  

AltaGas Income Trust Q1 – 2006 Investor Presentation

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May 2006

Forward-looking information

- Certain information presented today may constitute forward-looking statements. Such statements reflect the Trust's current expectations, estimates, projections and assumptions. These forward-looking statements are not guarantees of future performance and are subject to certain risks which could cause actual performance and financial results in the future to vary materially from those contemplated in the forward-looking statements. For additional information on these risks see the Trust's Annual Information Form under the heading "Risk Factors".

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Business Overview

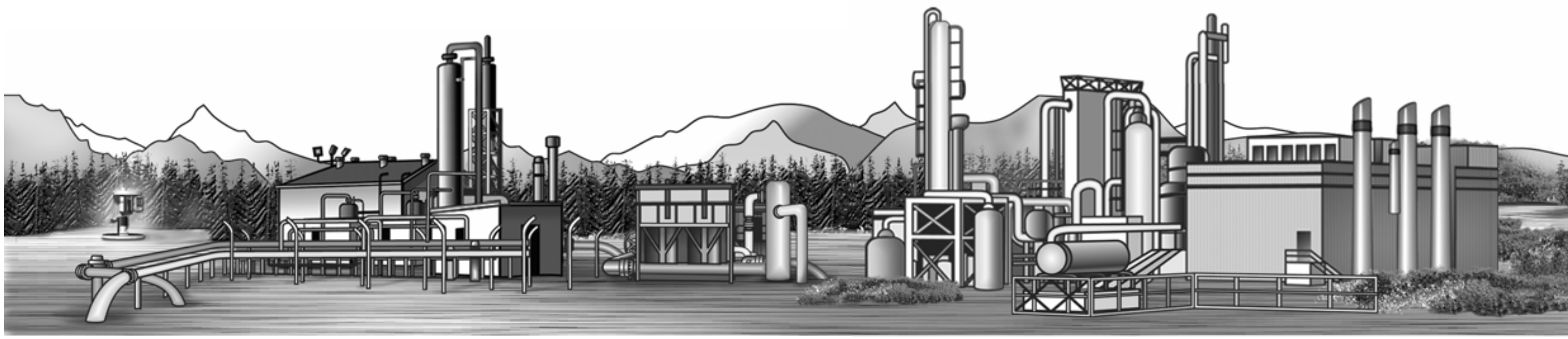
Strategy

- Optimize assets and maintain high reliability
- Organic growth through expansion and extension of current assets and services
- Pursue value-added acquisitions that add to net income, cash flow and return on equity
- Maintain financial flexibility through a strong balance sheet
- Ensure sustainable distributions

Making connections along the energy value chain

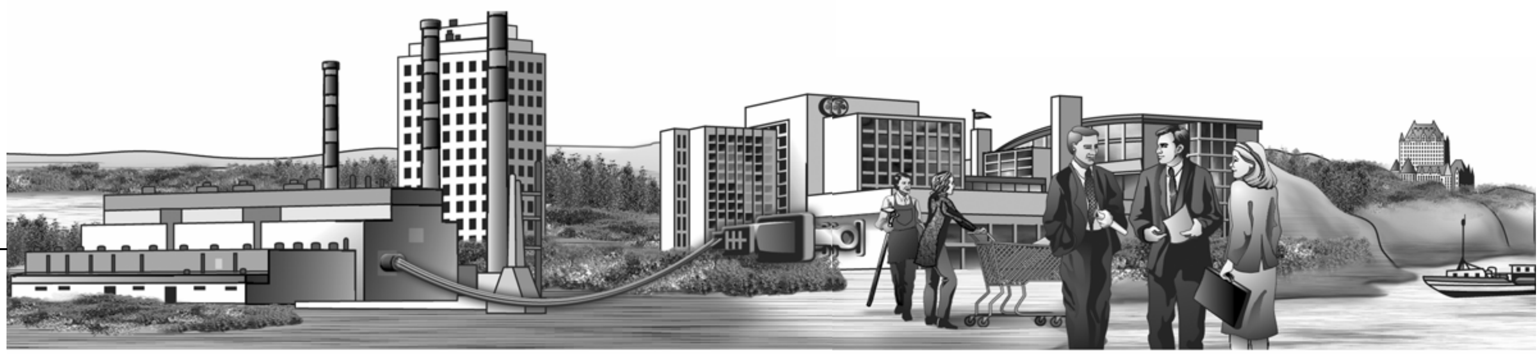
Field Gathering and Processing

Extraction and Transmission



Power Generation

Energy Services



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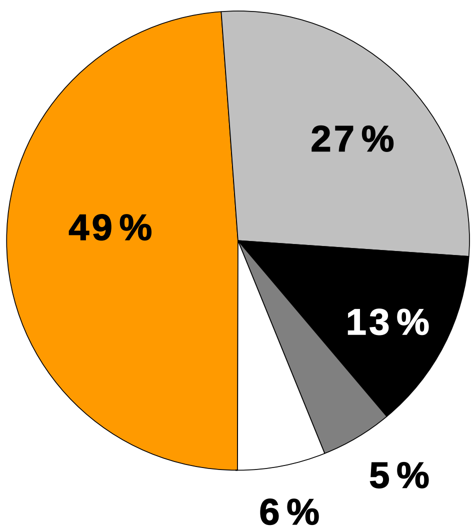
Diversified integrated energy business

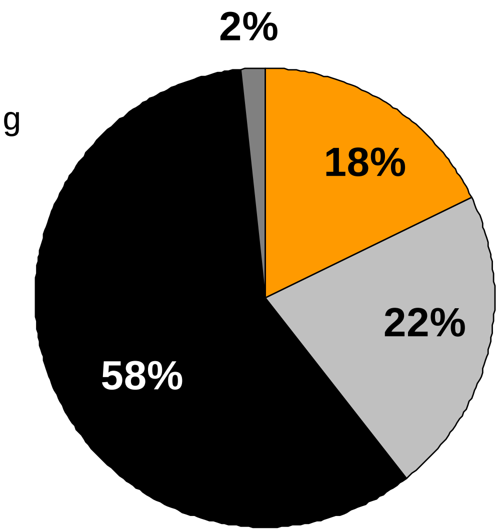
Net Book Value
At December 31, 2005



- Field Gathering and Processing
- Extraction and Transmission
- Power Generation
- Energy Services
- Corporate

