

CORPORATE PARTICIPANTS

Ms. Stephanie Labowka-Poulin

Manager External Relations, AltaGas Income Trust

Mr. David Cornhill

Chairman, President and Chief Executive Officer, AltaGas Income Trust

Mr. Bob Pritchard

President and Chief Executive Officer, Taylor NGL Limited Partnership

CONFERENCE CALL PARTICIPANTS

Robert Catellier

Clarus Securities, Analyst

Fai Lee

RBC Capital Markets, Analyst

Rob Hope

TD Newcrest, Analyst

Matthew Akman

CIBC World Markets, Analyst

Michael Levitt

Chesapeake Partners, Analyst

Brian Hennessey

Citi Group, Analyst

PRESENTATION

Operator

Good morning ladies and gentlemen. Welcome to the AltaGas Income Trust and Taylor NGL Limited Partnership joint conference call. Please be advised that this call is being recorded. I would now like to turn the meeting over to Ms. Stephanie Labowka-Poulin. Please go ahead Ms. Labowka-Poulin.

Ms. Stephanie Labowka-Poulin, Moderator

Thank you Natasha, good morning everyone and welcome to the AltaGas Income Trust and Taylor NGL Limited Partnership conference call to discuss today's announcement regarding the acquisition of Taylor NGL Limited Partnership.

David Cornhill, Chairman, President and Chief Executive Officer of AltaGas will summarize the announcement and discuss the reasons for the acquisition.

Bob Pritchard, President and Chief Executive Officer of Taylor will say a few words about Taylor's support of the acquisition. We'll conclude with a question and answer session.

Before we begin I remind you that certain information presented today may constitute forward looking statements. Such statements reflect current expectations, estimates, projections and assumptions of the Trust.

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 each of the trusts' Annual Information Forms under the heading "Risk Factors". I'll now turn the call over to David Cornhill.

Mr. David Cornhill, Guest Speaker

Thank you, Stephanie. Good morning and thank you for joining us on such short notice. I'm extremely pleased to announce that AltaGas has offered to acquire all of the outstanding units of Taylor NGL Limited Partnership and we have executed an agreement in support of the transaction with Taylor.

The Taylor acquisition is an outstanding strategic fit for AltaGas. It positions us as a market leader and the most diversified energy infrastructure company in Canada.

AltaGas has offered Taylor unitholders a choice of receiving \$11.20 in cash or point four two AltaGas units for each unit of Taylor. This is a 24 percent premium on Friday's closing price of \$9.00 per unit. Consideration will be subject to maximum limits of \$245 million Canadian cash and 8 million units of AltaGas. This includes in the units, 8 million units, 1.9 million exchangeable units.

AltaGas plans to fund the cash portion of the offer through existing credit facilities. The transaction is valued at approximately \$590 million including the assumed debt of \$142 million. This excludes AltaGas current 9.6 percent interest in Taylor.

With this transaction we continue to maintain our usual strong financial discipline and focus on maintaining our

investment grade credit rating. And we'll continue to do so as we expand.

The acquisition of Taylor is expected to be immediately accretive to AltaGas unitholders on a cash flow per unit basis. It is expected to be accretive to earnings on a per unit basis beginning in 2009.

The Taylor assets, people and growth opportunities are an excellent fit for AltaGas. These assets include natural gas liquids extraction, NGL transport and natural gas processing and hydroelectric generation.

The assets are complementary to our existing gas and power businesses. Like our assets, they have a modest risk profile with long term cost of service and fixed fee contracts and limited commodity exposure.

Taylor's management team has a strong track record of identifying and executing value enhancing new business opportunities. We are pleased to offer all employees of Taylor employment with AltaGas and look forward to welcoming them to our team.

We are excited to add the Taylor growth opportunities to our own. The offering documents and director circular will be mailed to Taylor unitholders in late November, the successful completion of the acquisition requires two-thirds of Taylor's unit, excluding those owned by AltaGas to be tendered.

The customary regulatory approvals must be received. We anticipate closing to take place in January. I will now turn the call over to Bob.

Mr. Bob Pritchard, Guest Speaker

Thank you David. Taylor has enjoyed a long business relationship with AltaGas, including as partners in the Joffre extraction plant.

Looking forward, a single larger entity will be better positioned to create unitholder value through growth. Both Taylor and AltaGas have a large inventory of projects that can now be jointly developed.

