



AltaGas Income Trust
Q4 – 2006 Investor
Presentation

March 2007

AltaGas
Well connected.

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".



2006 financial highlights



- **Record net income**
 - \$114.5 million
 - \$2.06/unit
 - Increase of 27%
- **Distributions**
 - Increased twice to \$0.17/unit/month
 - Increased by 6%
 - 2006 payout 69% of funds from operations
 - Distributions < net income
- **Well positioned for growth and sustainable distributions to unitholders**
 - Debt-to-total capitalization 33.4%

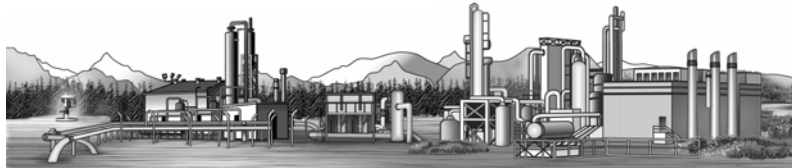
4

Making connections along the energy value chain



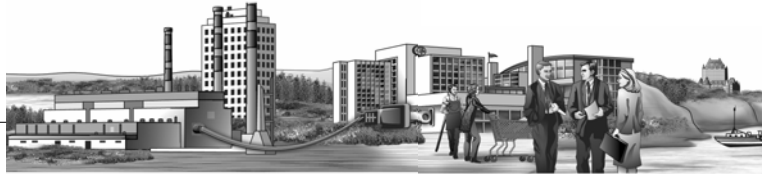
Field Gathering and Processing

Extraction and Transmission



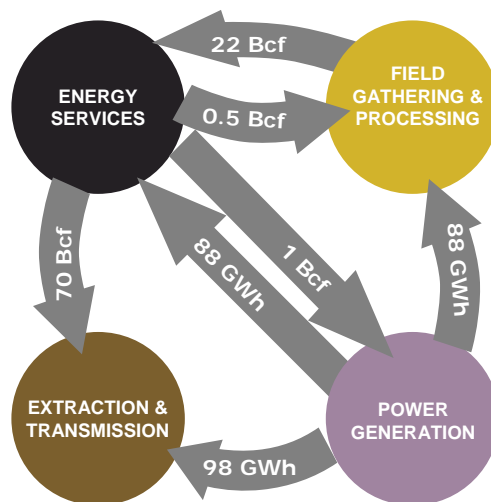
Power Generation

Energy Services



5

Integration across AltaGas

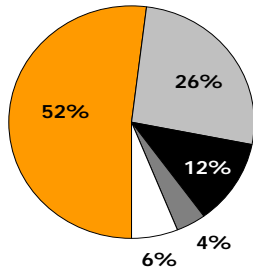


6

Diversified integrated energy business



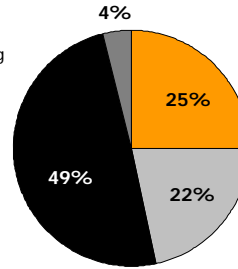
Net Book Value
At December 31, 2006



\$827.9 million

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

EBITDA
2006



\$173.1 million

Note: Pie chart excludes corporate, which was (\$25.3) million

7



Operations Overview

8

Field Gathering and Processing



2006 Highlights:

- \$25.4 million operating income (\$24.1 million in 2005)
- \$53.3 million in growth capital expenditures
- Increased throughput capability: Prairie River, Princess, Clear Hills, Clear Prairie

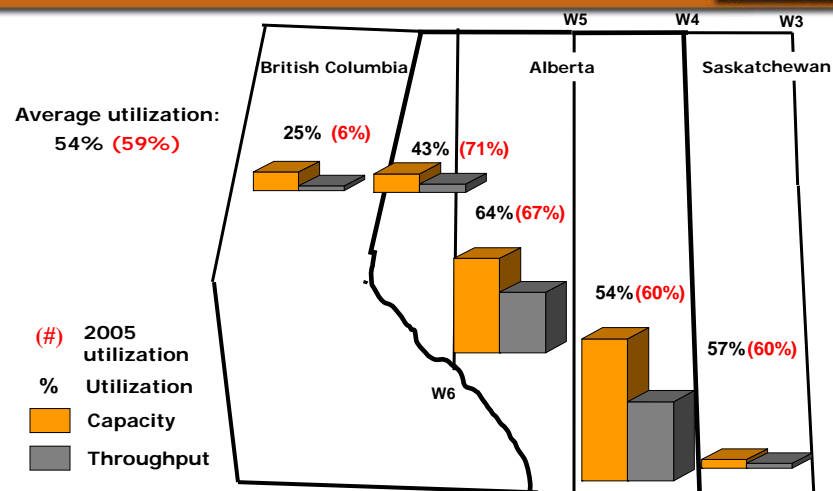


Outlook:

