



AltaGas Income Trust Investor Day

September 27, 2007

AltaGas

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".



Stock Exchange Listing

- AltaGas Income Trust's units are listed on the Toronto Stock Exchange under the symbol ALA.UN

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energy to GROW

Our business strategy

Optimize existing businesses

Double total assets over next five years

Equal split between gas and power infrastructure

Diversify our business

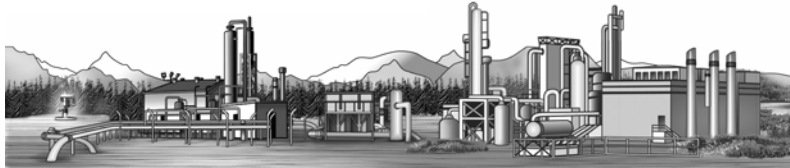
Continue to deliver top “total unitholder value”

Investing in energy, with a focus on power and natural gas



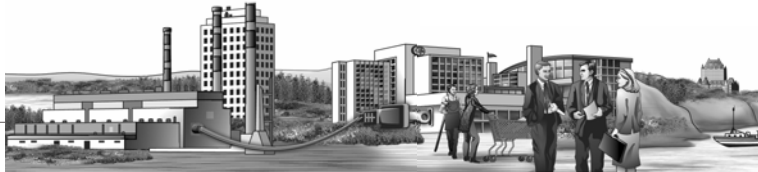
Field Gathering and Processing

Extraction and Transmission



Power Generation

Energy Services

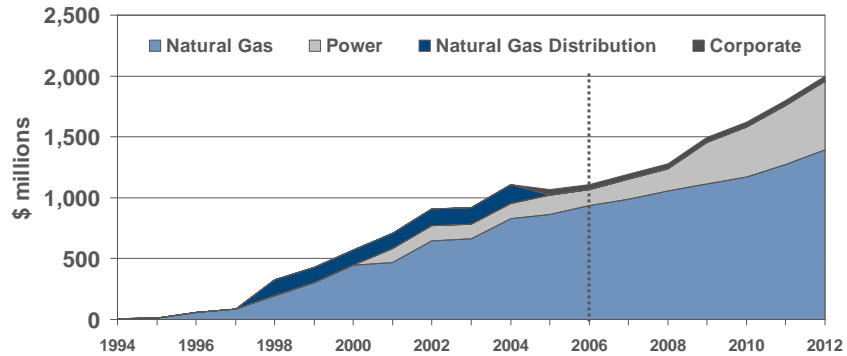


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energy to GROW – our assets



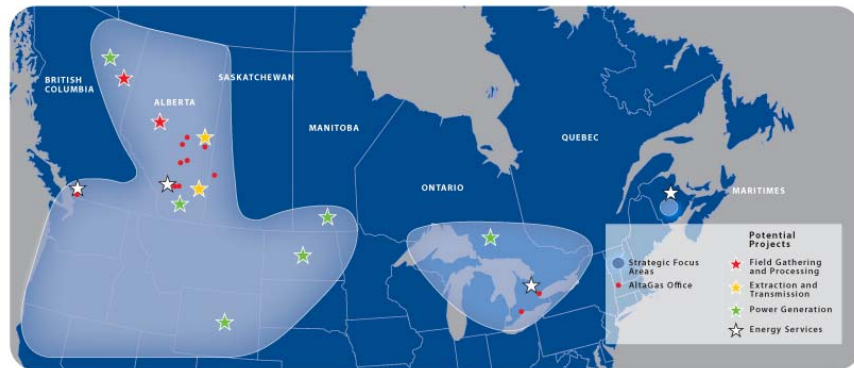
Assets anticipated to grow to \$2 billion by 2012



* 2007-2012 for illustrative purposes only

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energy to DIVERSIFY and GROW our businesses



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energy to GROW – wind power potential



Projects underway

- B.C.: Bear Mountain Wind Park to be in service late 2009

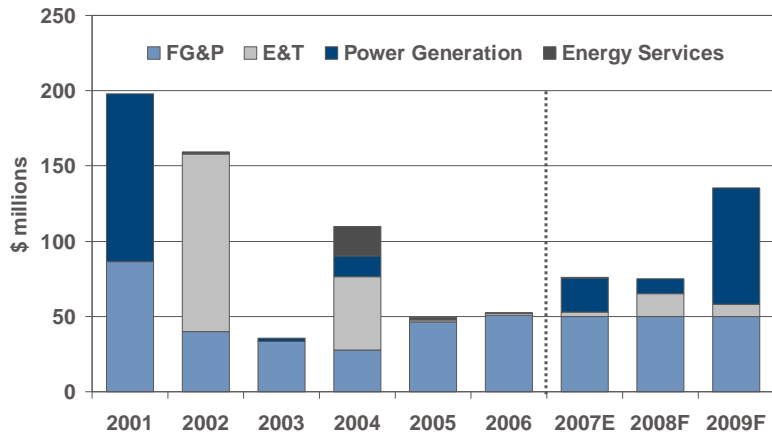
GreenWing Energy Development Limited Partnership

- Manitoba: 3 sites totalling 250 MW
- Wind power projects in U.S.
 - North Dakota and Wyoming
- Commercial arrangement for development of wind and gas opportunities with global turbine supplier in U.S.
 - Details are confidential

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Capital spending

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*2007-2009 capital spending estimates only include announced spending; breakdown by year is estimated

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Greenhouse gas regulation

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Legislation

- Alberta legislation came into effect July 1, 2007: 12% reduction, \$15/tonne
- Federal framework proposed for 2010: 18% reduction, \$15/tonne escalating over time

Impact

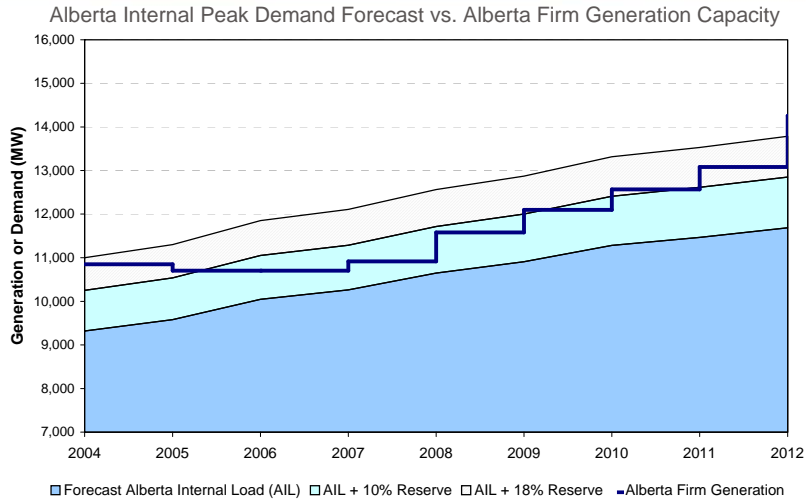
- Alberta legislation impacts facilities emitting > 100 kilotonnes/year of GHG emissions
- 50% interest in Sundance B PPAs only AltaGas facility exceeding threshold

What we're doing

- Working with government and regulators to shape policy outcome and establish final guidelines
- Renewable project development, including wind
- Improvement of operating efficiencies expected at Sundance
- FG&P-generated greenhouse gas credits

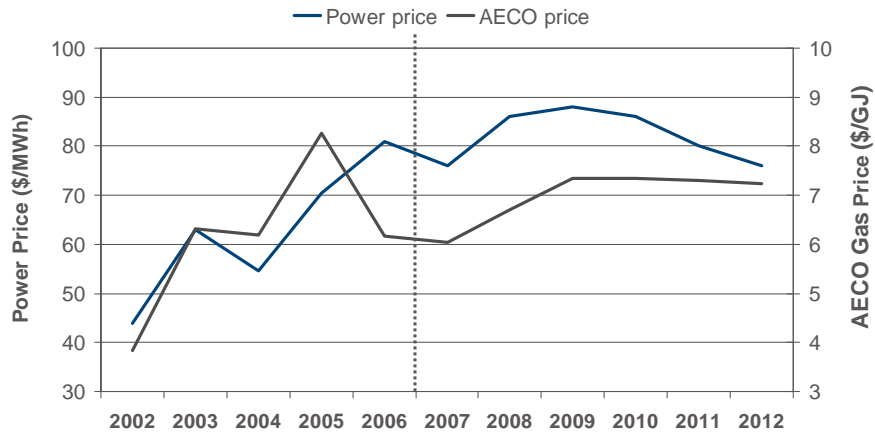
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Alberta power market outlook Tight reserve margins expected



