cents to 16 cents per unit. This equates to an annualized distribution of $1.92, or a yield of approximately to 7%.

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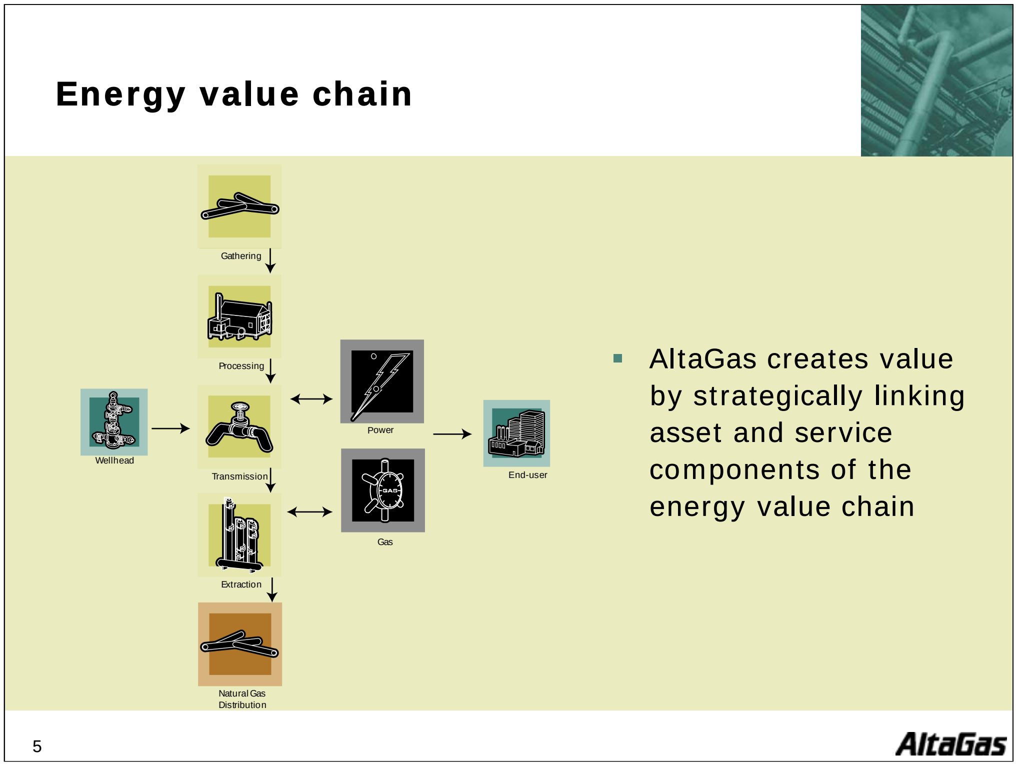
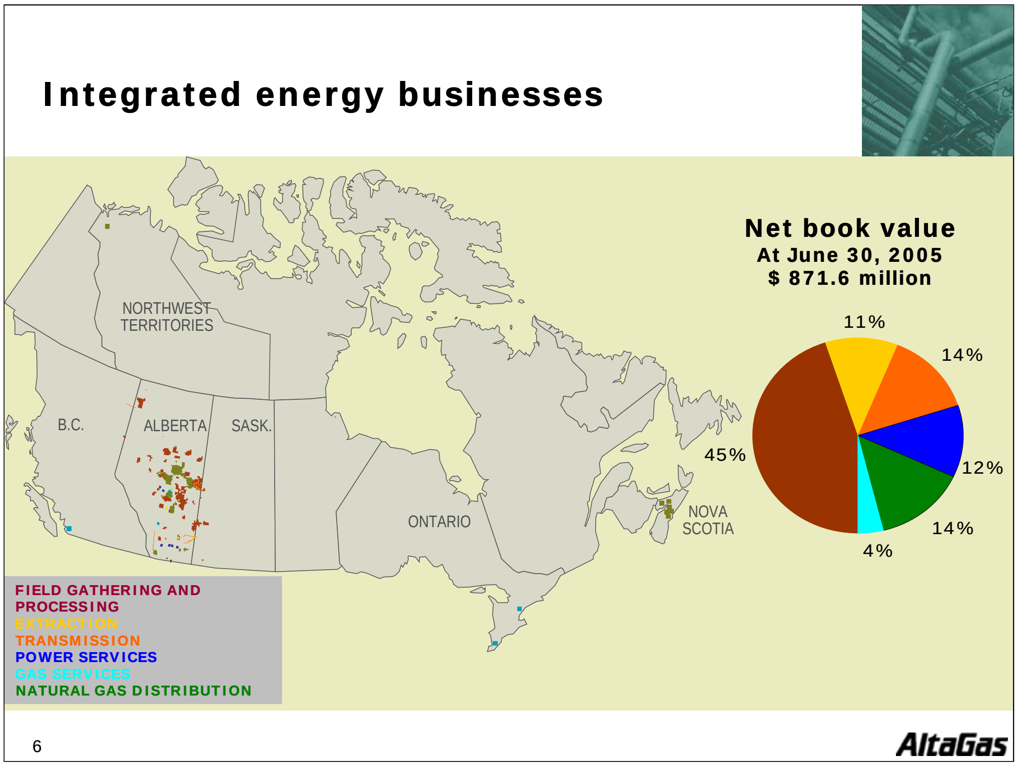


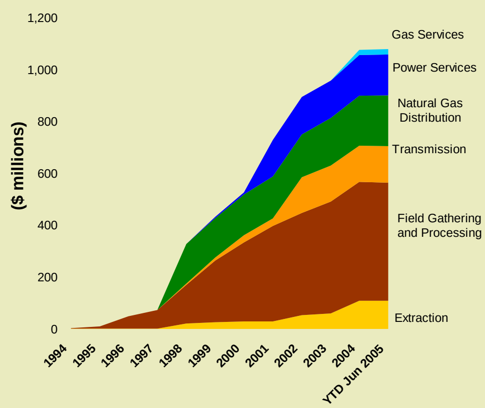
- AltaGas creates value by strategically linking asset and service components of the energy value chain.
- Our portfolio of energy assets and services is currently managed as three business segments, which are further divided into a total of six components.
- Gathering and processing includes the field gathering and processing, extraction and transmission components.
- Energy services includes power and gas services.
- And finally, our natural gas distribution segment consists of our wholly owned AltaGas Utilities Inc. and partially owned Heritage Gas in Nova Scotia and Inuvik Gas in the Northwest Territories. I will talk about the proposed spin out of this segment later.