- Increase fees and flow through contracts
- Opportunities to expand, construct and acquire processing facilities

9

AltaGas' regional utilization 2006



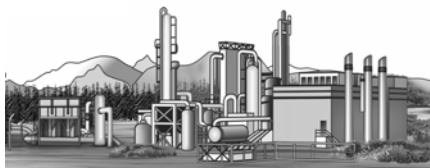
10

Extraction and Transmission



2006 Highlights:

- \$35.2 million operating income (\$30.4 million in 2005)
- EEEP ethane enhancement project increased production by 10%
- Increased ownership of PEEP



Outlook:

- Strong base business with predictable, stable earnings
- Increase E&T throughput
- Frac spread returns to traditional levels

11

Power Generation

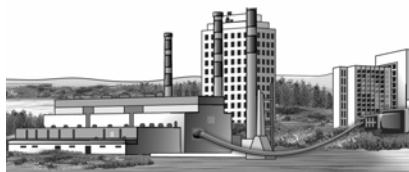


2006 Highlights:

- \$90.9 million operating income, an 87% increase
- Average power price received \$69/MWh

Outlook:

- Continued strong power prices in 2007
- Pursuing renewable generation with partners



12

Bear Mountain Wind Farm



- Located near Dawson Creek, B.C.
- AltaGas partnered with Aeolis in Bear Mountain Wind L.P.
- 25-year electricity purchase agreement with BC Hydro signed on August 28, 2006
- Project continues under development with configuration being optimized

13

AltaGas Well connected.

Energy Services



2006 Highlights:

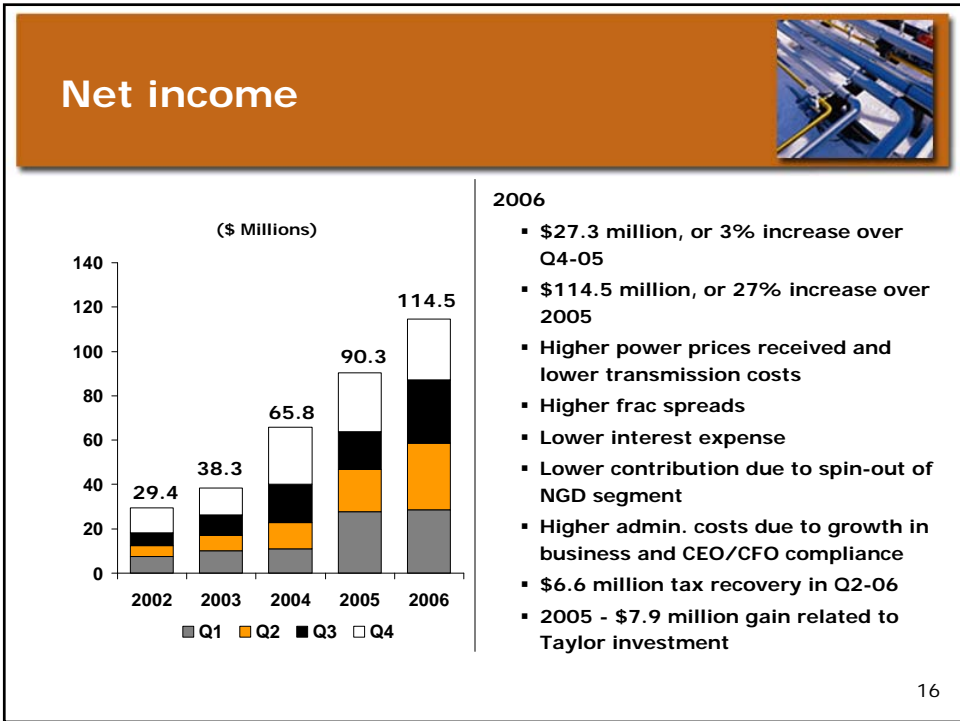
- \$2.8 million operating income (\$5.6 million in 2005)
- 13% increase in customer contracts and 95% contract renewal rate

Outlook:

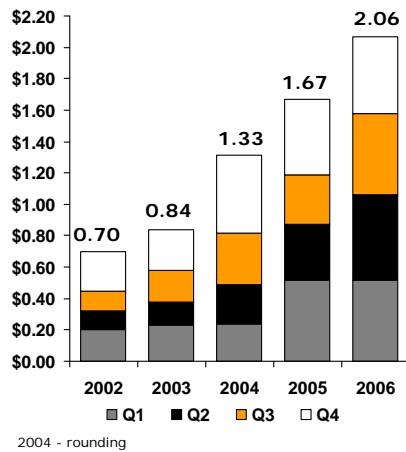
- Increases value through linkages with other AltaGas segments
- Expansion into electricity supply management in Ontario