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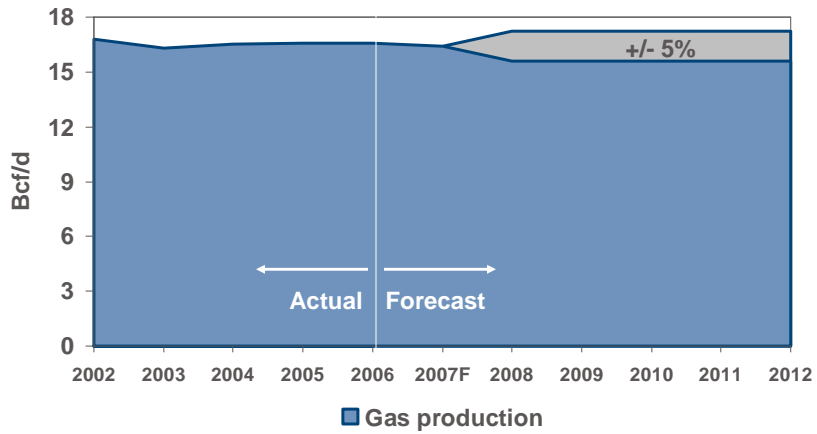
Commodity price trends in Alberta



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WCSB production outlook

AltaGas



Source: Historical and 2007 forecast production from Ziff Energy Group;
2008-2012 +/- 5% of 2007 forecast production

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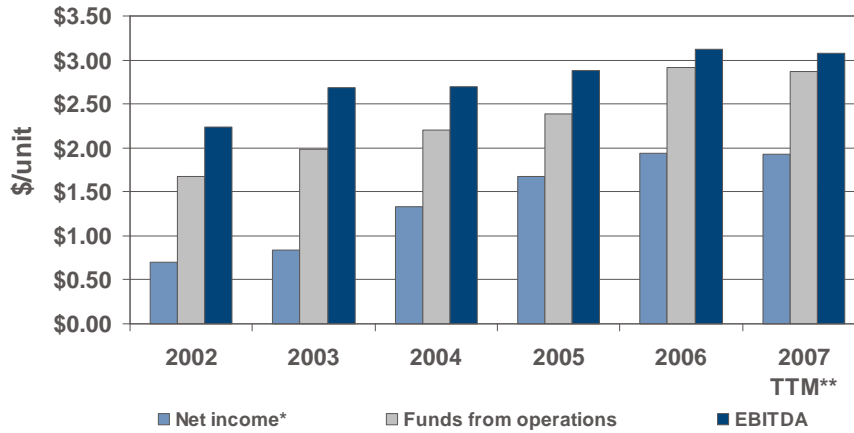
Business environment

AltaGas

- Strong Western Canadian economy
- Competition from oilsands projects
- High oil prices
- Procuring equipment for larger projects
- Global steel demand
- Attraction and retention of employees

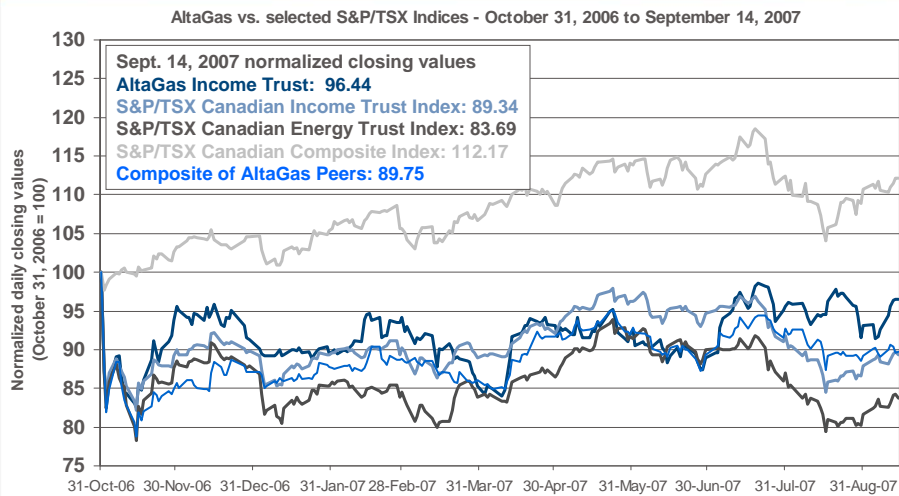
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energy to DELIVER unitholder value



* 2006 and 2007 TTM net income adjusted for non-cash tax impacts
 ** Trailing twelve months ended June 30, 2007

energy to DELIVER unitholder value



energy to DELIVER unitholder value -
Well-positioned for 2011 - As a trust or a corporation



Focus on traditional metrics

- Earnings per unit
- ROE

Conservative payout targets

- Distributions: 70-80% of funds from operations
- Grow net income faster than distributions
- Conservative tax planning

Strong financial position

- Strong balance sheet
- \$600+ million in tax pools

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energy for the FUTURE



We are optimizing and growing our existing businesses

We are actively pursuing additional growth opportunities

We have the financial capacity to support our strategy

**We have the right people with the right mix of experience,
knowledge and expertise**

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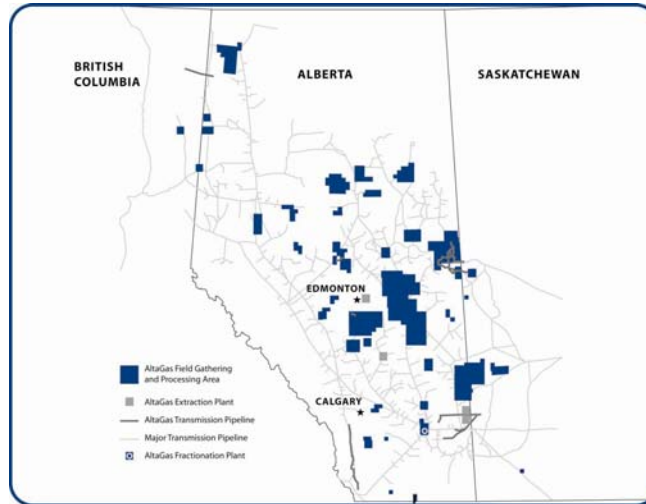
The Natural Gas Business
Connecting Producers to Markets

Premiere energy assets and services

Diversified and integrated infrastructure and services touching almost 2 Bcf/d of natural gas

- 73 gas processing facilities with 1.0 Bcf/d of capacity and 6,000 km of gathering lines
- 4 NGL extraction and 1 fractionator facility with 554 Mmcf/d of inlet capacity
- Transmission pipelines with 554 Mmcf/d of gas transport capacity
- Gas procurement, management and optimization services

Strategic facilities throughout the WCSB



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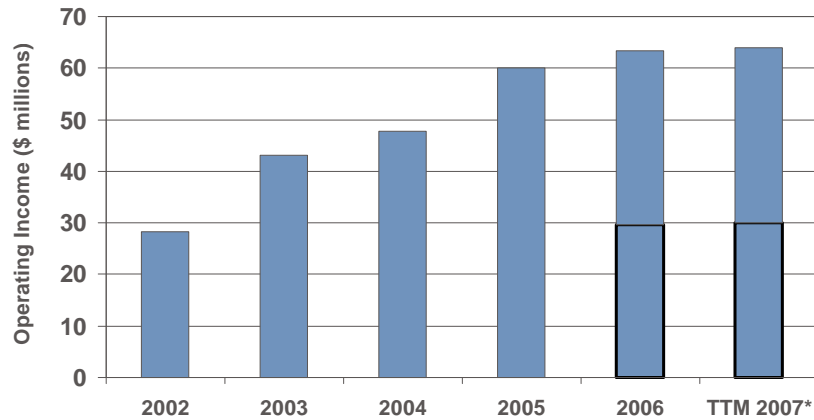
A broad, diversified geographic footprint



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Proven ability to grow gas business cash flow