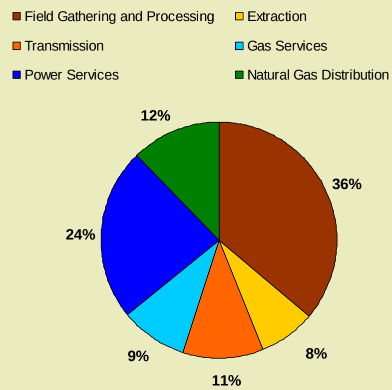
- As you can see on the map, we have an integrated energy business that capitalizes on many links along the energy value chain.
- This map illustrates the location of our offices and physical assets. As I will describe later, our market presence and customer base is even broader than this.
- Even with the proposed spin out of the natural gas distribution business, we are diversified in geography, service types, contractual arrangements and counterparties.
- Our diversification provides stability of earnings and cash flow and our contractual practices provide predictable and sustainable earnings and cash flow.

Diversified energy services business

Capital investment by component

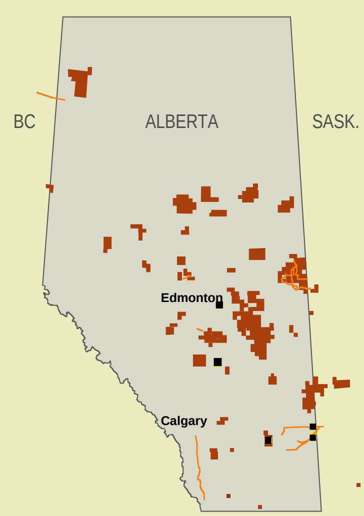


Operating margin by component (6 months ended June 2005)



- Here you see how we implemented our portfolio approach to managing business risk. We have grown our business over the years and our operating margin for the first half of 2005 reflects the financial impact of our asset diversification strategy.

Gathering and Processing



- 69 field gathering and processing facilities
- 916 Mmcf/d capacity
- 6,000 km of pipelines
- 4 extraction plants - 539 Mmcf/d inlet capacity
- 1 field fractionation plant
- Almost 20,000 Bbls/d average production in first half 2005
- 6 transmission pipelines totaling 750 km
- 432 Mmcf/d volumes transported

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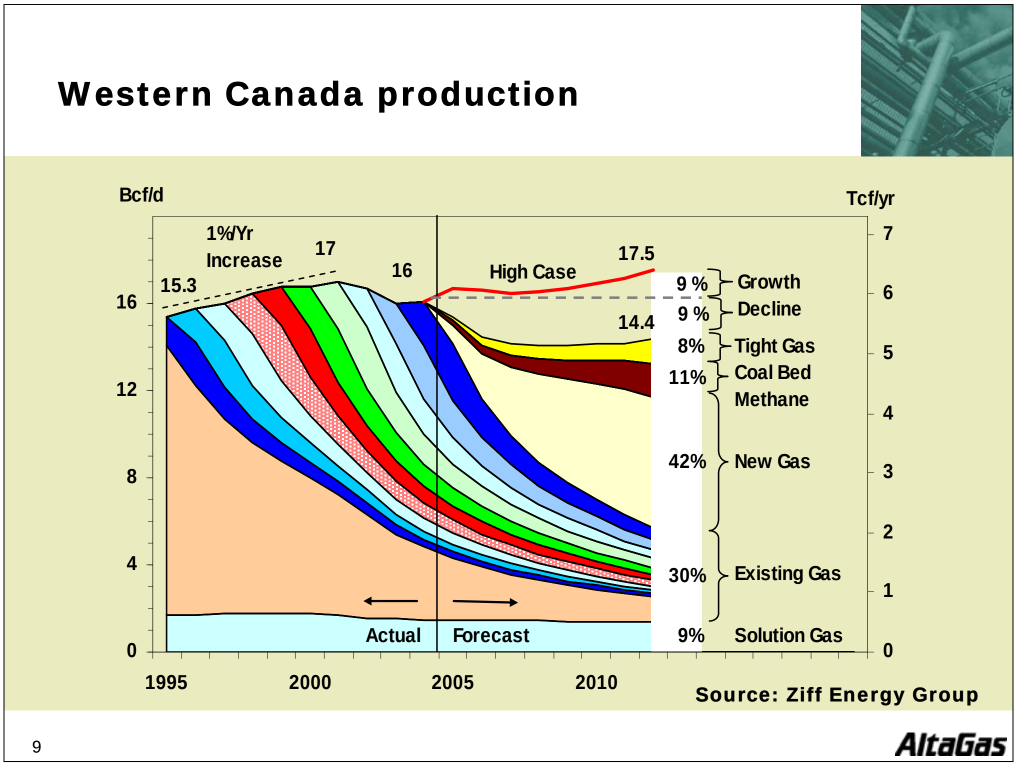
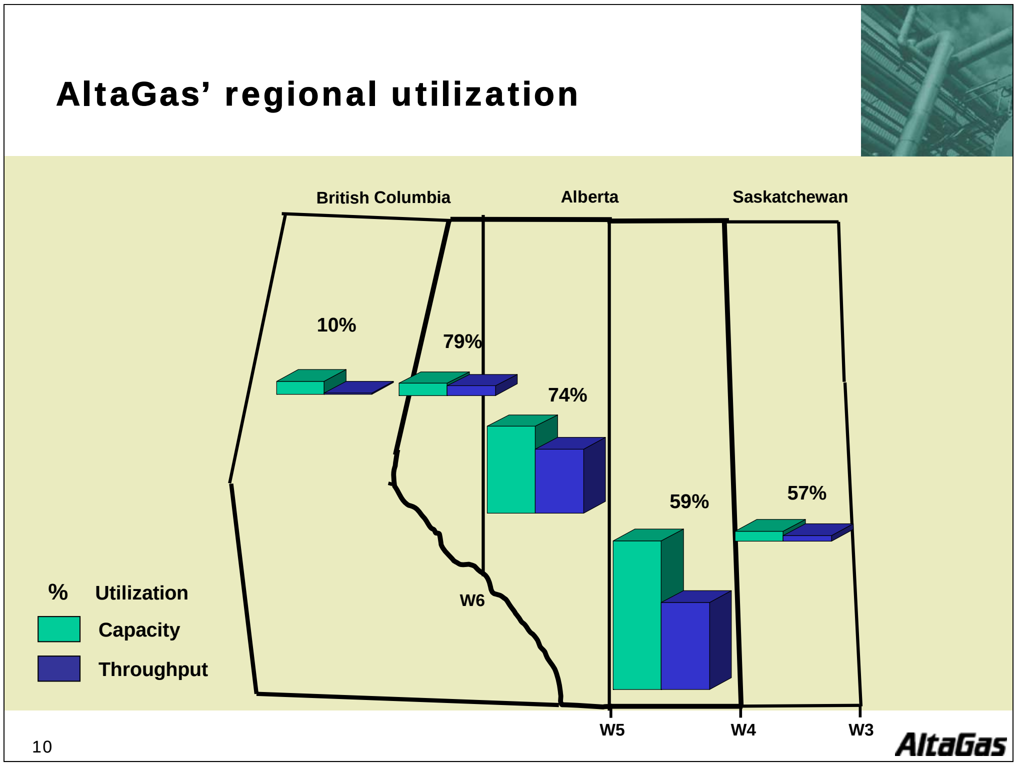
AltaGas