14



Net income per unit

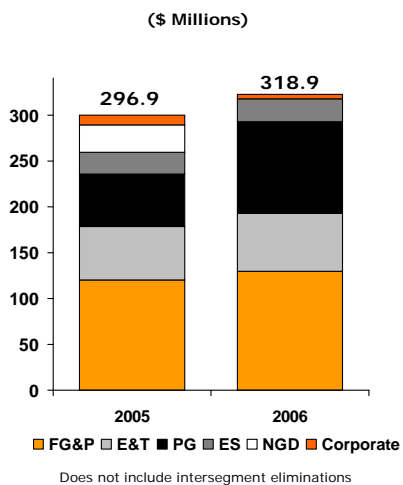


2006

- \$0.49 per unit, or 2% increase from Q4-05
- \$2.06, or 23% increase from 2005
- Weighted average units outstanding 55.5 million in 2006 compared to 54.0 million in 2005

17

Net revenue by segment



FG&P

- Capacity additions
- Operating cost flowthrough
- Operational issues at Bantry and Rainbow Lake

E&T: higher frac spreads

Power Generation

- Higher power prices received
- Lower transmission charges

Energy Services

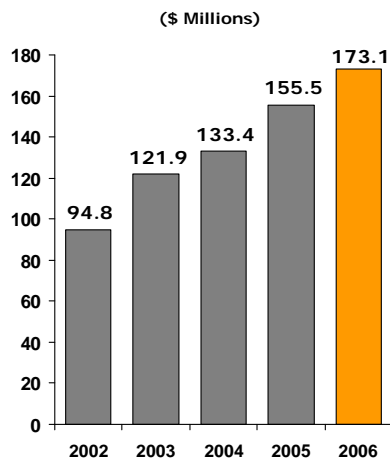
- Higher allocation of admin. costs

Natural Gas Distribution spun-out

Corporate: Gains related to Taylor in Q1-05

18

EBITDA

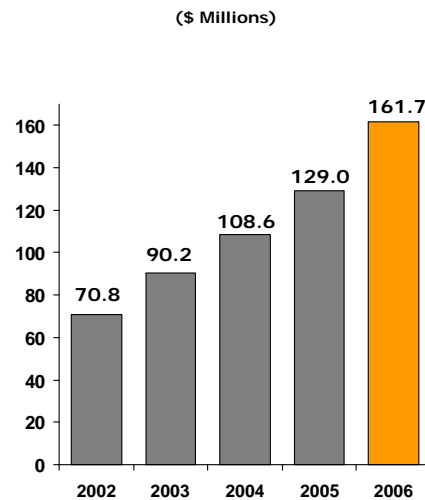


2006

- \$44.5 million, or 12% increase over Q4-05
- \$173.1 million, or 11% increase from 2005
- Q1-05 included Taylor gain on disposition of units

19

Funds from operations

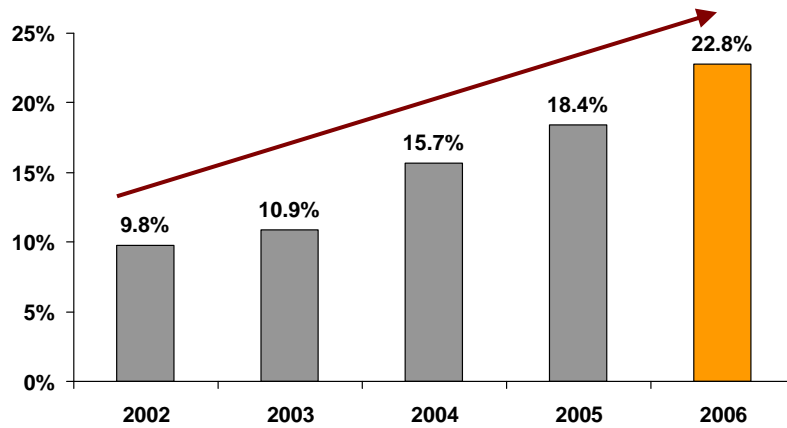


2006

- \$41.4 million, or 14% increase over Q4-05
- \$161.7 million, or 25% increase over 2005