AltaGas



* Trailing twelve months ended June 30, 2007

— Indicates operating income for six months ended June 30

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Gas business strategy

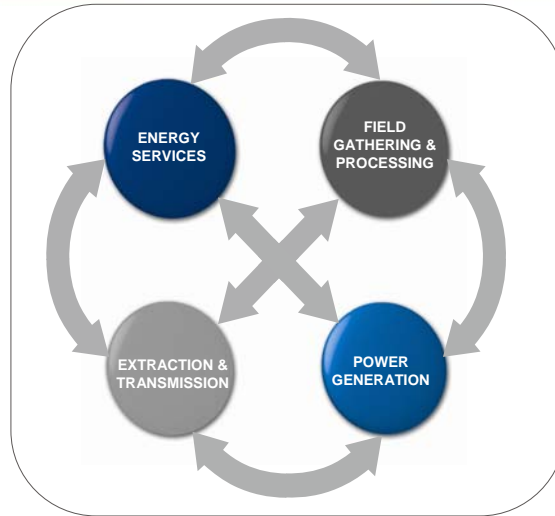
AltaGas

Deliver sustainable revenues and cash flow from strong base of diversified, stable, infrastructure assets and services

- Leverage off market knowledge, expertise, customer relationships and existing assets
- Expand our footprint by acquiring and developing new facilities and services
- Capitalize on energy value chain integration
- Manage exposures to enhance stable revenue streams
- Maintain operational excellence



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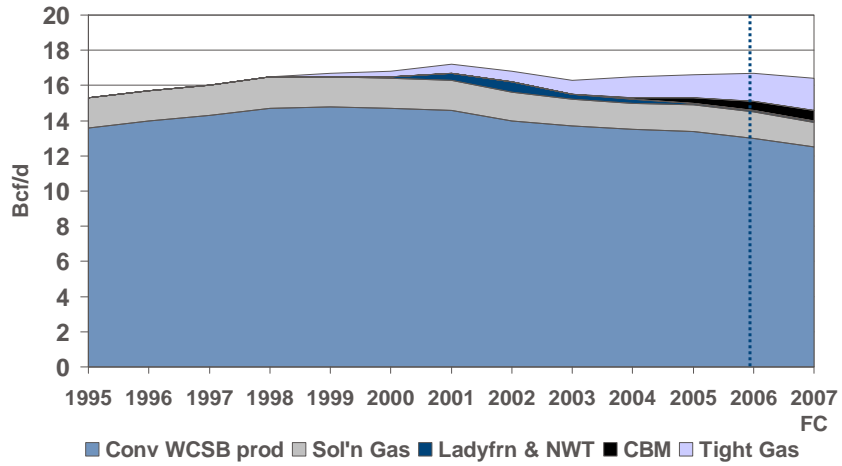


Market expertise, focus and discipline turn challenges into opportunities

- Declining conventional gas production in WCSB
- Leaning of gas
- Current high industry operating costs
- Cyclical nature of gas and NGL commodity prices
- Regulatory changes
- Attraction and retention of highly skilled employees
- Increased competition from other supply sources



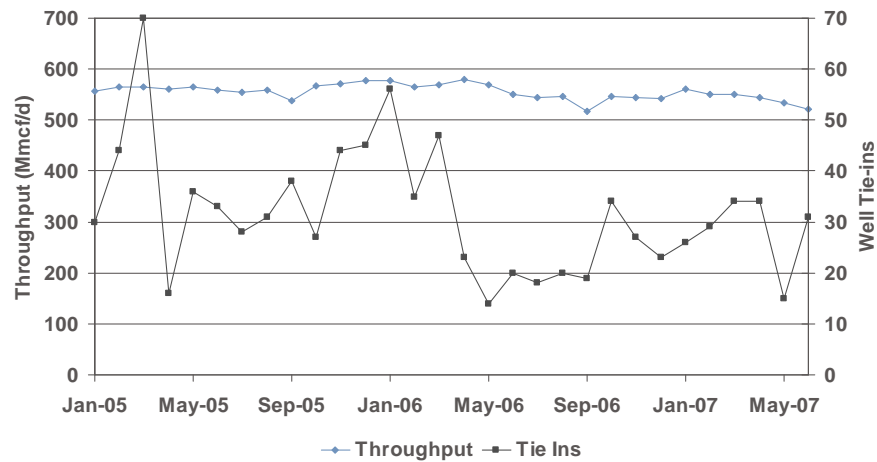
WCSB production



Source: Ziff Energy Group

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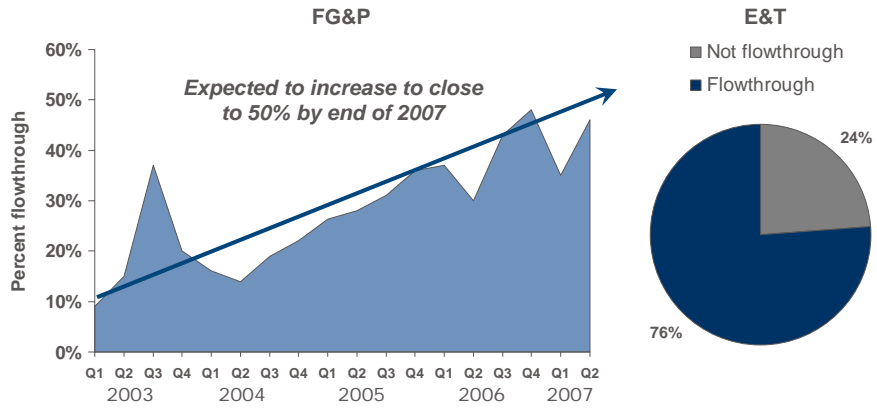
FG&P historical throughput and well tie-ins



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Operating cost flowthrough strategy

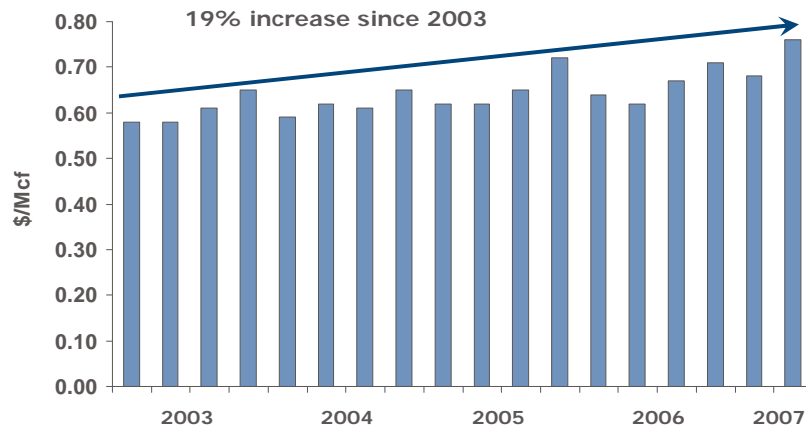
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Processing fee strategy

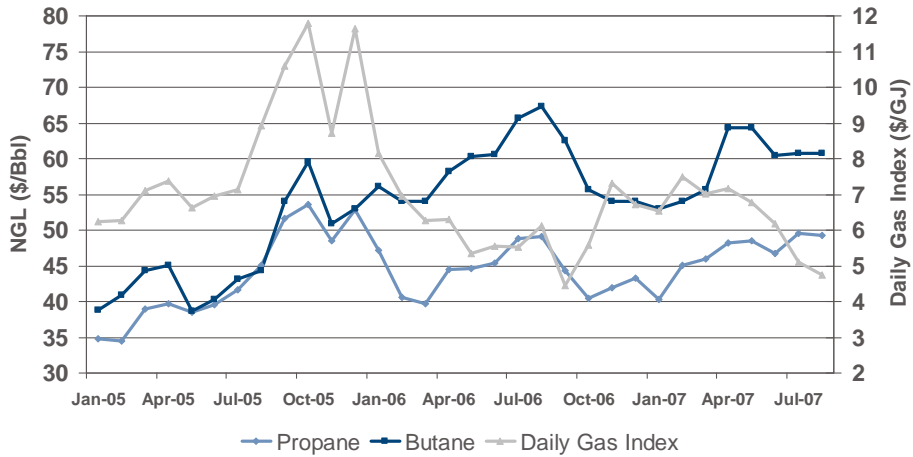
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Diversity provides stability amid market changes