$797.2 million

Operating Income
At March 31, 2006



$35.0 million

Note: Pie chart excludes corporate, which was ($3.6) million

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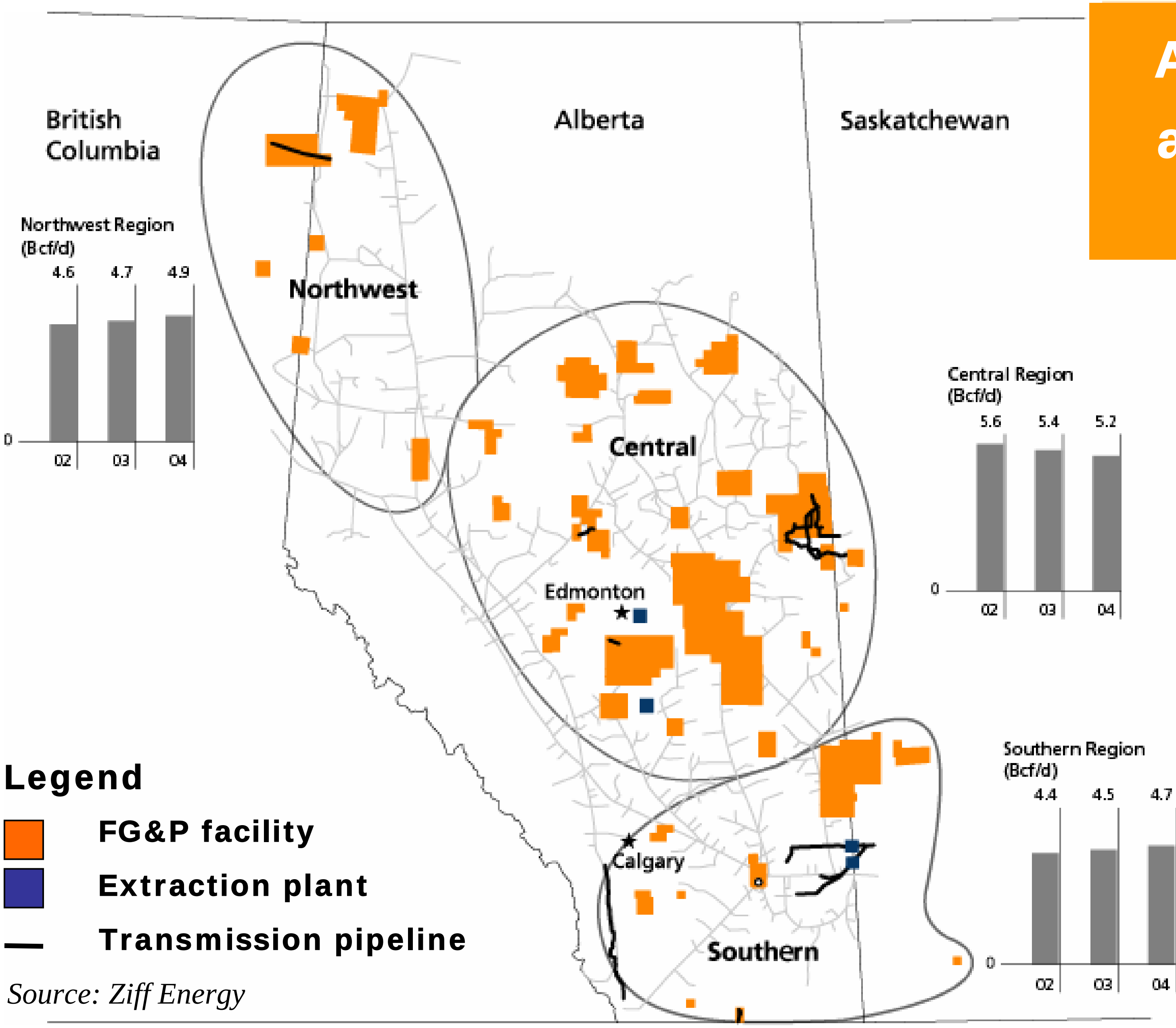
AltaGas and the WCSB