- The field gathering and processing component consists of 69 facilities and 6,000 km of gathering pipelines.
- About half of the revenues are from take or pay and operating cost flow through contractual arrangements.
- Production at our 4 partnered extraction plants and one wholly owned fractionation plant averaged almost 20 thousand Bbls/d of ethane and NGLs in the first half of 2005, compared to just under 10 thousand Bbls/d for the same period in 2004. The increase was primarily due to our acquisition of the Edmonton Ethane Extraction plant in August 2004.
- 75% of the operating margin for our Extraction component is based on cost-of-service or fixed fee arrangements.
- The Transmission component consists of 6 pipelines totaling 750 km and delivers 432 Mmcf/d to market. The Suffield Pipeline makes up the majority of this capacity, and it is underpinned by a 20-year commitment from EnCana.



- Over the next five to seven years, Ziff Energy expects overall Western Canadian natural gas production to remain relatively flat. Normal declines will be offset by continued activity in the basin, increases in coal bed methane and tight gas.
- AltaGas continues to process new gas and continues to connect an average of over one well per day. The future is bright.



- Our overall throughput in our FG&P facilities in the first half of 2005 was 564 MMcf/d, which resulted in average capacity utilization of 62%. This compares to an average Alberta utilization of closer to 50%.
- The fact that the over 60% of our facilities are small and skid-mounted allows us to be flexible and redeploy them where they are needed in response to producer drilling.
- The map you see here shows you our second quarter capacity, which is the bar on the left, throughput, which is the bar on the right and utilization by area.
- As you can see, our highest utilization was West of 5, where we have capacity of almost 300 MMcf/d, and West of 6, where capacity is 40 MMcf/d. In addition, we currently have 500 MMcf/d of capacity West of 4, with utilization of 59%.
- You may have noticed that over the last week we have announced the construction of two new processing plants. The 20 MMcf/d Princess Gas Plant is a new sour gas plant that will be a step-out in one of our existing areas. The Clear Prairie Gas Plant is a 15 MMcf/d sweet gas facility in northwest B.C., a new area for AltaGas.

Energy Services

- 478 MW of generating capacity; 6% of Alberta capacity
- Energy procurement and consulting services, energy supply and natural gas transportation and storage optimization to end-use customers

- Energy agency business
- Over 1,000 customers
- Intention to acquire iQ2 – power retail in AB

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- Moving to our second segment, the Energy Services business includes natural gas wholesale and retail marketing and the wholesale and retail supply of electricity.
- Our Energy Services business reaches well beyond Alberta with retail presence in eastern Canada and wholesale gas marketing activity in eastern Canada, the Great Lakes region, BC, Alberta and Manitoba.
- With the acquisition of PremStar in 2004, we added an energy agency business, as well as a fee for service consulting and gas management business.
- When we close our recently announced acquisition of iQ2, we will have a retail power agency business in Alberta which will further expand our national presence. iQ2 has over 700 customers and is also starting to move into retail natural gas, at the request of its customers. That acquisition is expected to close in the fourth quarter.
- Our power portfolio includes coal-fired generation capacity through long-term power purchase arrangements for 353 MW through 2020 from the Sundance B coal-fired plant and 100 MW of capacity from the Genesee facility through first quarter 2006. The power portfolio also includes 25 MW of gas-fired peaking capacity that was leased for 10 years beginning in 2004. This capacity has renewal options and provides some operational backstopping to the coal-fired generation.
- AltaGas has rules in place to hedge a significant amount of power 18 to 36 months out, although the longer-term ones are infrequent, due to illiquidity of market more than 18 months out.
- While our retail electric services are mainly in Ontario, we also have some in BC, Quebec, Manitoba and Ontario. We serve mainly space heating needs to customers such as Toyota, hospitals, government buildings and apartment buildings and does not include residential.
- Our Gas Services retail business generates mainly fee for service revenue.
- To give you a few numbers to round out the Energy Services picture, in the second quarter, we had 446 active retail energy service contracts and marketed 300,000 GJ per day of wholesale volumes. These numbers are expected to increase with the addition of iQ2.

Natural Gas Distribution

ALTAGAS UTILITIES INC.

- Regulated cost-of-service returns
- AltaGas Utilities
  - 61,551 customers at March 31, 2005
  - 6% of Alberta market
- Positioned for Northern development
- Nova Scotia greenfield opportunity
  - Infrastructure to be built over 10 years
- Spin out of segment expected late 2004

HERITAGE GAS LIMITED

INUVIK GAS LTD.

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- Our third segment is the natural gas distribution segment, which includes our natural gas distribution utilities that provide steady stable predictable cash flow regulated by the various provincial and territorial utility regulators.
- We own 100% of AltaGas Utilities Inc., which services over 60,000 customers in 90 communities in Alberta and has 6% of Alberta's natural gas distribution market.
- The 25% investment in Heritage Gas that we acquired in 2002 expanded our geographic footprint in Canada to the East Coast. Heritage Gas has the franchise to distribute natural gas to six counties in Nova Scotia. Heritage Gas currently has 191 customers.
- Finally, our one third interest in Inuvik gas positions us to capitalize on northern development.