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Sources: Gas Alberta and ConocoPhillips websites

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Gas business opportunities

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Proven ability to capture opportunity and drive growth



- Organic growth
- Coal bed methane development
- Business integration
- Capital constraints for some gas-focused E&P companies
- Execution of national brand strategy
- Strong market knowledge, expertise and diversified market presence

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Gas business organic growth



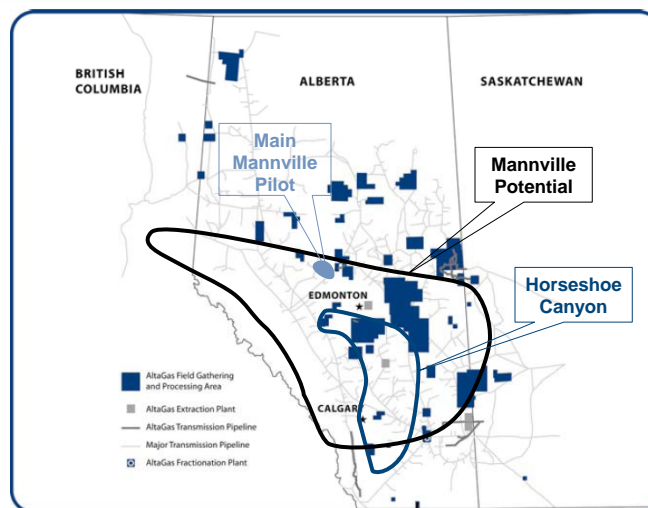
Example of cost effective organic growth – EEEP Ethane Enhancement Recovery Project

- Capital = \$4.6 million
- Incremental ethane = 1,600 bbl/d
- Ratio = 348 bbl/d per \$1.0 million



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Coal bed methane in the WCSB

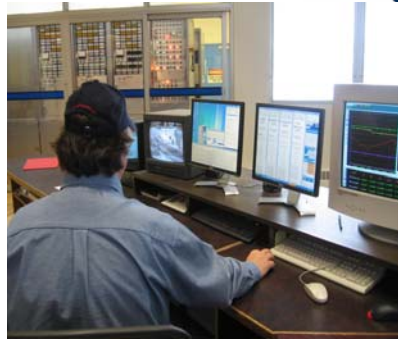


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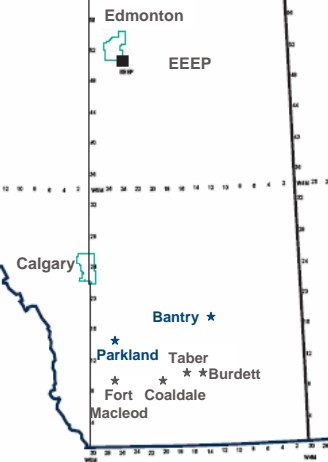
Integration in action

AltaGas

EEEEP control room



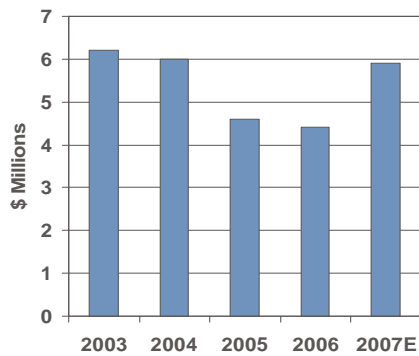
Peaking plant locations



Successful integration strategy

AltaGas

Cold Lake Consolidated Operating Margin



Transmission

- Added compression and constructed 4.2 km, 17,000 GJ/d transmission pipeline

FG&P

- Moved and upgraded compressors to reduce fuel charges and operating costs

Gas services

- Marketing up to 17,000 GJ/d to Shell's Orion SAGD plant
- Reduced shrinkage increased volumes available for marketing

Keys to success in the gas business



Assets, people, track record – well-positioned for success

- Running our business safely, reliably and responsibly
- Identification and execution of integration opportunities
- In-depth market knowledge and contracting experience/commercial focus
- Strong producer-to-customer relationships
- Selectively pursue acquisition and development opportunities
- Effective risk and credit policies, procedures and systems
- Attract and retain the best people

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Gas business outlook



Operating results from gas business expected to be in line with 2006

- FG&P: Lower throughput mitigated by cost controls and flowthrough initiatives
- E&T: Expect higher volumes from 2006 additions to offset frac spreads that have softened from historical 2006 levels
- Energy Services: provide sustainable returns from stable and growing client base

Continued opportunity to grow

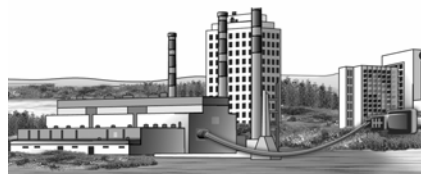
- Capitalize on integration opportunities across the company
- Increased opportunity to acquire and build facilities
- Optimize, maximize utilization and expand existing assets and services

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The Power Generation Business *Generating Growth*

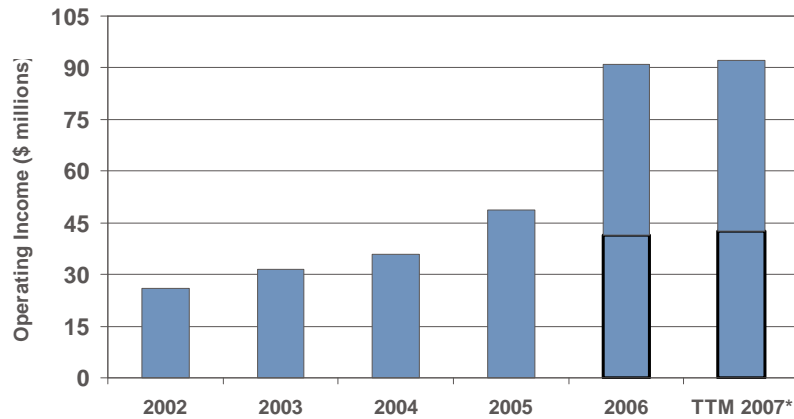
Our power business

- Supplies 5% of Alberta's electricity demand
- Rights to 353 MW of coal-fired generation until 2020
- 39.4 MW of gas-fired peaking capacity
- Sells energy and ancillary services
in Alberta
- Wind project development



Growing cash flow from the power business

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* Trailing twelve months ended June 30, 2007

— Indicates operating income for six months ended June 30

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Power business strategy

AltaGas

Asset growth and optimization

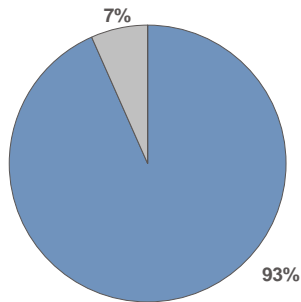
- Use our market knowledge, expertise and customer relationships to grow and optimize AltaGas assets and investments
- Drive stable, predictable cash flow from long-term power sales arrangements
- Diversify geographically and by fuel source
- Capitalize on increasing demand for clean power
- Capitalize on integration with the gas business
- Strategic relationships

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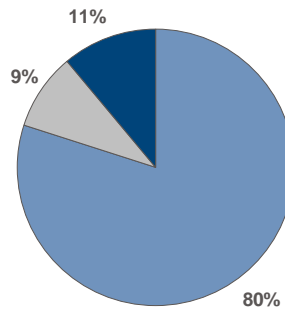
Power generation by fuel type

AltaGas

Current
At June 30, 2007



Under construction
December 31, 2009



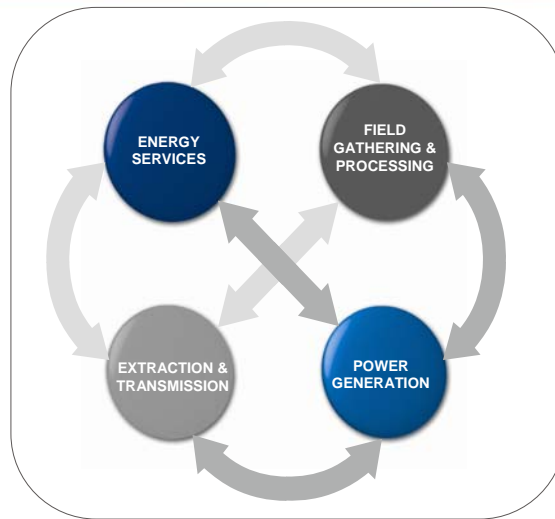
■ Coal
■ Natural Gas
■ Wind

* Based on power generation capacity

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Integration of the power business