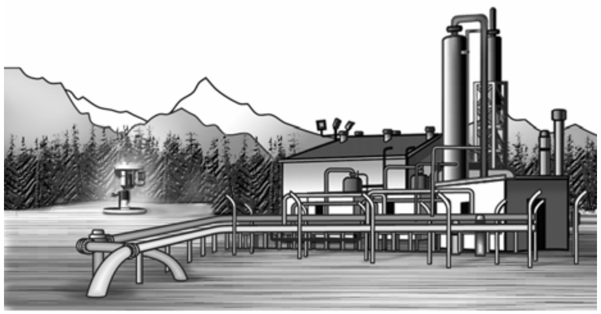
Legend

- FG&P facility
- Extraction plant
- Transmission pipeline

Source: Ziff Energy

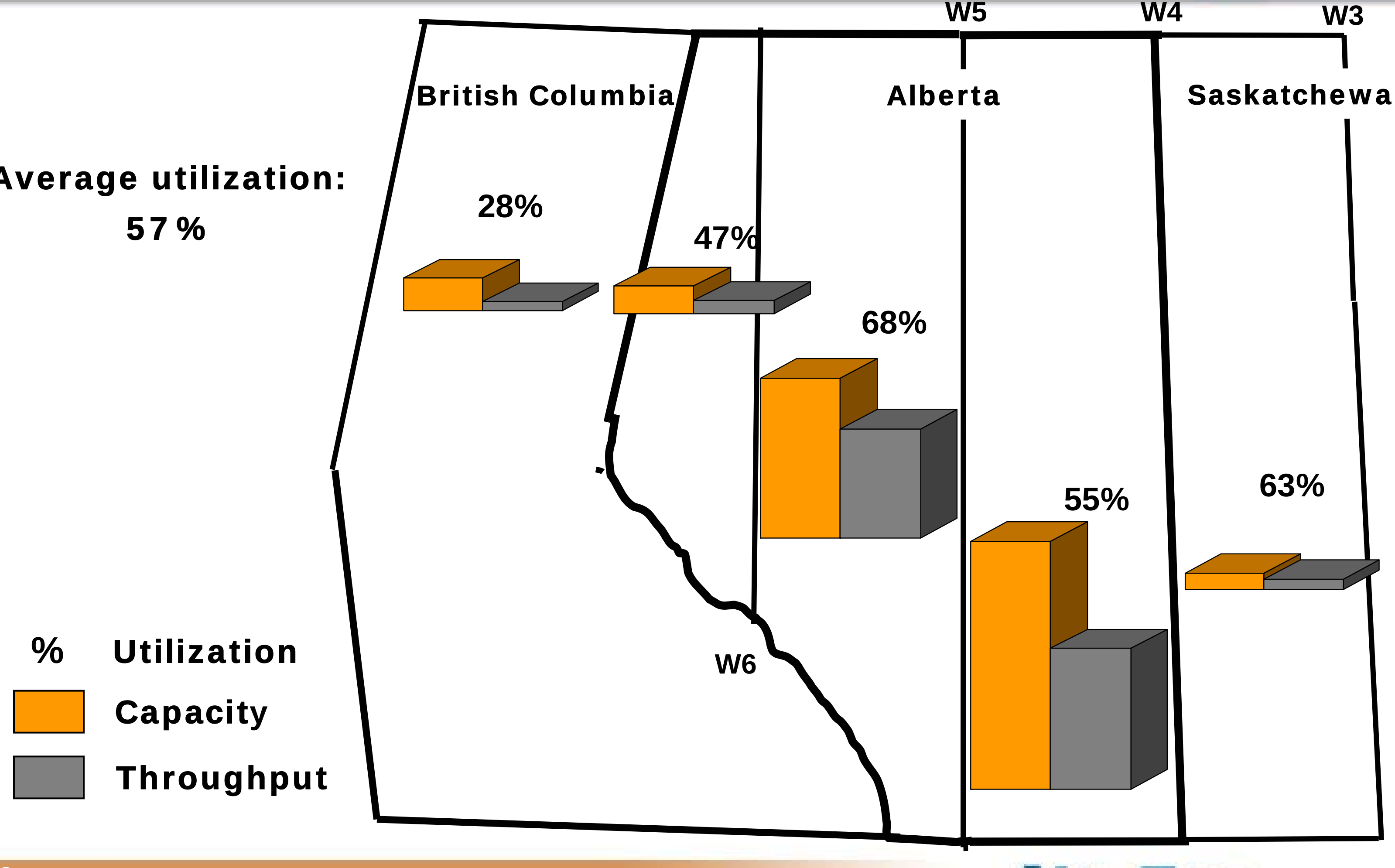
Field Gathering and Processing

- 73 facilities with 1.0 Bcf/d of capacity, including sour gas capacity
- Moveable facilities
- 6,000 km of gathering lines
- Ability to rapidly tie in new wells
- Interconnected processing facilities
- Flexible contract terms
- 240+ producer customers



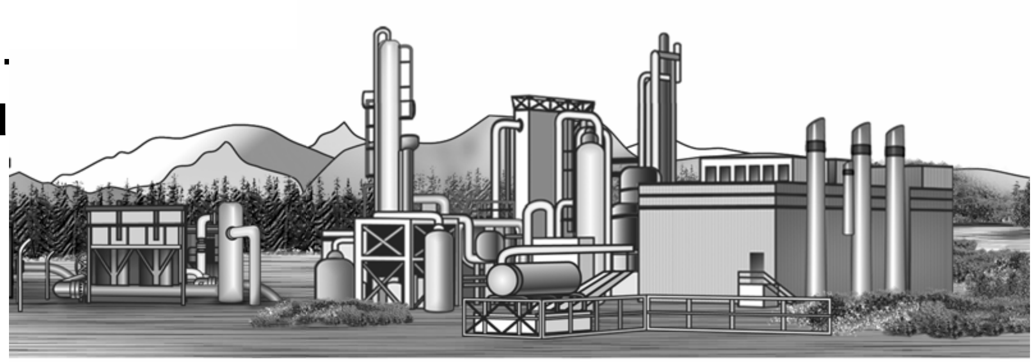
AltaGas' regional utilization Q1-06

Average utilization:
57 %



Extraction and Transmission

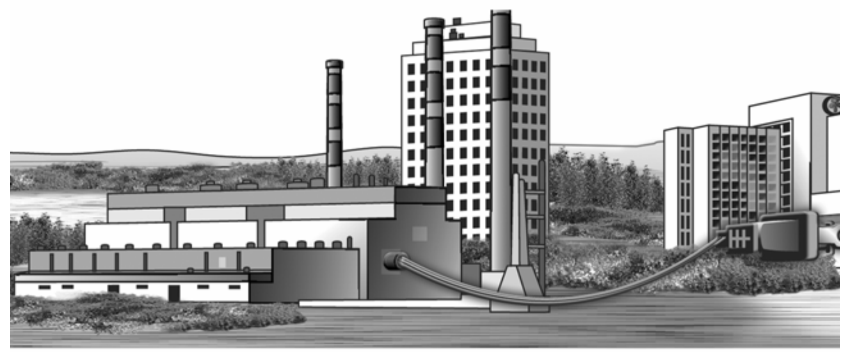
- 539 Mmcf/d extraction inlet capacity, including Alberta's newest extraction plant
- 2005 average production - 13,155 Bbls/d ethane and 6,202 Bbls/d NGLs



- 6 transmission pipelines totalling 750 km
- 2005 transmission throughput volumes - 432 Mmcf/d
- Long-life assets underpinned by long-term contracts and little commodity price risk

Power Generation

- Supplies 6% of Alberta's electricity demand
- Rights to 353 MW of coal-fired generation until 2020
- 25 MW of gas-fired peaking capacity
- Sells power and ancillary services in Alberta
- Risk mitigation through power price hedging



Energy Services

- Energy procurement and consulting services, natural gas transportation and storage optimization to end-use customers
- 1,243 energy management contracts in 2005
- 95% contract renewal rate
- 312,272 GJ/d average gas volumes marketed in 2005
- Diverse portfolio of long-term, fixed-margin and fee-for-service contracts

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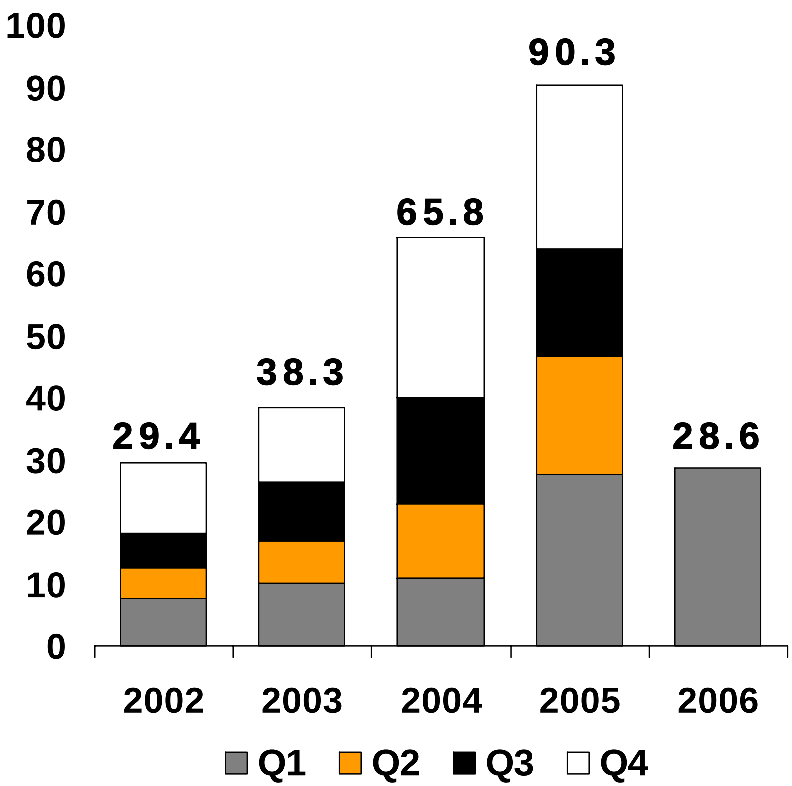
Financial Overview

