



AltaGas Income Trust
January 2007 MTN offering

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Presentation Agenda

- Business Overview
- Development Strategy
- Financial Review
- Summary Terms



AltaGas Business Model



- AltaGas creates value by strategically linking asset and service components of the energy value chain
- Create, operate and grow an integrated energy infrastructure business
- Own and operate physical assets that deliver time-sensitive, essential services to customers who produce or consume energy
- Disciplined linkage of:
 - Gas and power industry market knowledge
 - Financial and business analytical expertise
 - Operating excellence

Strategy



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

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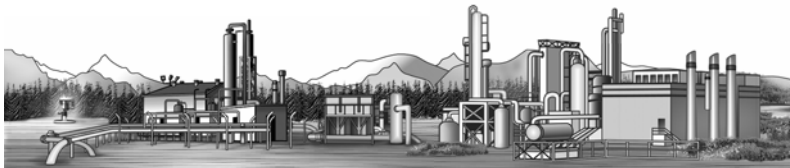
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Making Connections Along the Energy Value Chain



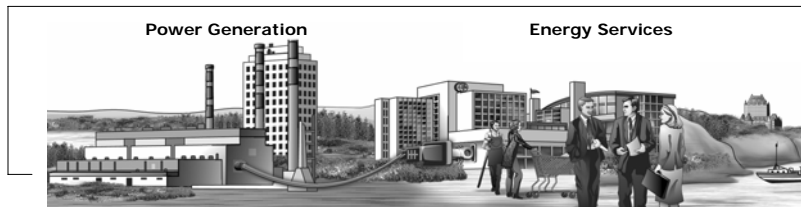
Field Gathering and Processing

Extraction and Transmission



Power Generation

Energy Services



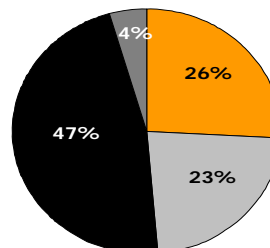
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Diversified Energy Trust



EBITDA
TTM as at Sept 30th, 2006

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



Operational diversity provides sustainability and stability of AltaGas' cash flow

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Field Gathering and Processing



- 74 facilities with 1.0 Bcf/d of capacity, including sour gas capacity
- 6,000 km of gathering lines
- Ability to rapidly tie in new wells
- Interconnected processing facilities
- Moveable facilities
- Operational diversity with 240+ producer customers
- No commodity exposure and strong contracting

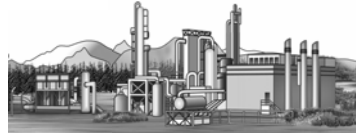


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Extraction and Transmission



- 539 Mmcf/d extraction inlet capacity, including Alberta's newest extraction plant
- 2006 YTD average production – 12,895 Bbls/d ethane and 6,526 Bbls/d NGLs
- 6 transmission pipelines totalling 750 km
- 2006 YTD transmission throughput volumes - 396 Mmcf/d
- Long-life assets underpinned by long-term contracts and little commodity price risk
- Low maintenance capital required which allows for stable cash flows



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Power Generation



- Supplies 5% of Alberta's electricity demand
- Rights to 353 MW of coal-fired generation until 2020
- 25 MW of gas-fired peaking capacity provides operational backstopping for coal units
- Sells power and ancillary services in Alberta
- Risk mitigation through power price hedging



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Energy Services



- Energy procurement and consulting services, natural gas transportation and storage optimization to end-use customers
- Commercial and industrial users
- 1,342 energy management contracts YTD in 2006
- 95% contract renewal rate
- 325,419 GJ/d average gas volumes marketed YTD in 2006
- Diverse portfolio of long-term, fixed-margin and fee-for-service contracts
- No commodity exposure as positions are back-to-back