Proposed spin-out of Natural Gas Distribution segment

- Transaction description
  - Spin out of Trust ownership of natural gas distribution segment to new publicly traded corporation
  - Trust unitholders to receive shares in AltaGas Utility Group Inc.
  - Subject to various regulatory approvals
  - Expected implementation late 2005

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- As you may be aware, AltaGas Income Trust announced the proposed spin out of its natural gas distribution segment on May 25th
- The spin out creates a new separate publicly traded corporations and is expected to enhance unitholder value.
- We believe that the corporate equity market valuations for utility type investments better support the long-term capital required for the build out of Heritage Gas and the spin out will improve our balance sheet strength
- In the preliminary prospectus filed August 29th, we explain that current AltaGas unitholders will receive shares of AltaGas Utility Group Inc. upon the spin-out at an exchange ration as yet to be determined.
- The transaction is subject to regulatory approval from the Alberta Energy and Utilities Board and we expect to close later in 2005.

Proposed spin-out of Natural Gas Distribution segment

- Impact to AltaGas Income Trust
  - No impact on current level of distributions
  - Improved financial metrics
  - Lower target debt to total capitalization of 40% to 45%
  - No significant change to risk profile of AltaGas Income Trust
  - Minimal impact on net income and distributable cash
  - Tax impact: return of capital in 2005 to unitholders

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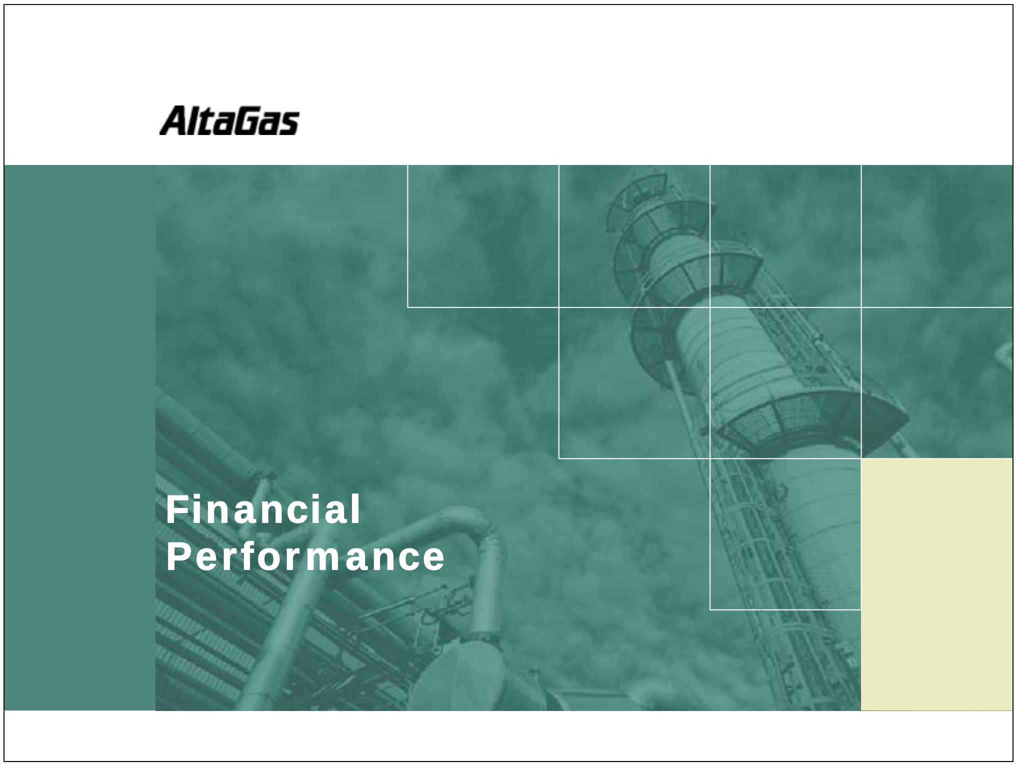
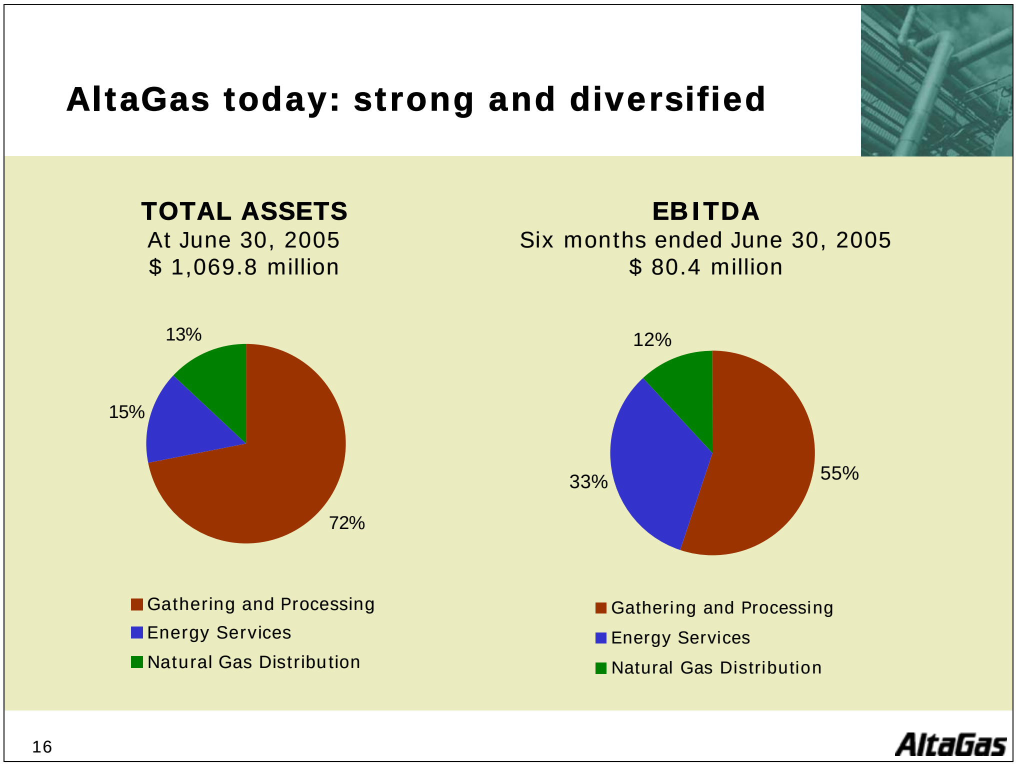
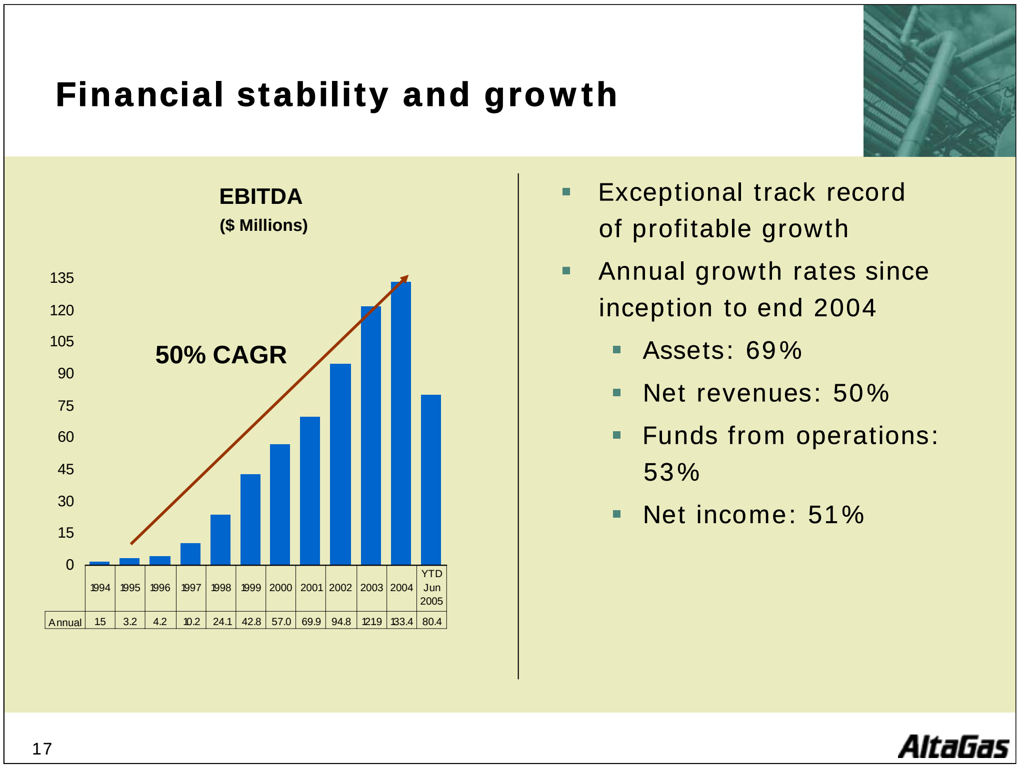
- The spin-out will not impact the current level of distributions from the Trust and no material impact on the Trust’s risk profile, net income or distributable cash is expected.
- We do however expect a lower debt to total capitalization ratio, and will be lowering our target from 45 to 50% to 40 to 45%.
- Note that the distribution of AUGI shares to AltaGas Income Trust unitholders is expected to be treated as a return of capital in 2005.