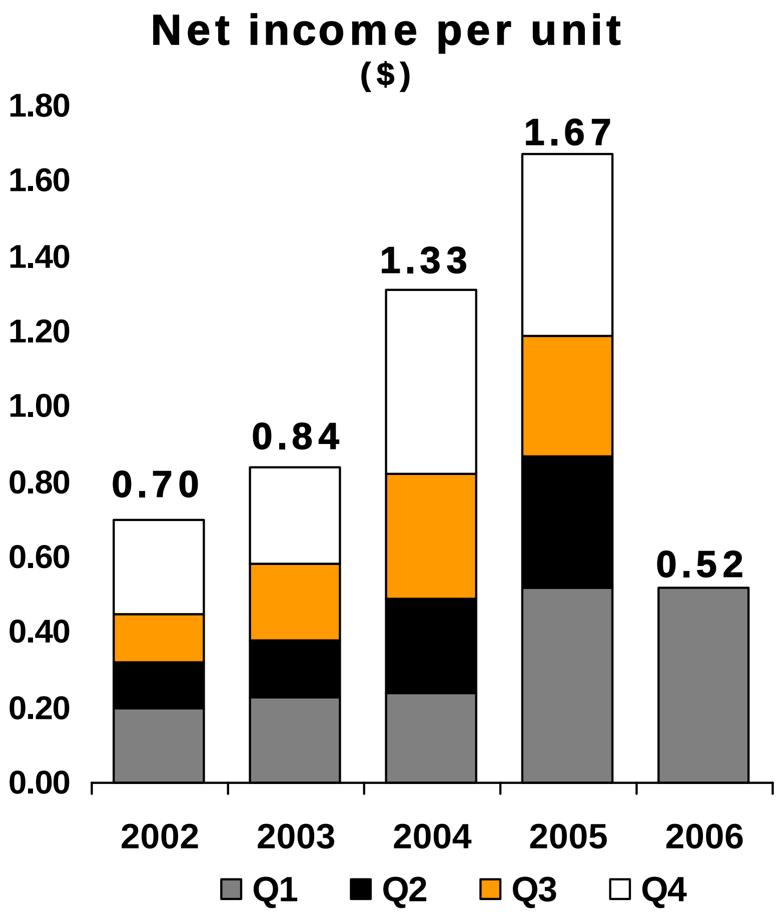
Net income

Net income
($ millions)



- **2006**
  - **$28.6 million, or 4% increase over 2005**
  - **Higher power prices received**
  - **Lower interest expense**
  - **Lower contribution due to spin-out of NGD segment**
  - **Higher administrative costs due to growth in business and CEO/CFO compliance**
  - **Higher taxes**
  - **2005 - $7.9 million gain related to Taylor investment**

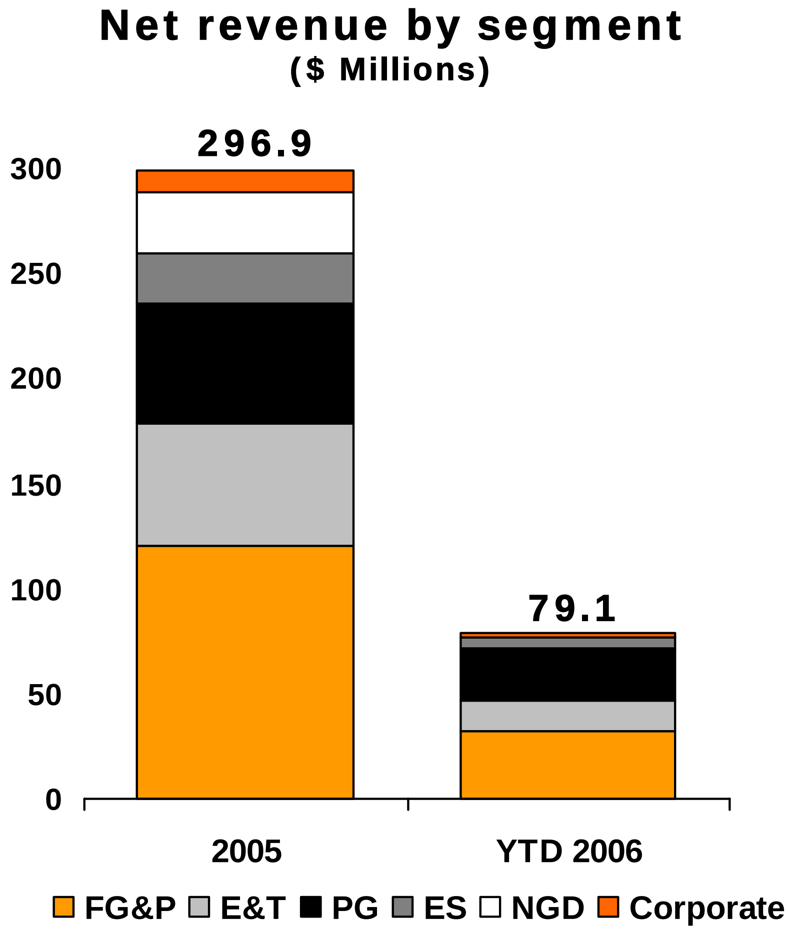
Net income per unit



2004 - rounding

- **2006**
  - **$0.52 per unit in 2005 and 2006**
  - **Weighted average units outstanding 54.8 million compared to 53.4 million in 2005**