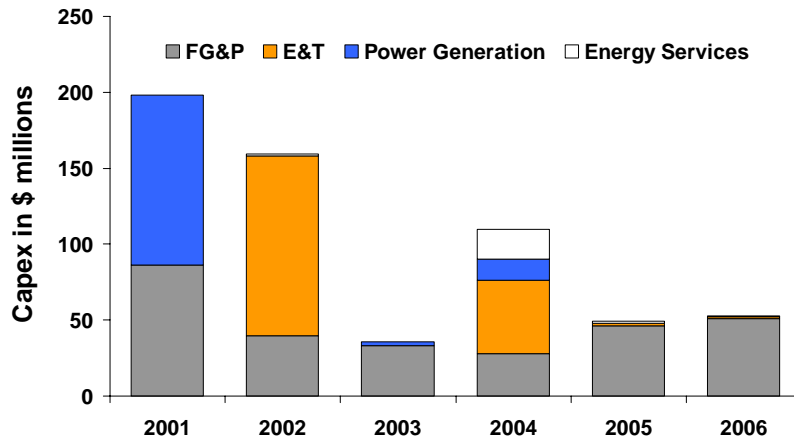


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Development Strategy
Targeted Growth

Balanced Capital Spending



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2006 Projects



- **Expansions**
 - Prairie River (FG&P)
 - Edmonton Ethane Extraction Plant (Extraction)
 - Cold Lake Orion Project (Transmission)
 - Sundance B 53 MW expansion (Power)
- **Greenfield development**
 - Bear Mountain Wind Park (Power)
 - Clear Prairie (FG&P)
 - Princess (FG&P)
- **Acquisitions**
 - Clear Hills (FG&P)
 - Blair Creek (FG&P)

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Field Gathering and Processing



- Continued focus on organic growth
 - \$40 million capital in 2007
- Capture FG&P opportunities
 - Growing coal bed methane production
 - Consolidation
- Expanding West towards increased exploration activity
- Increase market share in WCSB
- Low-risk contracting strategy
 - Flowthrough operating costs (fee-for-service with no commodity exposure)
 - Take or pay (TOP)
 - Area of mutual interest (AMI)

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Extraction and Transmission



- Extraction
 - Increase ownership interests in facilities
 - Expand processing capacity
 - Low-risk contracting strategy
- Transmission
 - Service new markets
 - Capitalize on business opportunities with other segments
 - Low risk contracting strategy
 - Long-term take-or-pay commitments

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Power Generation



- Targeted development of coal, gas-fired and renewable power generation assets that provide stable, sustainable, and low-risk cash flows
 - Negotiate long-term PPAs with creditworthy utility buyers
 - Value-enhancing opportunities through integration with existing operations
 - Invest in areas forecasting strong demand growth