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Power business challenges

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Long-term focus and market knowledge turn challenges into opportunities

- Regulatory changes
 - Additional environmental regulation increases PPA costs
 - Impact demand for electricity management services in Ontario
- Sundance PPA expires in 2020
- Transmission congestion makes site selection critical
- Increasing competition in Alberta electricity management business



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Power business opportunities

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- Strong power demand and tightening reserve margin in Alberta
- Public willingness to pay premiums for green generation sources
- Wind generation
- Cost pressures on new construction make existing assets more profitable
- Business integration
- Retail power in Ontario
- Execution of ECNG national brand strategy

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Transmission congestion



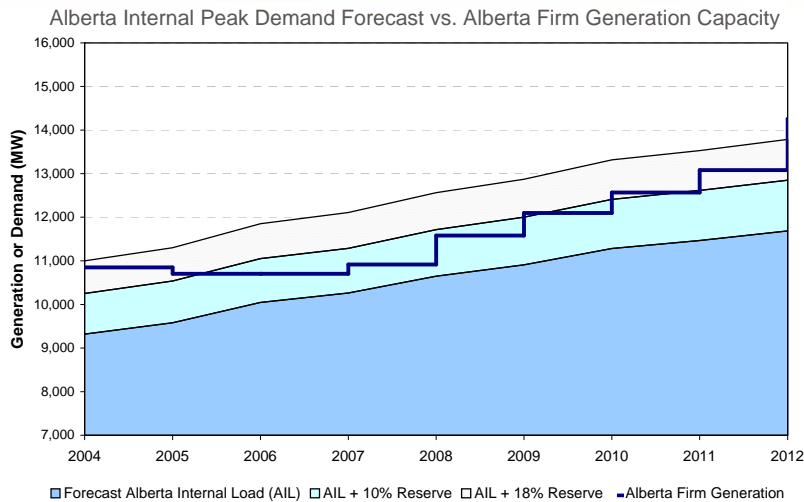
- Generation opportunities in north due to oil sands and access to coal near Edmonton
- Demand growth generally in south
- EUB hearings for 500kV upgrade to transmission lines from Edmonton to Calgary moving slowly - landowner issues
- Wind power development in south constrained by lack of transmission
- AESO working on proposal to maintain system security during times of congestion



Map source: AESO website

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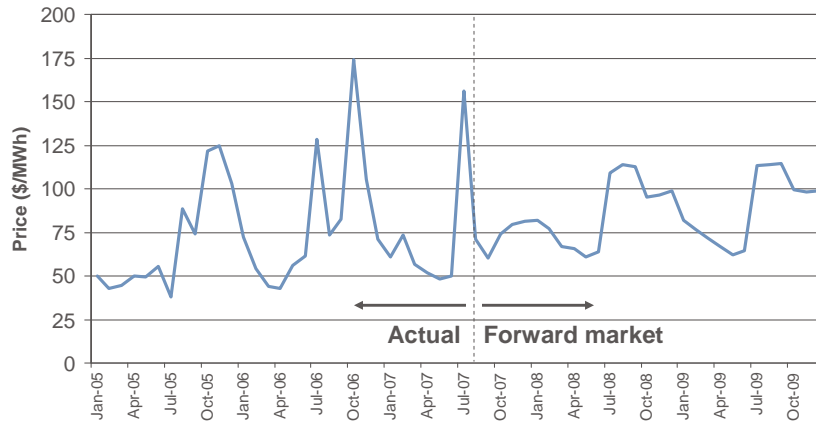
Alberta demand/supply outlook



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Power price trends in Alberta

AltaGas



Source: AESO (historical); Prebon (forward)

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Optimizing power assets

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Market knowledge, expertise and customer relationships used to optimize AltaGas assets and investments

- Peaking strategy
- Ancillary services
- Outage management

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Peaking strategy

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- EEEP operators provide 24-hour dispatching services
- AltaGas operates the peaking plants
- Prices in Alberta can change by the minute
- Peaking plants capable of reaching full load in 10 minutes
- Watch for hours where power price will exceed the variable cost of operation, primarily driven by spot gas prices
- Will optimize between energy and ancillary services market depending on which offers better returns

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Ancillary services

AltaGas

- Ancillary services are critical element of safe operation of any electrical grid
- As electricity cannot be stored, supply and demand must balance instantaneously
- Pays generators to be on standby and ready to increase production in case of a system contingency
- Generators with high variable operating costs are very competitive in this market
- Addition of wind generation creates opportunities for dispatchable generation to provide wind-following service

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2006 and 2007 - excellent examples of strong earnings in spite of lengthy planned outages

- During outages at Sundance, AltaGas paid rolling average 30-day Pool Price (RAPP) by TransAlta
- All energy produced by generators is paid Pool Price for the hour
- All hedging is done financially with fixed-for-floating swaps
- During long-term outages AltaGas is generally well protected, and increased spot prices will eventually be recovered through RAPP

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Investments, people, track record – well-positioned for growth

- Effective credit and price risk management while capturing strong power prices in Alberta
- Successful operation and dispatch of peaking plants
- Effective management of planned and unplanned outages
- In-depth market knowledge and contracting experience
- Strong sales and marketing focus
- Identification and execution of integration opportunities
- Attract and retain the best people

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Operating results expected to increase over 2006

- Higher hedged power prices in 2007 and 2008
- New gas-fired assets will be on-line in late 2007
- Sales to energy management customers provide additional hedge opportunities

Stable base plus many opportunities to grow

- Disciplined hedge strategy provides stability
- Opportunities for renewables
- Bear Mountain Wind project in late 2009
- Capitalize on integration across the company

Major Projects Update *Delivering Growth*

Gas and power businesses expected to grow

- Attractive opportunities
- Plan to double assets over next five years
- Major Projects group focused on delivering projects on budget and on time
 - Project managers have direct accountability for capital cost and project timeline

Projects underway



Significant new projects underway to deliver expected growth

- Bear Mountain Wind – construction expected to commence next month on BC wind farm
- Acme gas processing plant and gathering lines – under construction to connect important coal bed methane supply area
- Gas-fired peaking plants – more peaking power capacity integrated with existing sites and operations
- Noel sour gas plant and pipeline project deferred – future opportunity to develop needed processing infrastructure
- Sarnia Airport Pool Storage – valuable infrastructure in Ontario integrates with Energy Services business

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Bear Mountain Wind Project overview



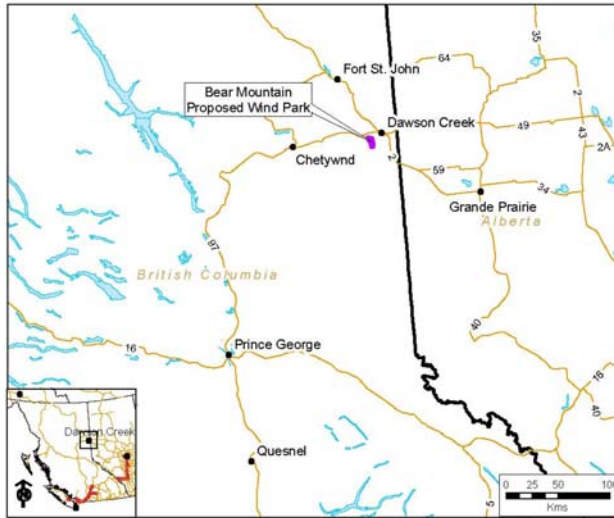
Project optimized since initial announcement

- 102 MW of wind power in BC
- 25-year PPA with BC Hydro
- In-service November 2009
- Enercon turbines and operating and maintenance contract
- Total capital cost estimate \$200 million
- Held through Bear Mountain Wind LP
- Targeting equal ownership with financing party; minority interest offered to local community organizations

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Bear Mountain Wind Project location

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Bear Mountain Wind Project turbine vendor