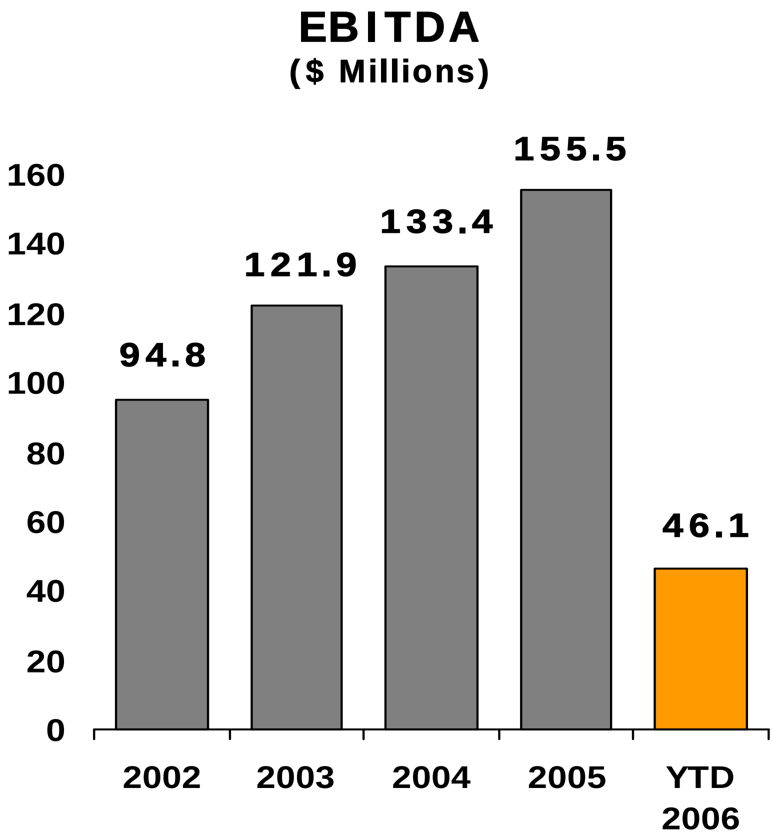
Net revenue by segment



Does not include intersegment eliminations

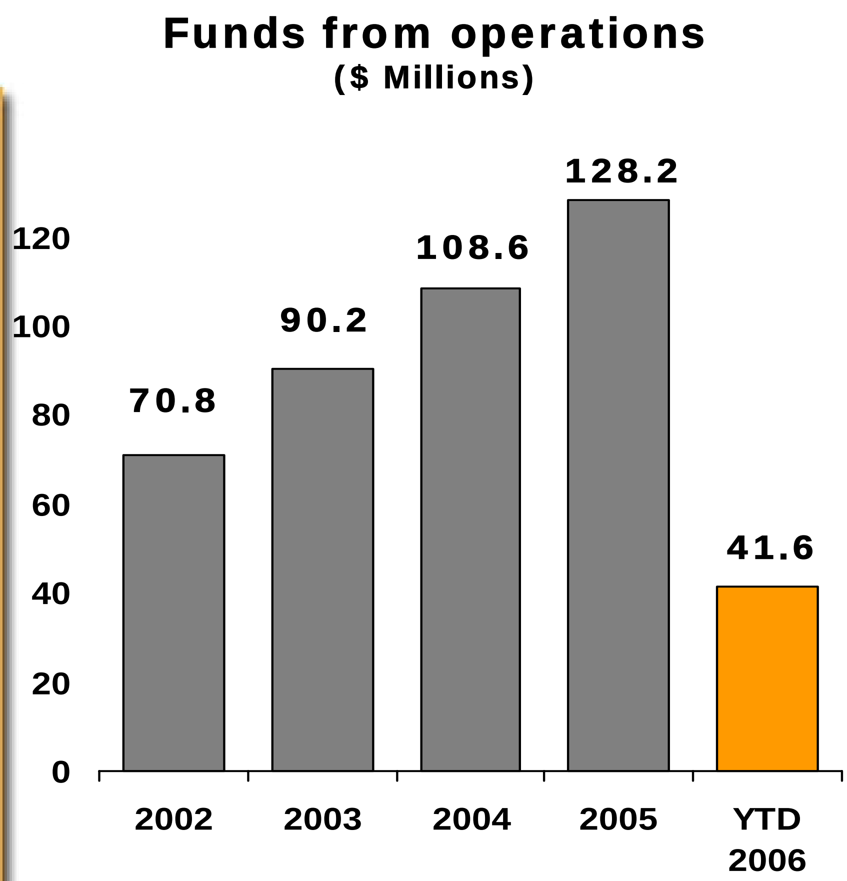
- FG&P
  - Capacity additions
  - More op cost flowthrough
- E&T: higher frac spreads
- Power Generation
  - Higher power prices received
  - Lower transmission charges
- Energy Services
  - Higher allocation of administrative costs
- Natural Gas Distribution spun-out
- Corporate:
  - Gains related to Taylor investment in Q1-05

EBITDA



- **First quarter 2006**
  - **$46.1 million, or 0.4% decrease over Q1-05**
  - **Q1-2005 included Taylor gain on disposition of units**

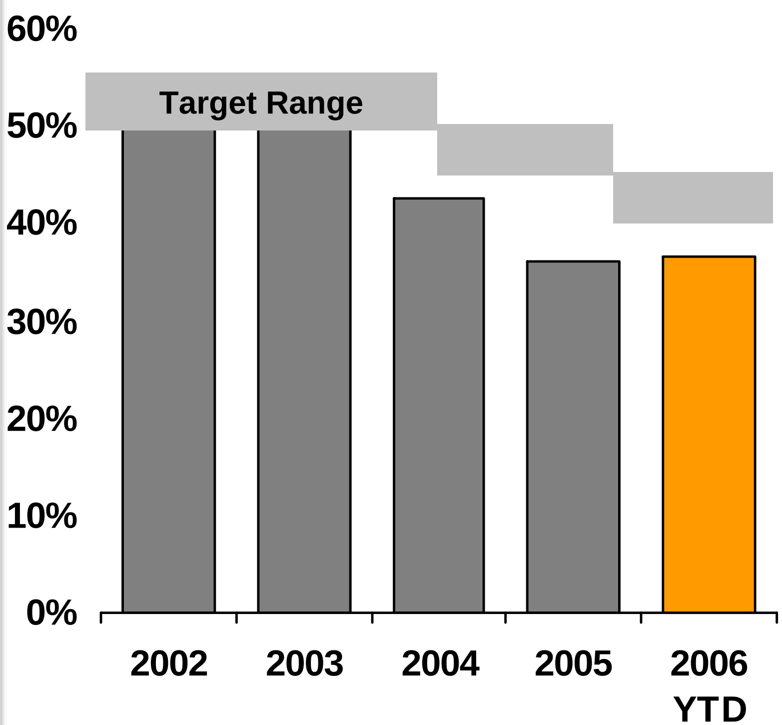
Funds from operations



- **First quarter 2006**
  - **$10.5 million or 34% increase over Q1-05**
  - **Q1-05 did not include gain on sale of Taylor, as was investing activity**

Financial structure

Debt as a percentage of total capital*



** As at period-end*

- **Committed to investment grade rating**
- **Trust stability rating**
  - S&P: SR-3
  - DBRS: STA-3 (middle)
- **Rating on medium-term notes**
  - S&P: BBB-
  - DBRS: BBB (low)
- **Capital structure**
  - March 31, 2006 – 36.5%
  - Trust target: 40 - 45%
- **$100 million MTN issue**
  - 4.4% coupon, down from 7.3%
  - September 1, 2010 maturity