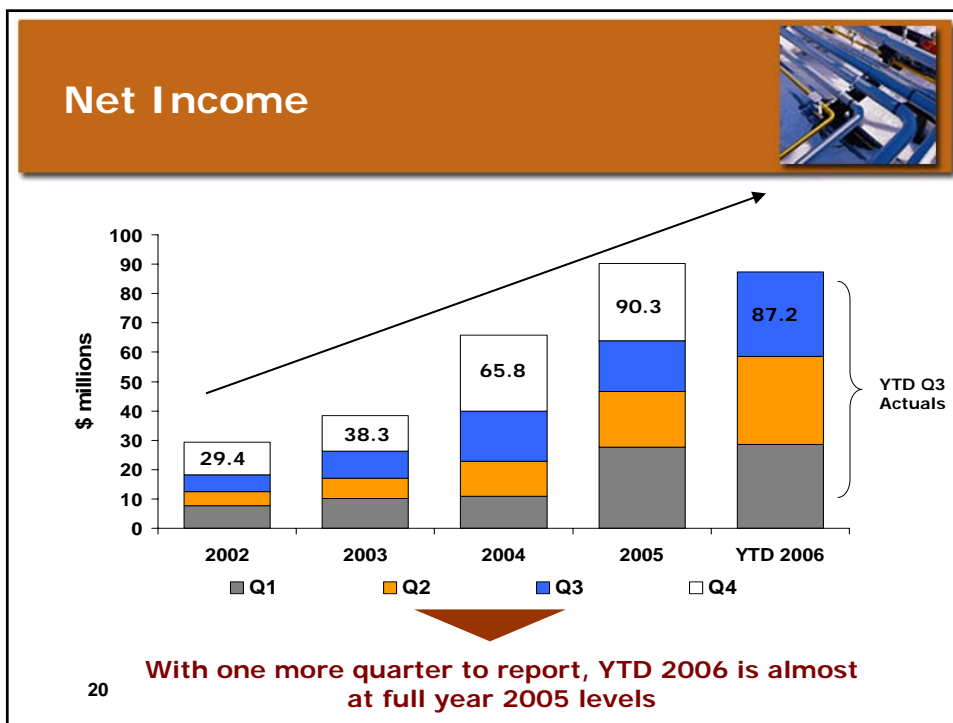
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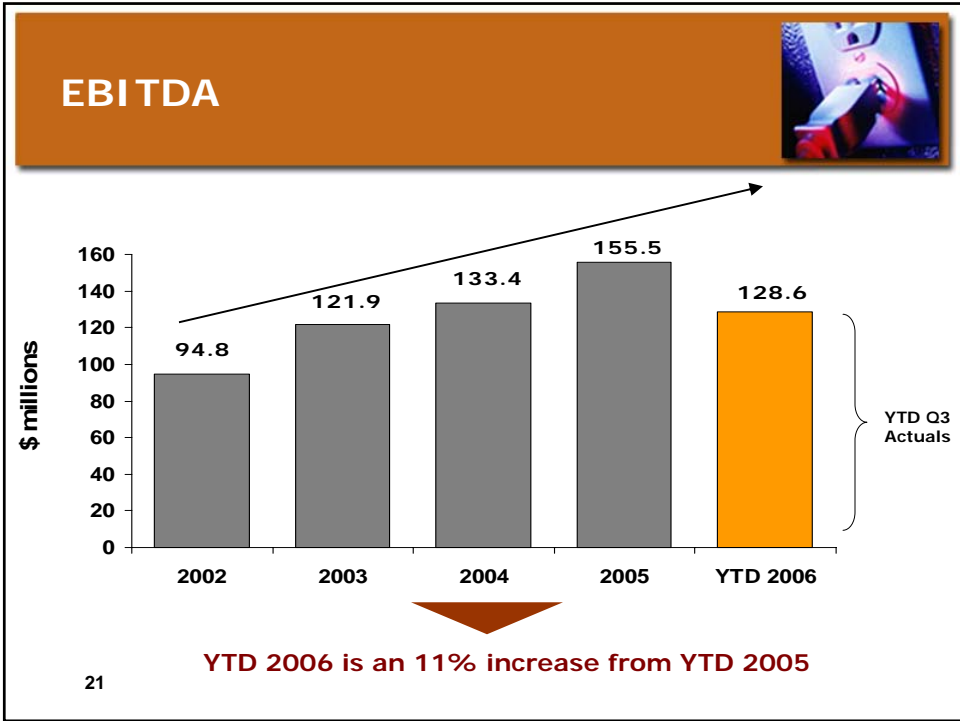
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Targeted growth



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Financial Targets

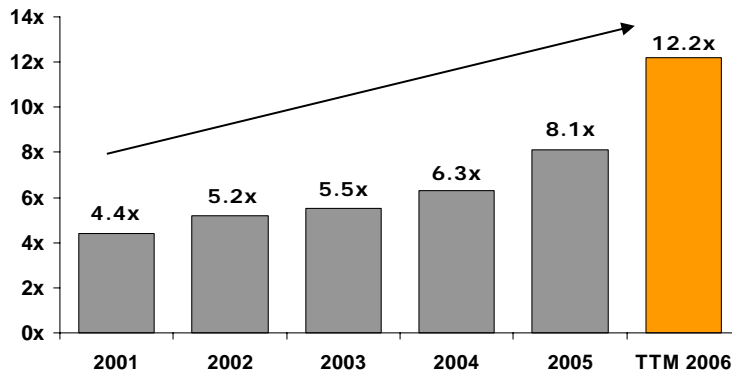


Target Description	Target	Rationale
Credit rating	BBB- to BBB+	Efficient access to capital markets
Distribution payout	70-80% of funds from operations	Underpin AltaGas' market valuation while investing in growth
Leverage	40-45% debt to cap	Optimal leverage to minimize cost of capital for AltaGas' business risk profile
Fixed vs. float interest	25%-30% floating	Optimal interest rate management mix to lower risk and cost of interest

AltaGas' commitment to the financial targets ensures the appropriate financial risk level will be maintained