• I’d like to move on to our financial performance.



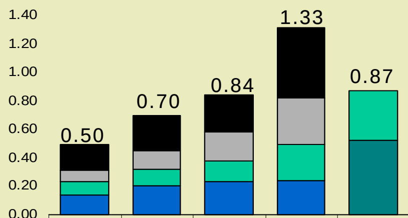
- AltaGas' billion dollars of assets generated $ 80.4 million of EBITDA during the first half of 2005.
- You will notice the Energy Services segment comprised only 15% of our assets, yet they generated 33% of our EBIDTA. The Sundance PPA is a solid asset and reached simple payout after 3 years.



- This graph on the left-hand side of the slide shows AltaGas' EBITDA from our inception in 1994 through 2004, as well as for the first half of 2004.
- AltaGas has an exceptional track record of profitable growth. As you can see, the compounded annual growth rate of EBITDA for 10-year period ending 2004 was 50%.
- Growth in assets, net revenues, net income and funds from operations grew at equally impressive rates over the same time period.

Net income

NET INCOME PER UNIT ($)



	2001	2002	2003	2004	2005
Q4	0.18	0.25	0.26	0.49	
Q3	0.08	0.13	0.20	0.33	
Q2	0.09	0.12	0.15	0.25	0.35
Q1	0.14	0.20	0.23	0.24	0.52

2001 & 2004 - rounding

- First half 2005
  - $46.7 million YTD, or 104% increase over first half 2004
  - 78% increase in NIPU over first half 2004
  - Impact from PremStar and EEEP acquisitions
  - Strong performance from existing asset base
  - Basic units outstanding 53.8 million compared to 47.2 million in Q2-04

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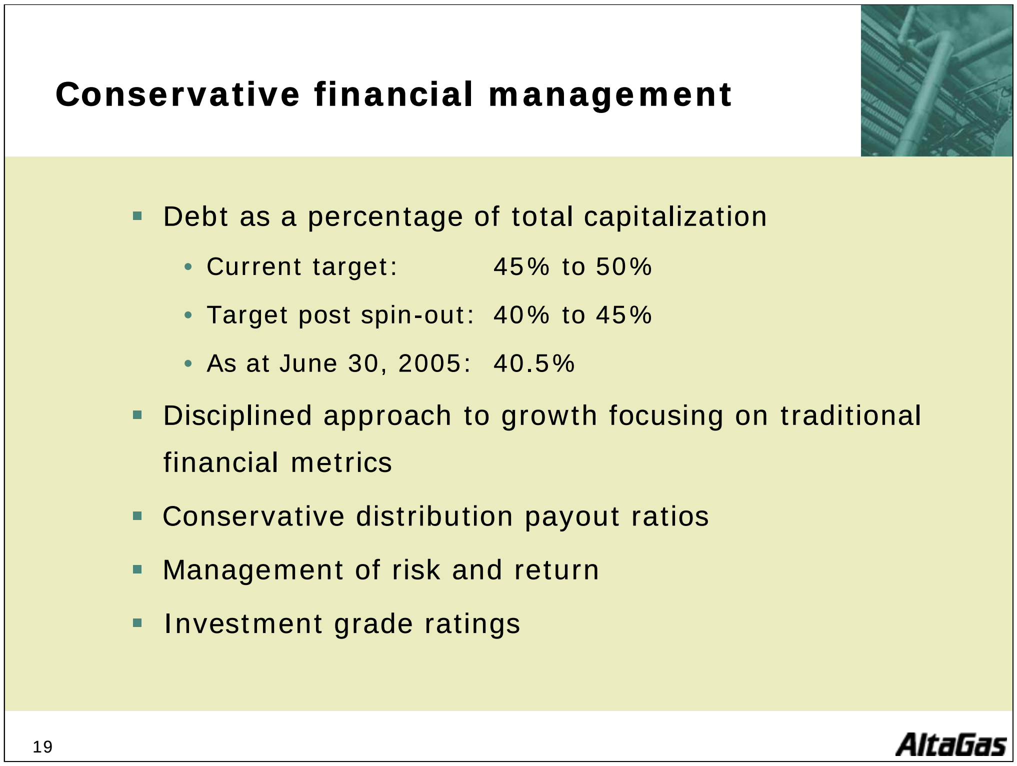
AltaGas