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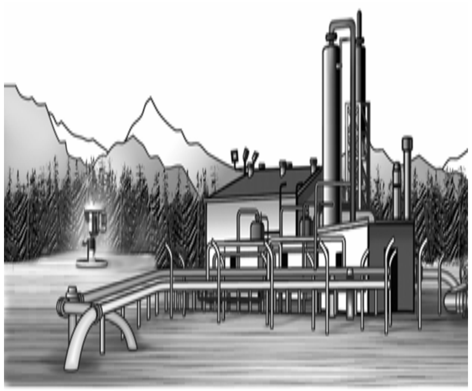
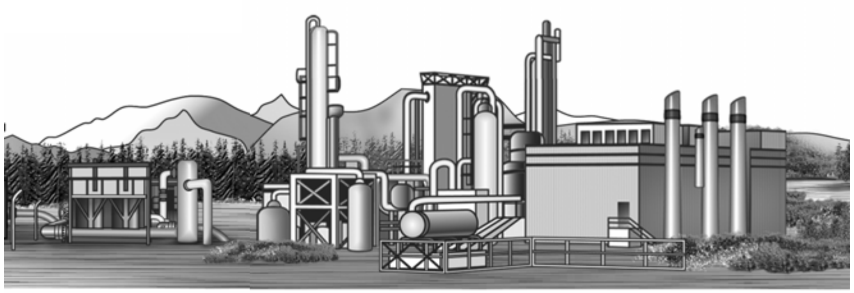
Growth Strategy

2006 - High single digit growth in earnings

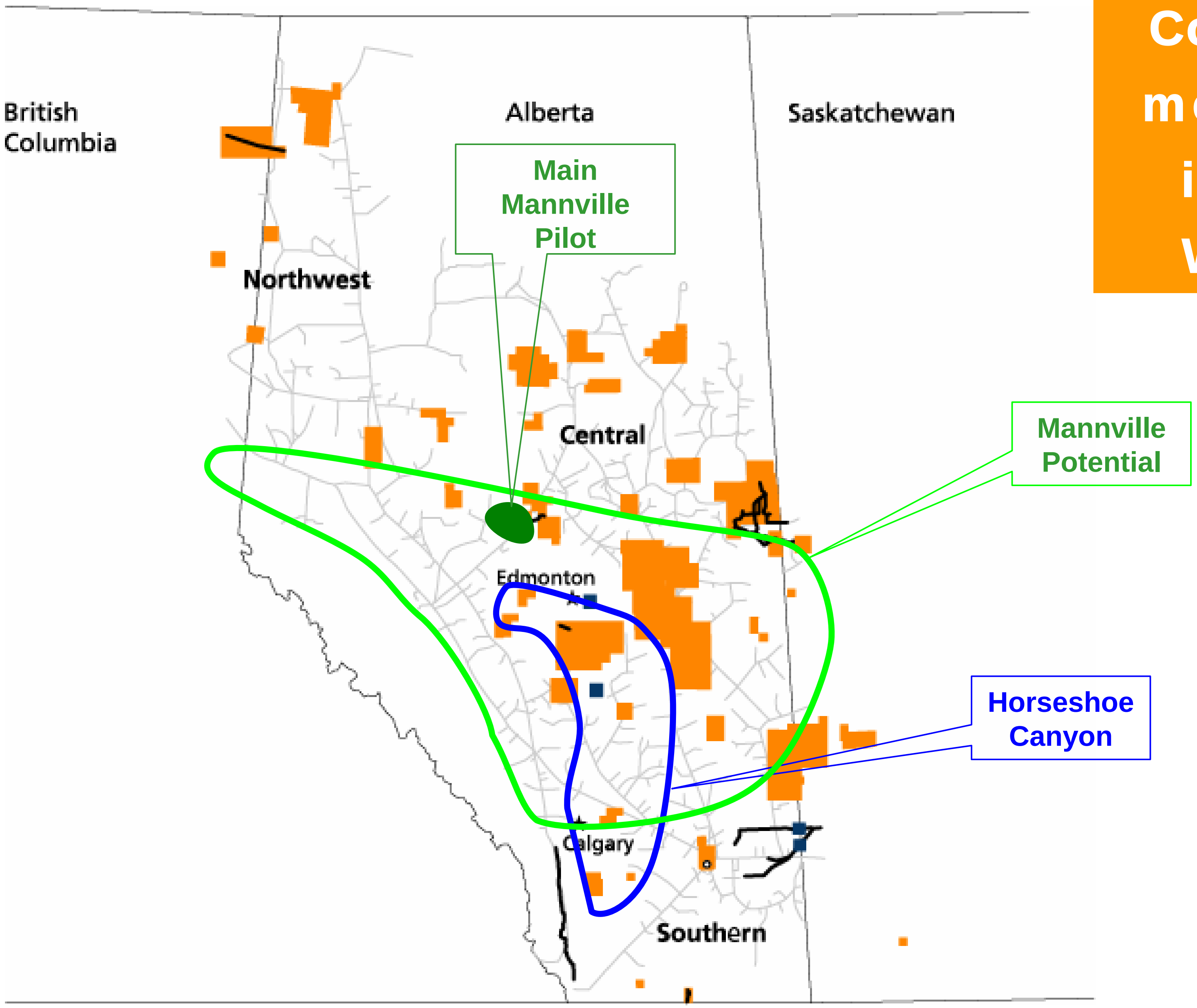
- **Field Gathering and Processing**
  - **$40+ million on organic growth**
    - **$16 million announced to date**
  - **Optimize and expand current facilities**
  - **Develop new facilities in areas adjacent to current facilities**
  - **Expand reach westward**
  - **Up to 10% of throughput from coalbed methane by end of year**