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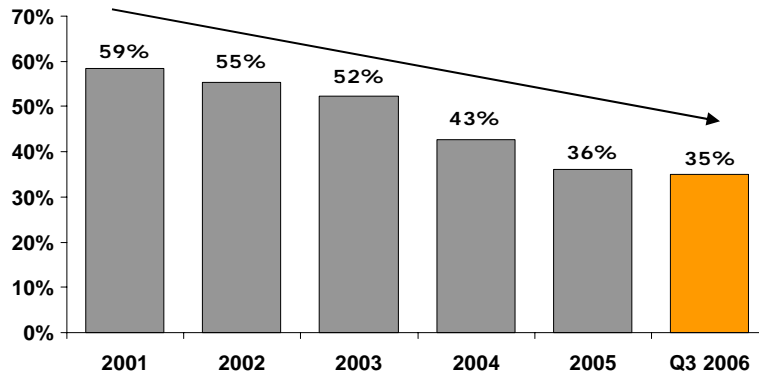
Financial Metrics: EBITDA to Interest Coverage



AltaGas' interest coverage is stronger than ever

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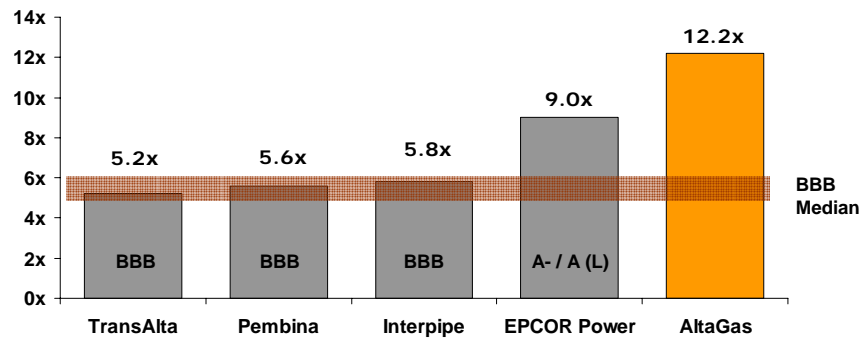
Financial Metrics: Debt to Capitalization %



AltaGas' balance sheet continues to strengthen

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AltaGas and Comparables: EBITDA to Interest Coverage

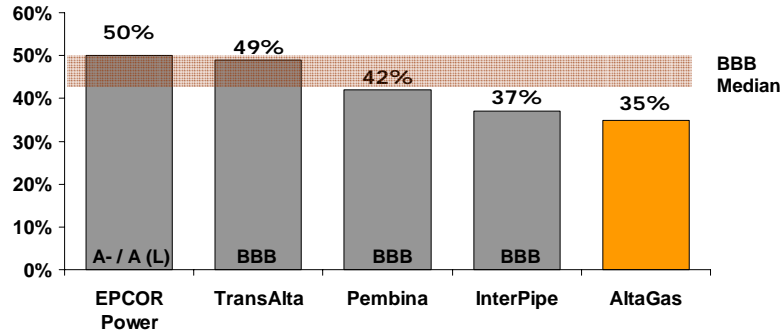


Relative to comparables, AltaGas continues to have strong coverage levels

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* Trailing twelve months as at Q3-06

AltaGas and Comparables: Debt to Capitalization %



Relative to comparables, AltaGas continues to have conservative leverage levels

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* Debt = Long-term debt + short-term debt + current portion of LTD + preferred securities

Ratings



- Management met with S&P and DBRS in December for update
- DBRS upgraded trend from stable to positive and affirmed BBB (low) rating
- S&P affirmed rating and trend at BBB- stable
- Current ratings
 - DBRS: BBB (low) positive
 - S&P: BBB- stable
- Board and management committed to maintaining investment grade ratings

Tax Update



- 31.5% tax on income component of distributions begins 2011
- Tax pools at September 30, 2006 more than \$600 million
- Fundamentals of business will continue to be strong
- Disciplined financial management will continue as AltaGas has always focused on net income, cash flows, credit metrics and creation of long-term unitholder value

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Summary Terms

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Summary Terms



- **Issuer:** AltaGas Income Trust
- **Principal Amount:** \$100 million
- **Issue:** Senior Unsecured Notes
- **Term/Amortization:** 5-year, bullet maturity
- **Benchmark Bond:** Interpolated September 2011 and June 2012
- **Payments:** Semi-annually
- **Redemption:** Standard Canada Call (25% of final spread)
- **Covenants:** Negative Pledge, Incurrence Test, Limitation on Subsidiary Indebtedness
- **Spread:** TBD
- **Use of Proceeds:** Debt repayment and general corporate Purposes

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