- Our net income was $46.7 million in the first half of 2005, a 104% increase over the first half of 2004.
- This increase includes a pre-tax gain of $7.9 million that is due to the sale of part of our ownership of Taylor NGL Limited Partnership units in the first quarter of this year. Excluding the impact of the Taylor ownership reduction, net income increased by approximately 70% year-over-year.
- This solid financial performance was mainly due to the acquisitions made in the latter half of 2004.
- On a per unit basis, net income was $0.87, or a 78% increase over first half 2004. The 6.6 million increase in basic units outstanding is what causes the difference in growth rates between net income and net income per unit.
- Excluding the impact related to the gains on the reduction of ownership in Taylor, net income per unit increase by 47%.



- Management at AltaGas has a conservative approach to the financial management of the Trust, with a focus on maintaining our strong balance sheet.
- Total debt to capitalization was 40.5% at the end of June 30, down from 42.6% percent on Dec. 31, 2004.
- As I mentioned earlier, the Trust target will be 40% to 45% after the Gas Distribution segment spin-out. Obviously, we have already been operating in that target range.
- We have a disciplined approach to growth. All growth must be cash flow, earnings and return on equity accretive.
- Our target payout ratio is 70 – 80% of distributable cash flow.
- We are very focused on the management of risk and return.
- And, both the Board of Directors and management committed to maintaining investment grade ratings


AltaGas
Growth Strategy

Growth opportunities

Strong industry fundamentals provide opportunities for prudent increases in EBITDA

- Gathering and Processing
  - Strong exploration and production activity in WCSB supports continued internal growth
  - Accretive acquisitions at reasonable valuations
  - Increased facility utilization with low capital investment
- Gas Services
  - Energy value chain optimization with other components
  - Continue to grow customer base
- Power Services
  - Transmission opportunities
  - Distributed power generation projects at field gathering and processing sites
  - Upcoming PPA auctions

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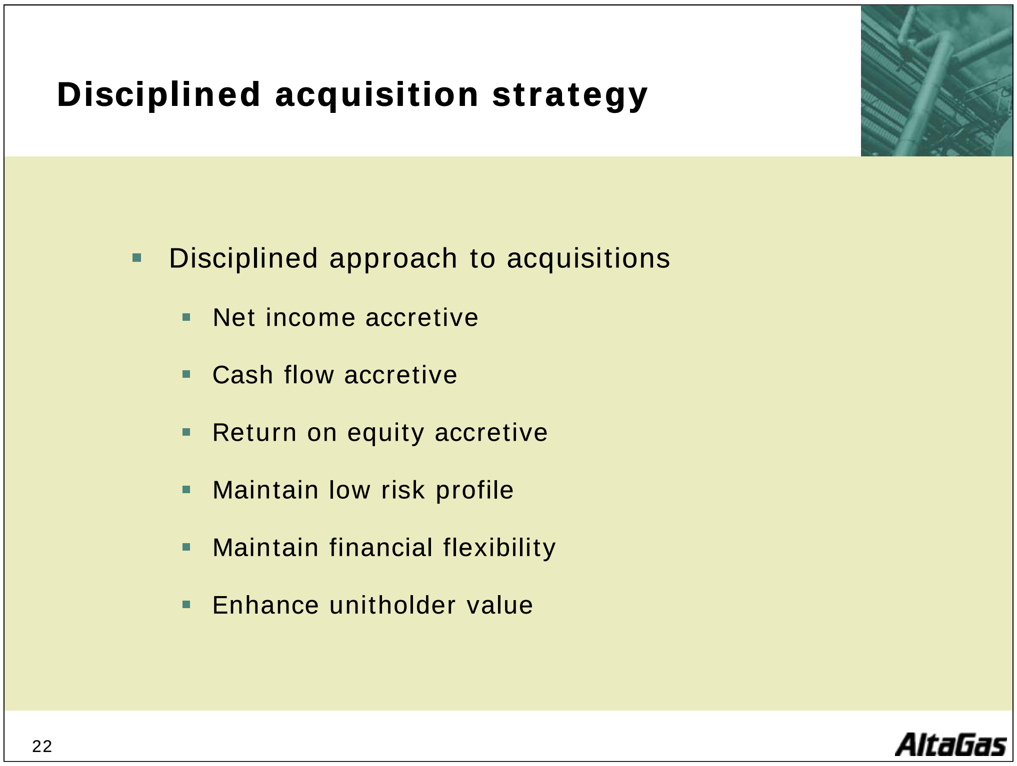
- At AltaGas, we see continued growth in earnings for 2005. We continue to pursue acquisition opportunities and are seeing positive financial impacts from our 2004 acquisitions of EEEP and Premstar.
- There will also be internal growth driven by strong exploration and production in the WCSB. This will include internal expansions and new greenfield development like the Princess and Clear Prairie plants. It may also include accretive acquisitions at reasonable valuations.
- For 2005, we have planned projects totaling approximately $40 million which, combined with maintenance and administrative capital, results in a budget of approximately $50 million.
- In the first half of this year, we spent approximately $16 million. Another $20 million in capital expenditures related to the Princess and Clear Prairie gas plants will be spent over the next few months, and expect to meet our targeted capital expenditures for the year.
- In the medium to long term, our solid asset base and competitive advantages position us well for continued growth.
- We believe that North America's demand for natural gas will remain high resulting in significant drilling and field development providing significant opportunity for AltaGas to increase its well tie-ins.
- In the power markets, we have a fundamental view that over the long run market prices for power will increase to support new environmentally friendly power generation to meet new demand and replace retiring power plants, providing opportunities for AltaGas to grow its power business.
- We have increased throughput and earnings at our gathering and processing segment through organic growth which requires relatively low investment through pursuit of operational excellence to increase facility utilization and accretive acquisitions.
- In our energy services segment, our in depth knowledge of the natural gas and power markets in which we operate will allow us to continue to provide valuable energy management services to our customers.
- We will continue to pursue accretive acquisitions in a disciplined manner to enhance unit holders value.