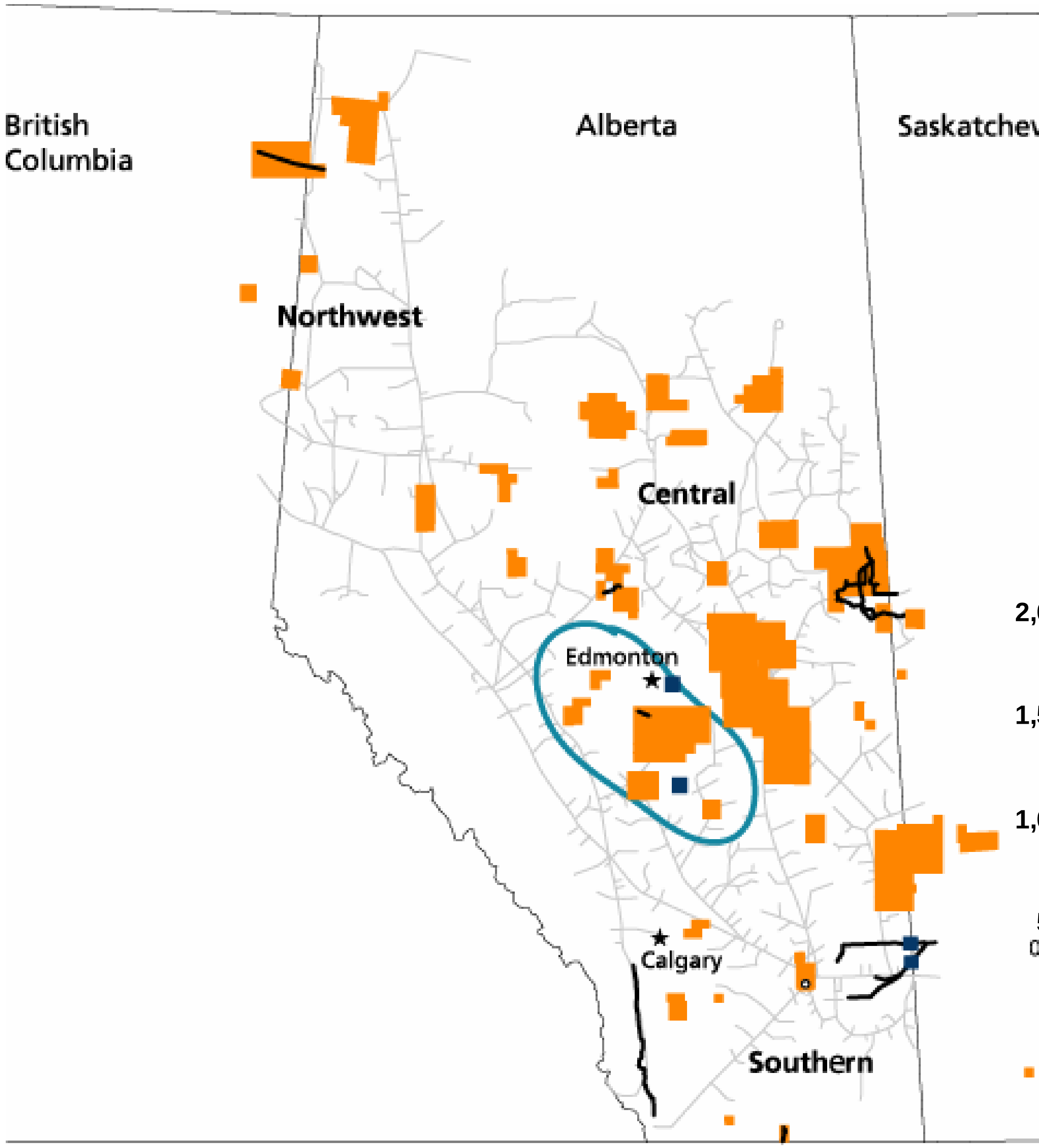
- **Extraction and Transmission**
  - **Steady operations and cash flow**



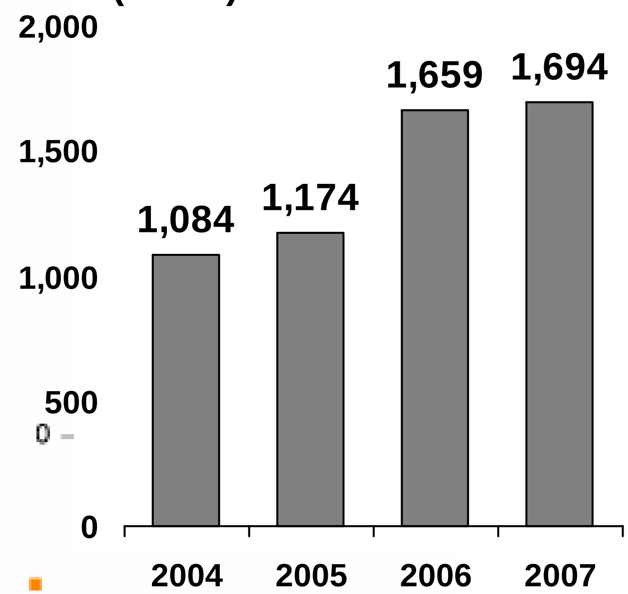
Coalbed methane in the WCSB



Coalbed methane in West Central Alberta



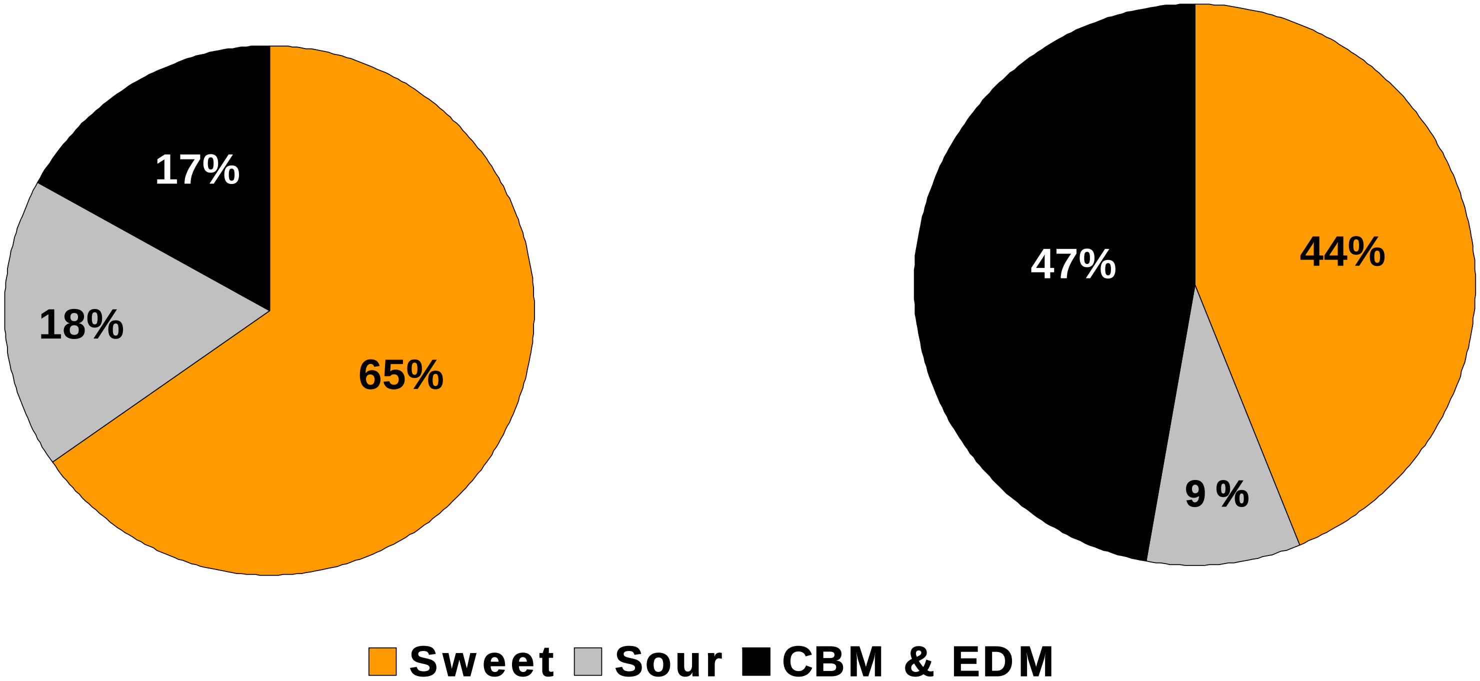
AJM Production Estimates for West Central Alberta (Mmcf)