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Enercon E-82
turbines in
Germany



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Bear Mountain Wind Project turbine vendor

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Enercon E-82 turbines in Germany



Cattle grazing under turbines

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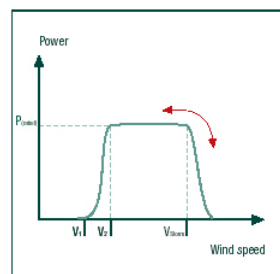
Bear Mountain Wind Project turbine design

AltaGas



Enercon turbines incorporate advanced technology

- Elimination of gear box reduces maintenance costs and improves reliability
- Control system reduces storm outages



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Bear Mountain ridge

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Key contracts and approvals in place; ready to start construction

- Project size optimized from 120 MW to 102 MW
- BC Hydro PPA amended for revised project size
- Environmental certificate received from BC Minister of Environment
- Licence of Occupation received from BC ILMB
- Wind turbine supply, construction and operating agreements with Enercon GmbH – terms agreed and execution imminent
- Federal ecoEnergy credit pending
- Construction to commence late October 2007

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Bear Mountain Wind Project success factors



- Fixed-price turbine supply and construction with a leading turbine manufacturer
- BC Hydro 25-year indexed contract
- Strong BC Government support for renewable power
- Significant community support
- Accessible site
- All required approvals received
- Project management and execution plan in place

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Acme gas processing plant overview



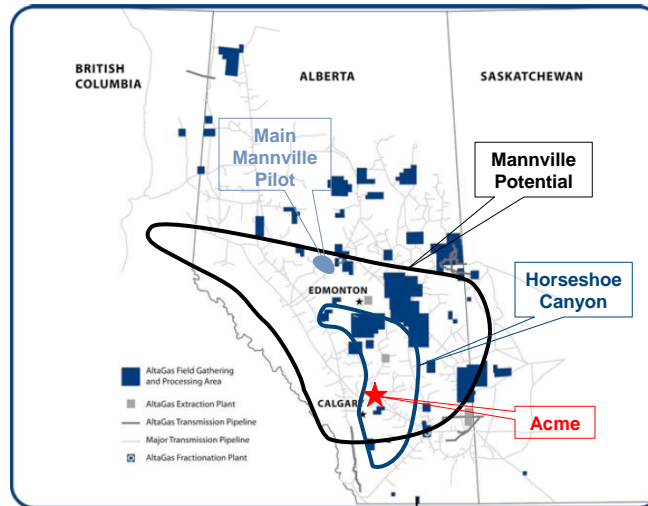
Connecting CBM gas production

- AltaGas constructed, owned and operated
- Capital cost estimate \$13 million
- New 10 Mmcf/d processing plant, gathering and sales lines and laterals
- Located and designed to process CBM in Horseshoe Canyon formation
- Underpinned by take-or-pay contract and dedication of reserves
- In-service November 2007

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Acme gas processing plant location

AltaGas



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Acme gas processing plant project status

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Construction is underway

- Environmental assessment and landowner negotiations complete
- All major equipment purchased and inspected/tested
- Construction started first week of September
- Project on time and on budget for November in-service



Acme plant site cleared for construction

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Acme gas processing plant success factors



- Strong relationship with producer
- Strong contractual underpinning
 - Take-or-pay for majority of capacity
 - Dedication of reserves
 - Operating cost flowthrough
- 90% of capital now committed
- Growing CBM potential in the Acme area (Horseshoe Canyon)
- Strong fit with AltaGas gas business model

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Gas-fired peaking plants overview



Adding peaking power at existing plant sites

- 14.4 MW of additional power generating capacity
- Capital cost estimate \$10 million for equipment and installation
- Units to be installed on two existing AltaGas FG&P sites
 - Bantry and Parkland
- Expected in service in late 2007 and February 2008
- To be integrated with existing power operations of peaking plants
 - Earnings primarily from selling power during high-price peaks

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Gas-fired peaking plants



Gas-fired peaking units installed in Texas

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Gas-fired peaking plants



Reciprocating engine

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Gas-fired peaking plants location

AltaGas



Aerial photograph of AltaGas Bantry gas processing plant east of Calgary

Proposed peaking plant location

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Gas-fired peaking plants project status

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Equipment purchased; sites being developed

- Acquired 6 – 2.4 MW generating units
- Two sites under development
- EUB and Alberta Environment applications pending
- Engineering design complete
- Transformers ordered

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Extension of power business on existing sites

- Generating units acquired
- Installation will be on existing FG&P sites
- Operations integrated with existing peaking power business

Project deferred due to uncertainty of install costs and gas prices

- Entered into conditional agreement with Devon in April 2007
 - Based on preliminary cost estimates
 - Agreement provided 3 months for AltaGas to perform detailed engineering and cost estimates
- Upon completion of detailed work, concluded project currently not economic
 - Uncertainty regarding installation costs
 - Higher than expected costs on some plant components
- Milestones achieved to date:
 - Acquired acid gas injection well for the project
 - PIP plan has been filed with the NEB
- AltaGas continues to optimize the project

Sarnia Airport Gas Storage Project overview

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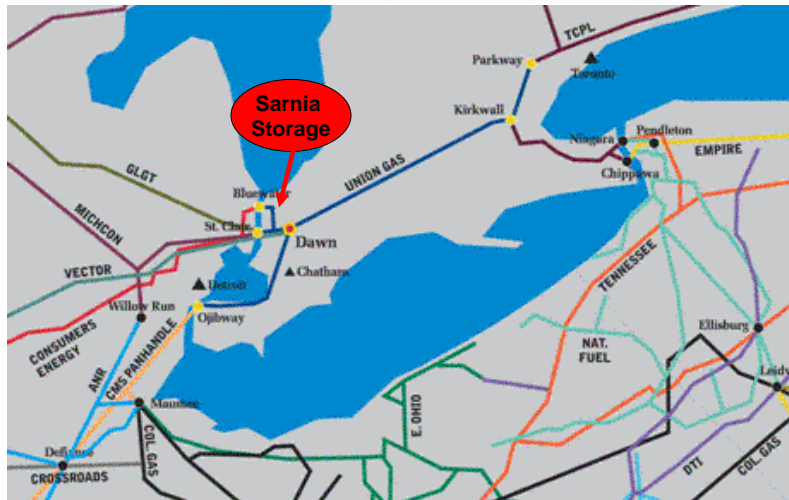
Our first infrastructure investment in Ontario

- 5.3 Bcf of working capacity
- 52 Mmcf/day of deliverability
- 50% ownership
- Partnering with Market Hub Partners, an affiliate of Spectra Energy and Union Gas
- Located near Sarnia, Ontario – within the Dawn storage and market hub
- In-service mid-2009

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Sarnia Airport Gas Storage Project location

AltaGas



Source: Union Gas website

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Sarnia Airport Gas Storage Project status

- Acquisition of storage interest complete
- OEB acceptance of market-based rates as part of “NGEIR” review process
- Construction by Market Hub Partners (MHP)
 - Injection wells (3 new; upgrade 2 others)
 - Compression
 - 1 km gathering line
 - Interconnection to Union Dawn storage system

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Sarnia Airport Gas Storage Project success factors

- Integrates well with Energy Services business
 - Another link in our energy value chain
- Aligned interests with its MHP partner, a dominant storage operator at Dawn
- Long-term strategic asset in key energy market and gas hub

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Wind power in Manitoba

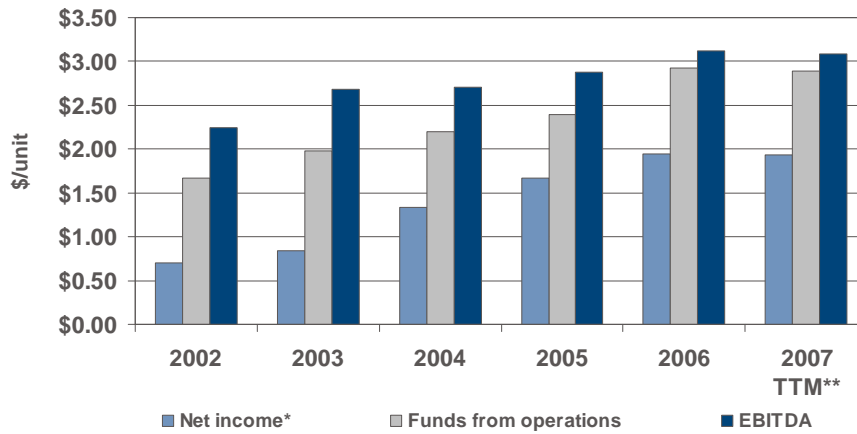
- Bid multiple projects on 3 sites into 2007 Manitoba Hydro RFP
- Proposal responses expected Sept. – Oct. 2007
- If successful, projects will be on-stream late 2009