- Our Business Development group is actively pursuing acquisitions. However, our acquisition strategy is, simply put, “we will not grow for the sake of growth”.
- As I mentioned earlier, our acquisitions must be accretive to net income, cash flow and return on equity; they must build, not erode, equity. They must also fit our risk profile and business strategy.
- Acquisitions must be underpinned with strong contractual commitment and have low commodity exposure, and be balanced amongst various links in the energy value chain to ensure continued diversification
- We will maintain a strong balance sheet to provide financial flexibility to capitalize on growth opportunities when they arise.
- And lastly, we will enhance unitholder value.

Strong liquidity

- Financing options
  - Debt and equity markets
  - Funds from operations
  - DRIP

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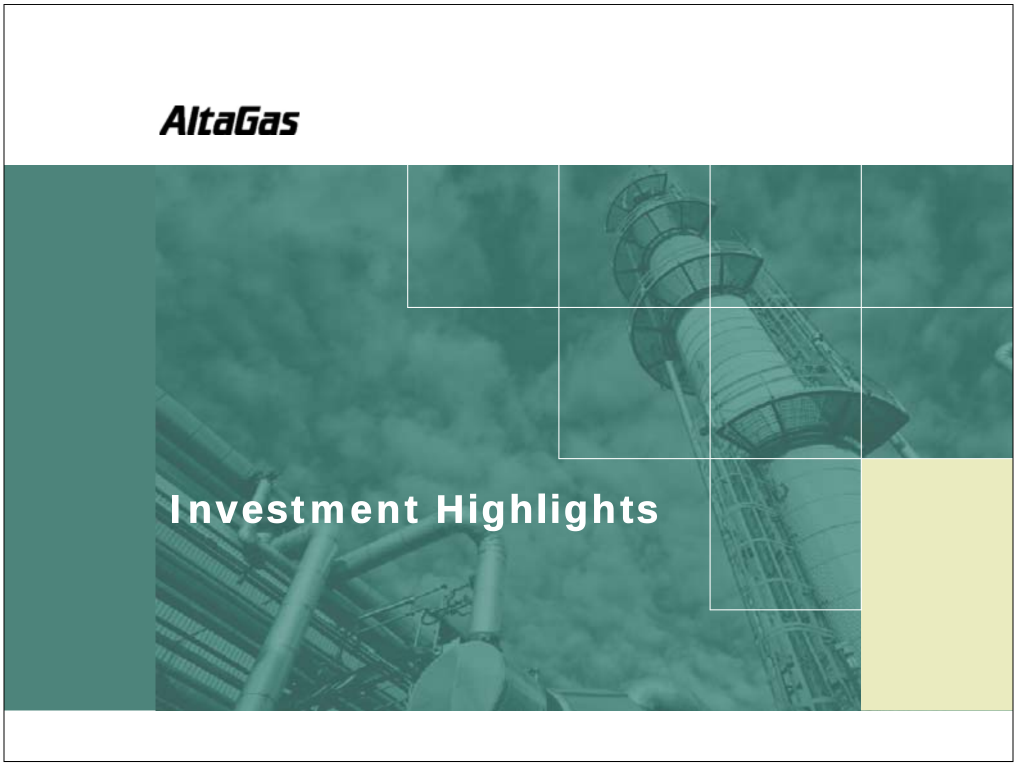
- Our balance sheet supports our growth strategy.
- In August, we issued $100 of new medium-term notes to replace those that expired this week. We managed to do so at a much lower rate – 4.4%, versus 7.3%.
- Our credit ratings were reaffirmed by both S&P and DBRS both when we announced the spin-out of the gas distribution segment and when the MTNs were issued.
- We filed our $500 million shelf prospectus at the end of April and still have $400 million of capacity to issue debt and/or equity.
- Funds from operations have been strong, and we also receive approximately $25 million per year from our Dividend Reinvestment program.



- I would like to end my presentation by discussing a few of the investment highlights for AltaGas.