West Central Alberta production

2005 = 1.2 Bcf/d

2010 = 1.4 Bcf/d

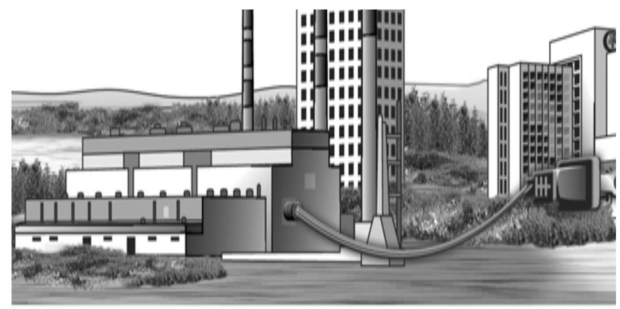


Source: AJM Petroleum Consultants

2006 - High single digit growth in earnings

- **Energy Services**
  - Continue growth in customer base in Ontario, B.C. and Alberta
  - Becoming a national supplier of energy management services
  - Single-digit growth in operating income

- **Power Generation**
  - Higher operating income due to higher hedged prices
  - Expand by acquiring, building and operating assets
  - Focus on renewables in Western Canada and Northern U.S.



The potential of wind power

- Opportunity to invest in almost 1000 MW of wind power over the next five years
  - Growing demand for renewable generation
  - Long-life assets
  - Long-term contracts with creditworthy counterparties
  - Provides geographic and fuel diversity
  - Capitalize on AltaGas’ operational expertise

Potential wind projects

2006 acquisition strategy

- **Up to $100 million available for acquisitions over 2006**
- **Disciplined approach to acquisitions in all segments**
  - **Net income accretive**
  - **Return on equity accretive**
  - **Maintain low risk profile**
  - **Maintain financial flexibility**
  - **Enhance unitholder value**

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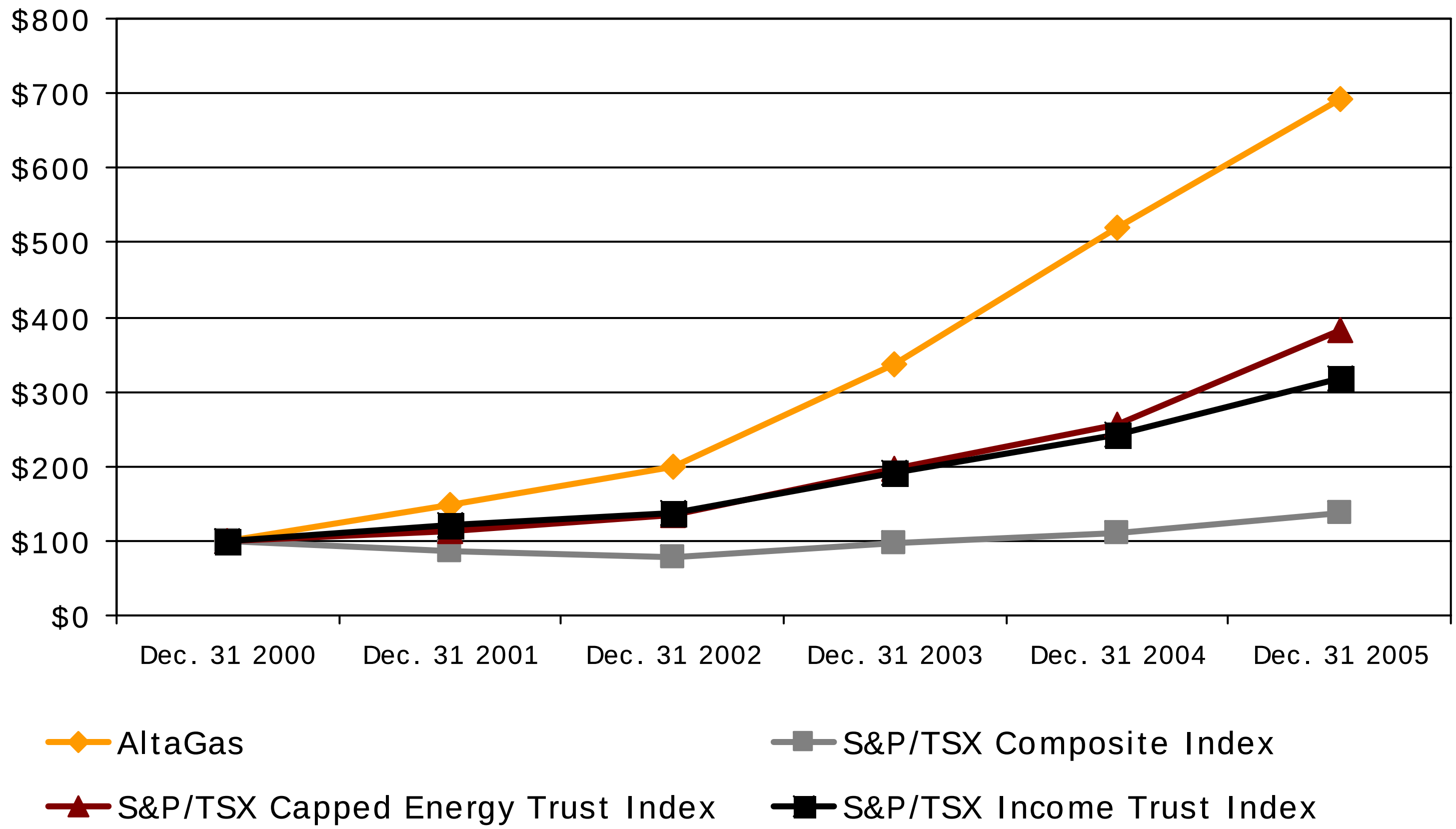
Investment Highlights

AltaGas total return vs. indices

Assumes a $100 investment on Dec. 31, 2000 and reinvestment of dividends/distributions



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Investment highlights

- Demonstrated track record of growth and value creation
  - Over last 5 years, total return of 700%
- Solid business today with significant opportunities to continue to grow and build
- We're in business for the long-haul - Our vision and strategy is to build today for the future

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