Wind power in U.S. Northwest with development partner

- 200 MW project in North Dakota permitted and shortlisted
- 250 MW project in Wyoming on shortlist
- Land rights for 2 projects in California
- Identified list of prospective projects in Colorado, Oregon and Washington

Finance
Disciplined Growth

energy to PERFORM

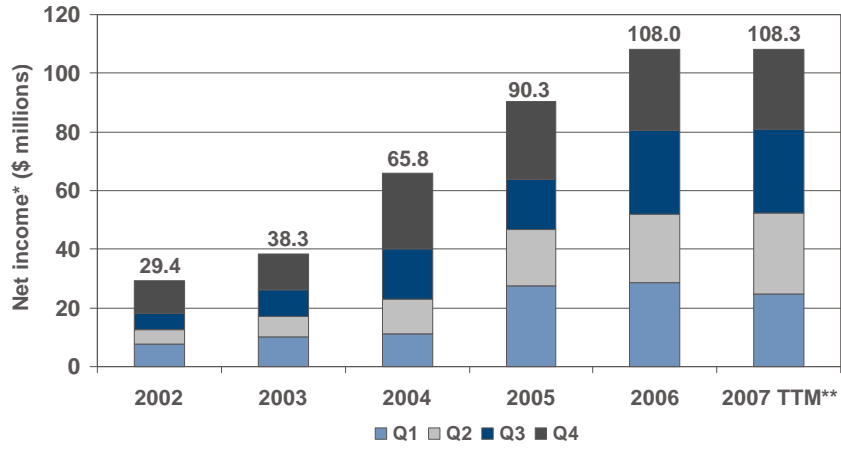


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energy to PERFORM

AltaGas



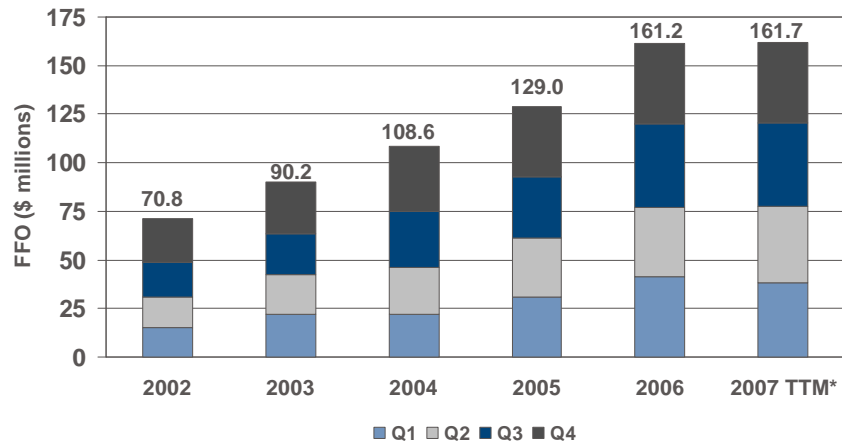
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energy to PERFORM

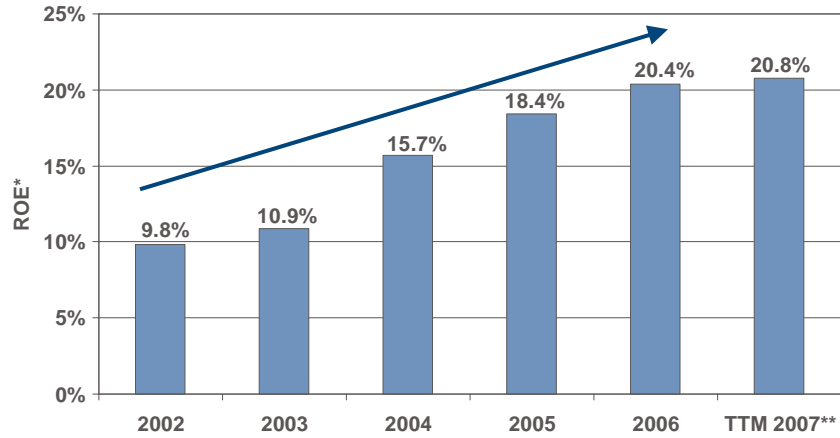
AltaGas



* Trailing twelve months ended June 30, 2007

4

energy to PERFORM

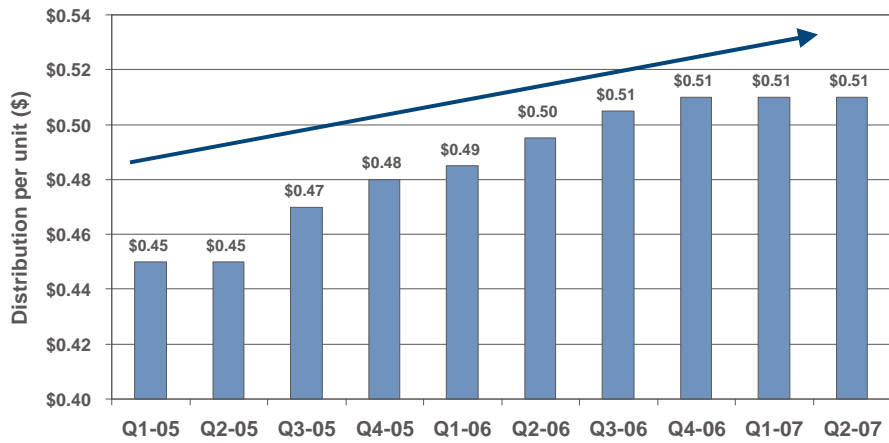


* 2006 and 2007 TTM net income adjusted for non-cash tax impacts

** Trailing twelve months ended June 30, 2007

5

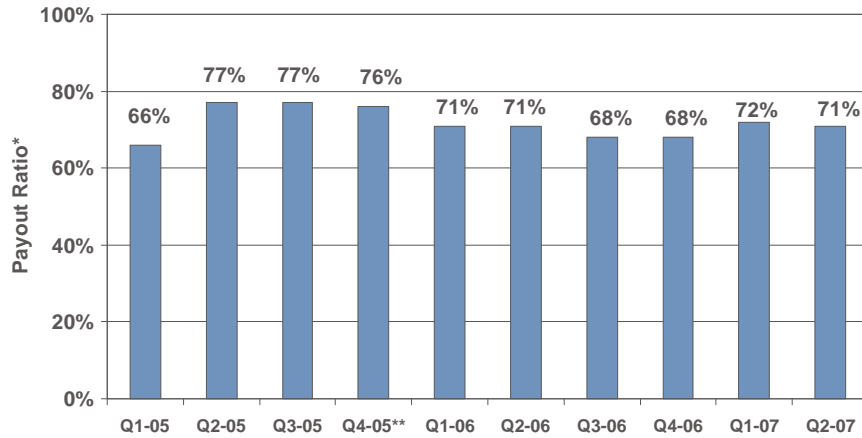
energy to DELIVER unitholder value



6

Disciplined payout ratio

AltaGas



*Payout ratio = Distributions / Funds from operations

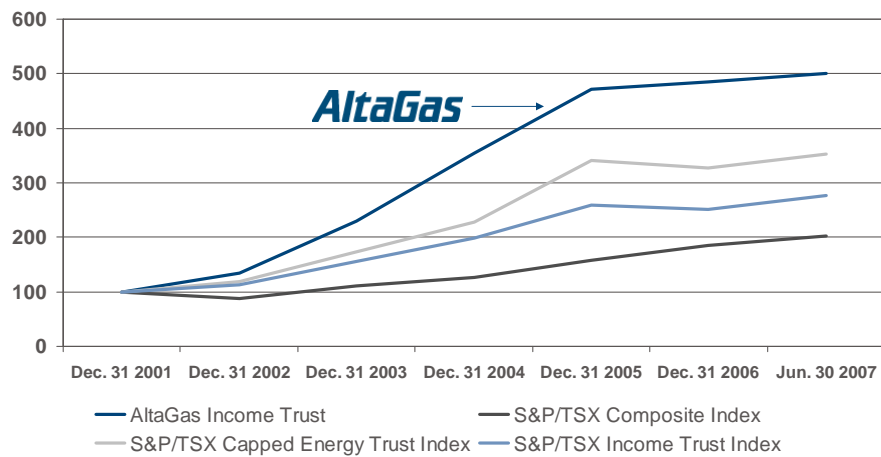
**Does not include \$0.54 per unit paid in the form of shares of AltaGas Utility Group Inc. in 2005