Premier energy trust

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

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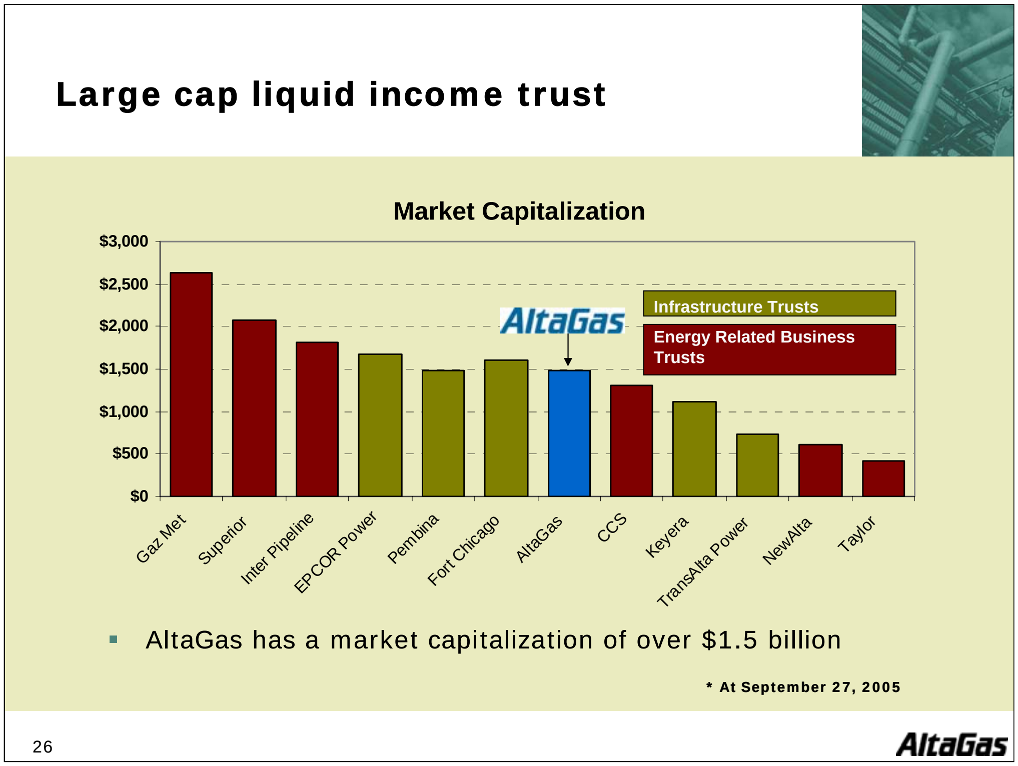
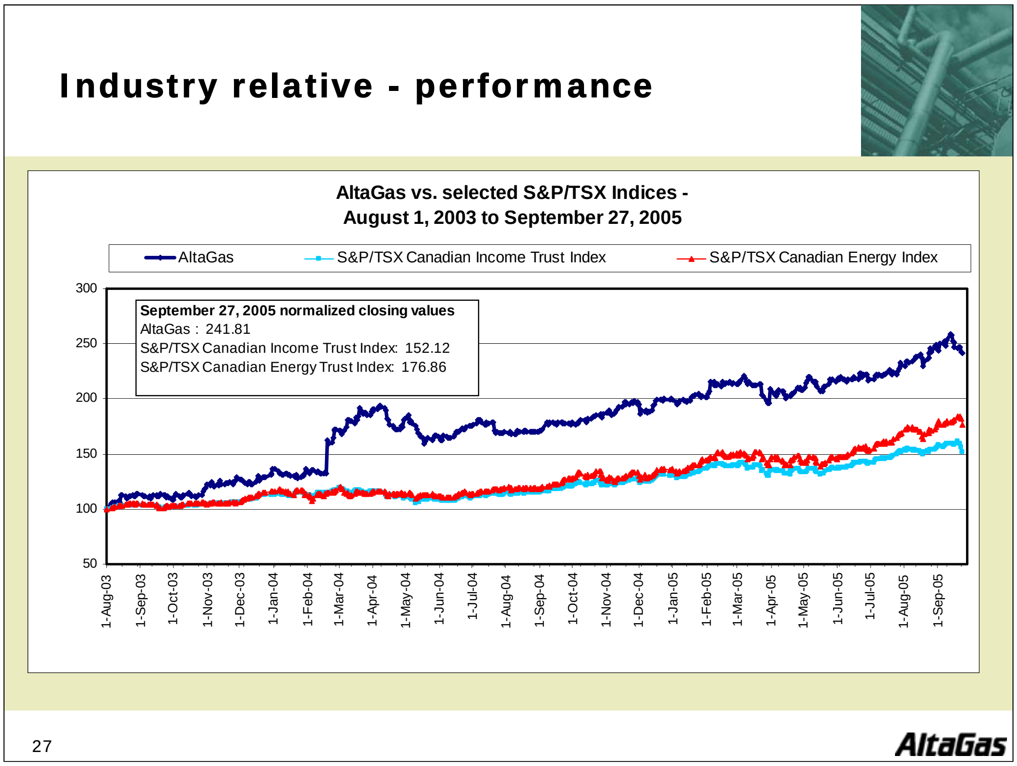
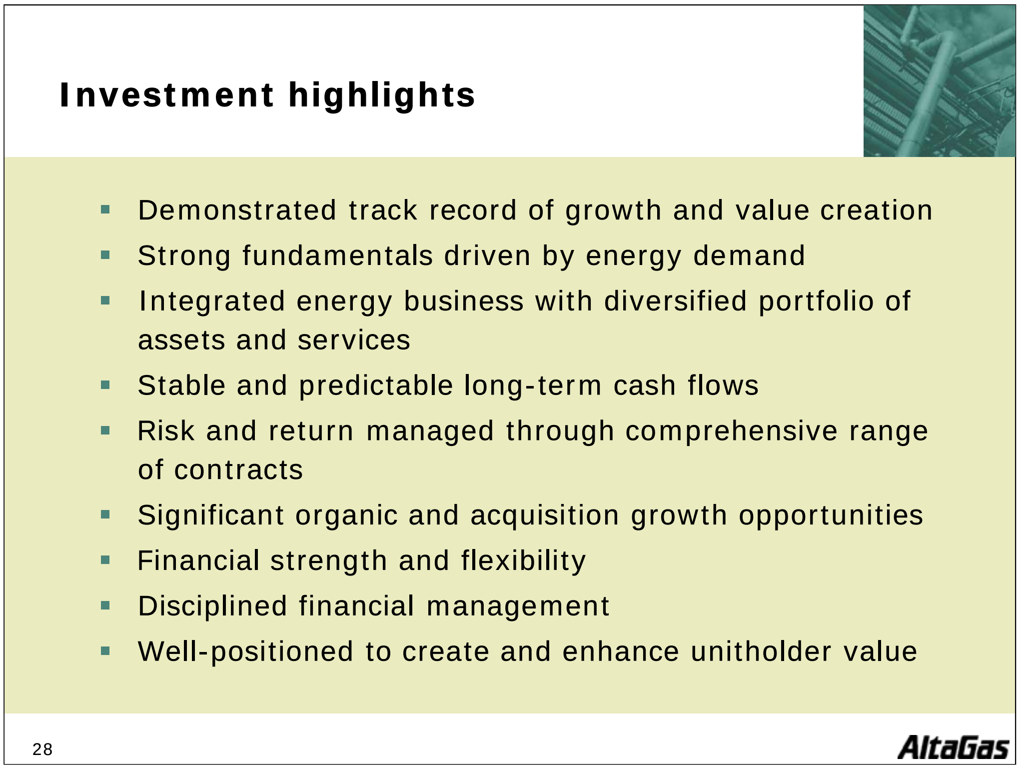
- This slide compares the strength of our operational diversity to other energy infrastructure trusts. Diversity has been a key to our growth strategy over the past 11 years.
- As you can clearly see, even without Natural Gas Distribution, our business continues to be more diversified than other energy trusts. AltaGas is composed of integrated operating entities.



- AltaGas currently has a market capitalization of over $1.5 billion.



- This graph shows AltaGas' price appreciation compared to the S&P Canadian Income Trust and Energy Trust Indices from August 2003 through last week. As you can see, we have outperformed both those indices.
- We returned approximately 45% price appreciation to our unitholders in 2004.
- At AltaGas we operate as a "tax advantaged corporation". We were in existence for 10 years before converting to a trust, and the conversion has not changed how we fundamentally run the business. We carry forward a track record of operating excellence and prudent financial management.



- In closing, I would like to say that we believe our track record of developing and operating an integrated portfolio of energy businesses in a low risk manner is a great platform for continued growth.
- Thank you for your attention. Marshal and I would be happy to answer any questions you may have.

AltaGas

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