20

Track record of growing ROE

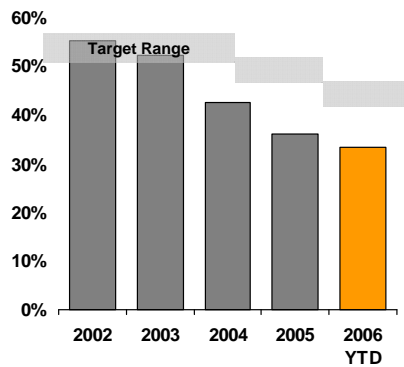


21

Financial structure



Debt as a percentage of total capital*



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

- December 31, 2006 – 33.4%
- Trust target: 40 - 45%

\$100 million MTN issue in Jan-07

- 5.07% coupon
- January 2012 maturity

22

Tax Update



- Income tax recovery of \$0.9 million in 2006
- Higher net income before tax
- \$6.6 million non-cash future income tax benefit from federal and Alberta income tax rate reductions
- Fundamentals of business will continue to be strong
- 31.5% tax on income component of distributions begins 2011

23



Acquisition strategy



- Up to \$200 million available for acquisitions in 2007 without going to equity markets
- Balanced infrastructure investment in gas and power
- Disciplined approach using traditional financial metrics

25

AltaGas Well connected.

FG&P and E&T growth potential



- **Field Gathering and Processing**
 - With lower gas prices, producers are interested in monetizing FG&P assets to help fund drilling
 - Acquisition and expansion of facilities are backstopped by take-or-pay and AMI provisions
- **Extraction and Transmission**
 - Enhanced ethane recovery potential at other plants
 - Integration of transmission assets with Energy Services and FG&P, similar to Orion Cold Lake Project

26

AltaGas Well connected.

Power growth potential



- **Diversification of power portfolio**
 - Coal and gas in Alberta
 - Renewable energy
 - Contracts with rights to existing generation capacity
- **Wind**
 - Long-term contracts with creditworthy counterparties
 - Provides geographic and fuel diversity
 - Capitalize on AltaGas' operational expertise

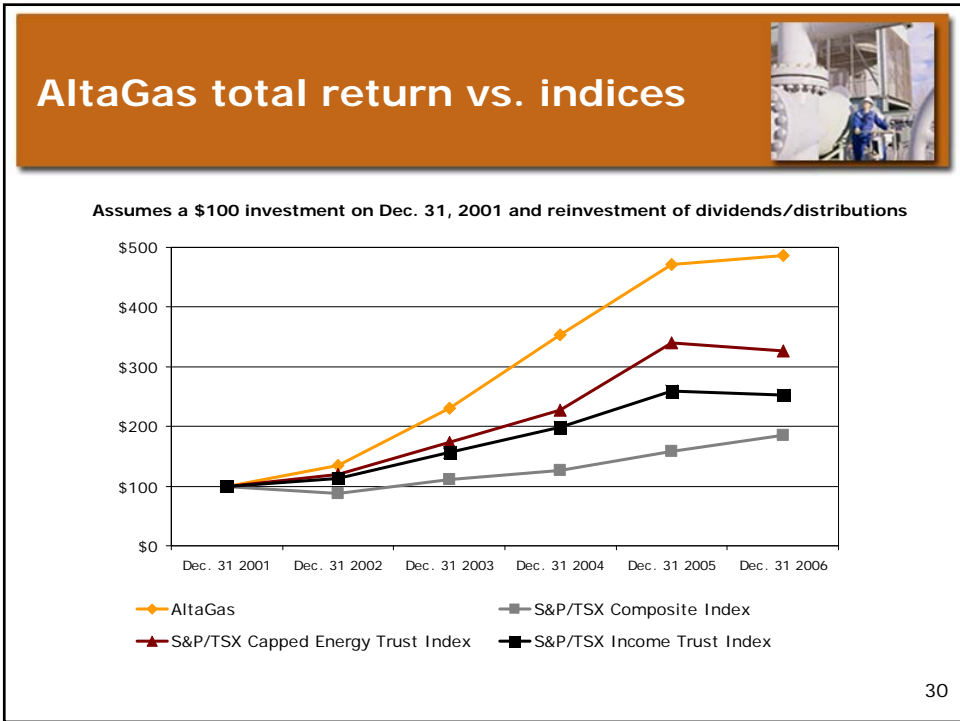
27

AltaGas Well connected.

Potential wind projects



28



Investment highlights



- **Demonstrated track record of growth and value creation**
 - Over last 5 years, total return of 500%
- **Business operated in disciplined manner with focus on traditional financial metrics**
- **Significant opportunities to continue to grow, build and create unitholder value**
- **We're in business for the long-haul - Our vision and strategy is to build today for the future**

31

AltaGas Well connected.



Energy to Grow

32