7

energy to DELIVER unitholder value

AltaGas

Assumes a \$100 investment on Dec. 31, 2001 and reinvestment of dividends/distributions

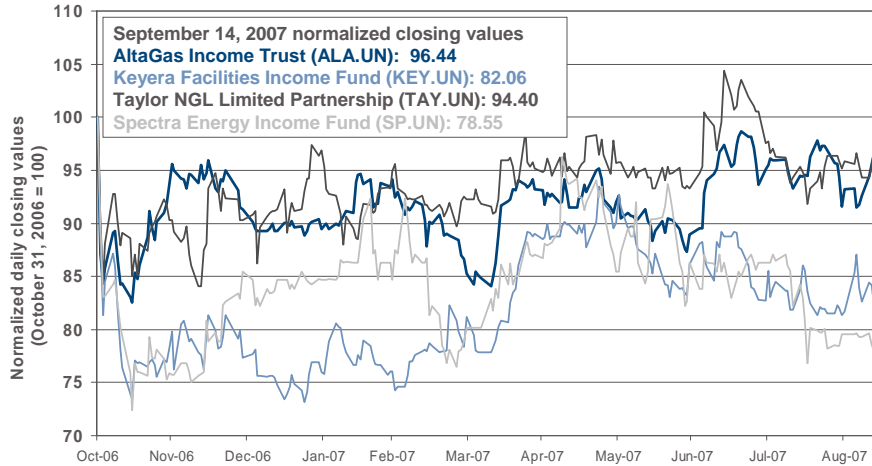


8

energy to DELIVER unitholder value



AltaGas vs. selected Midstream Peers - October 31, 2006 to September 14, 2007

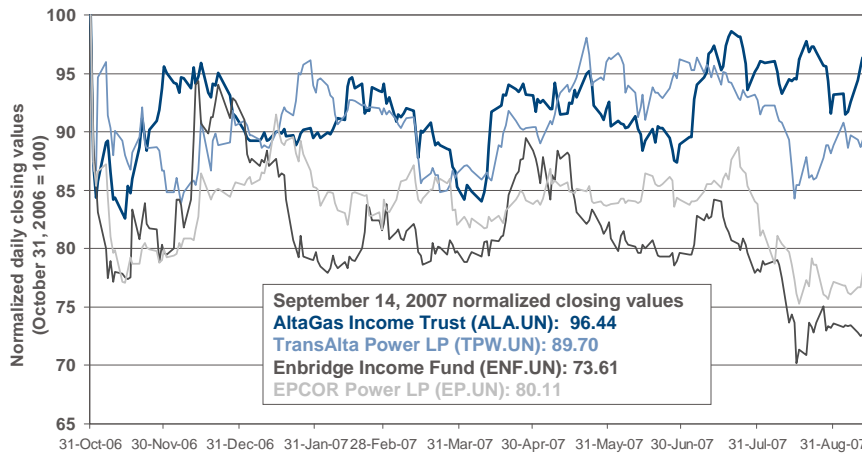


9

energy to DELIVER unitholder value



AltaGas vs. selected Power Peers - October 31, 2006 to September 14, 2007



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Our finance strategy

AltaGas

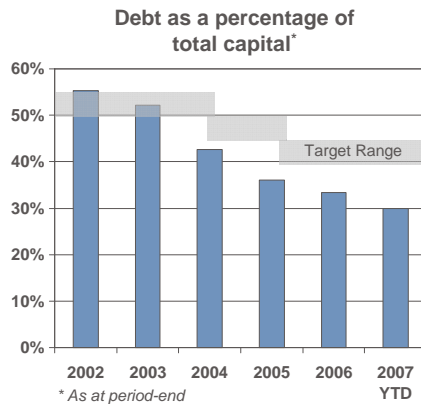
- Minimize cost of capital
- Ensure liquidity
- Ensure access to capital markets
- Maintain optimal financial risk



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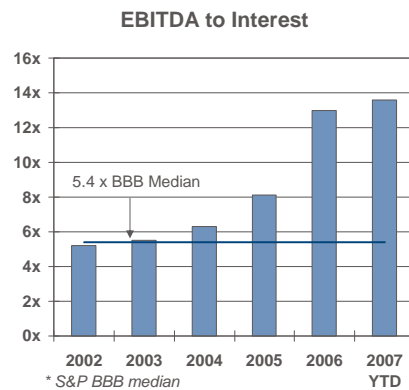
Strong financial metrics

AltaGas



Credit rating

- S&P: BBB-
- DBRS: BBB (low)



Stability rating

- S&P: SR-3
- DBRS: STA-3 (middle)

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energy to GROW
Strong liquidity and access to capital markets



- Operating liquidity**

 - \$425 million in total credit facilities
 - More than \$335 million available ⁽¹⁾
 - Recently re-negotiated credit facility with lower borrowing fees

- Smaller, organic projects**

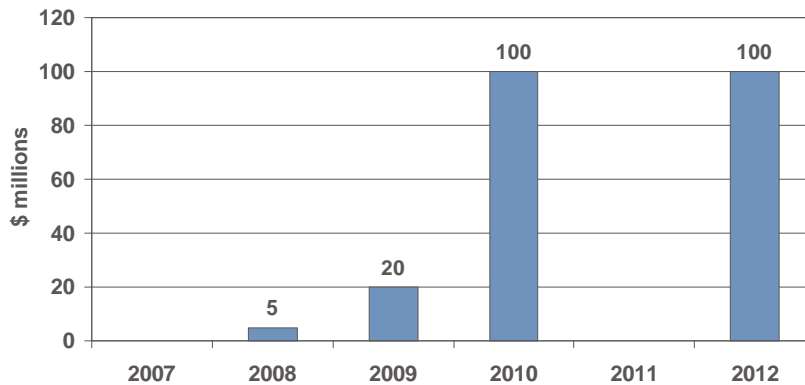
 - \$45-50 million TTM non-distributed cash flow ⁽¹⁾
 - Available credit facilities
 - DRIP equity funds

- Larger projects**

 - Debt and equity capital markets
 - Universal shelf prospectus - \$500 million
 - Investment-grade rating

(1) Year-to-date as at June 30, 2007

Debt maturities



As at June 30, 2007. Includes current MTN and fixed-rate swaps.

Key financial targets



Target Description	Target	Rationale
Credit Rating	BBB- to BBB+	Efficient access to capital markets & credit support to energy services and power
Distribution Payout	70-80% of funds from operations	Underpin AltaGas market valuation while investing in growth to secure future
Leverage	40-45% debt to cap	Optimal leverage to minimize cost of capital for AltaGas business risk profile
Fixed vs. Floating Interest	25%-30% floating	Optimal interest rate management mix to lower risk and cost of interest

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Tax update



- 31.5% tax on income component of distributions begins 2011
- Income component of distribution treated as dividend for tax purposes
- Return of capital component of distributions not subject to proposed tax
- Tax pools at June 30, 2007 more than \$600 million
- Recorded future tax expense of \$14.5 million
- AltaGas will monitor federal government proposal and legislation to evaluate strategies to maximize unitholder value

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1. AltaGas management has a strong track record of success

- Net income per unit growth
- Funds from operations per unit growth
- Distribution per unit growth
- ROE growth

2. AltaGas is well-positioned for growth opportunities

- Available debt capacity
- Investment-grade ratings
- Strong liquidity from bank lines, undistributed cash flow and DRIP
- Capital markets access

AltaGas

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