Taylor's management and staff plan to continue working within the combined entity.

Taylor's Board of Directors has unanimously approved this acquisition and concluded that the transaction is in the best interest of unitholders.

In addition, our directors and officers have agreed to tender their units. I recommend that the unitholders of Taylor also tender their units.

AltaGas has recognized the quality of our assets and people. I think I speak for all of us at Taylor when I say that we look forward to growing our businesses together. With that I will now turn the call back to Stephanie.

Ms. Stephanie Labowka-Poulin, Moderator

Thank you Bob. That completes the formal part of our conference call this morning. We are now available to answer your questions. Natasha I will now turn the call back to you for the question and answer session.

QUESTION AND ANSWER SESSION

Operator

Thank you. If you have a question please press *1 on your telephone keypad. If you are using a speaker phone please lift the handset and then press *1. If at any time you wish to cancel your question please press the # sign. Please press *1 at this time if you have a question. There will be a brief pause while the participants register for questions. Thank you for your patience.

Our first question is from Robert Catellier from Clarus Securities. Please go ahead.

Robert Catellier, Clarus Securities, Analyst

Yes, what would you say would be the most important strategic consideration prompting the acquisition offer David?

Mr. David Cornhill, Guest Speaker

I think the combined entity has more growth capability and execution on both sides I think it's, when you put them together, one plus one equals three. We both have a similar culture and I think we can execute some exciting things both on the, on our gas business, extraction business primarily as well as this development of hydro run of river opportunity linked with our wind and our power growth. So we see a lot of opportunity on both sides and with the talents of both teams we think we can

execute it.

Robert Catellier, Clarus Securities, Analyst

And I'm sure we'll learn more of the circular but what growth projects from Taylor that aren't in the public domain are you (Inaudible) in getting your accretion assumptions if any. And can you make specific reference to the Harmattan and co-stream project if that's included in your outlook?

Mr. David Cornhill, Guest Speaker

Well we're, we think the co-stream project is a very strong project and very consistent with how extraction business works I think for us and are very supportive of it. I can't disclose things that haven't been disclosed in public domain but we just see the talent of both teams working together and it's very exciting to see how the opportunities will come forth.

Robert Catellier, Clarus Securities, Analyst

And does this change your plans to invest I think it was \$37 million field gathering and processing. I think 2007 was the time line provided. Is that, does this acquisition defer any of those projects?

Mr. David Cornhill, Guest Speaker

No, I think on both sides we're looking to move forward on growth patterns and it's critical that we don't slow down our opportunities. I think we have a long track record at AltaGas as maintaining a strong balance sheet and we'll continue to be prudent on our financial metrics and we're very excited. So we don't expect to see projects fall off in terms of through this transaction, we're working hard right now to see, make sure that we don't lose a step there while maintaining a strong balance sheet.

Robert Catellier, Clarus Securities, Analyst

And finally, does this change your hedging strategy in either your C3+ or frac exposure or on the power book?

Mr. David Cornhill, Guest Speaker

No, we've taken positions on hedging on both our power is the same on NGL, we have been hedging historically for parts of it and consistent with our conference call on Wednesday.

Robert Catellier, Clarus Securities, Analyst

Okay, great. Thanks.

Operator

Thank you. Our next question is from Fai Lee from RBC Capital Markets. Please go ahead.

Fai Lee, RBC Capital Markets, Analyst

Thank you. David can you maybe elaborate a bit on, give us some color on targeted synergies, source, timing, magnitude?

Mr. David Cornhill, Guest Speaker

Won't put a dollar but we look at the leverage that we both bring in the extraction business, almost you know putting the two together doubles the size of our extraction capability and reach into BC, our EEEP project, JEEP project, Harmattan, our Empress position. So it's a fairly extensive extraction. We see that, we see the movement of run of river and the talents that Taylor has there, moving there is a significant growth area as well. So we're, it's our renewable strategy and their renewable strategy.

The strategies and how we've run our businesses are very consistent, compatible so we are just very excited about it.

Fai Lee, RBC Capital Markets, Analyst

Now I just want to clarify, it sounds like when you talk about NGL extraction and run of river, the potential synergies, probably more talking about revenue growth opportunities rather than cost savings, is that correct?

Mr. David Cornhill, Guest Speaker

Yes, we see opportunity for some cost savings clearly, simple reduction of two public companies is one area that's not insignificant. We also see some cost savings from operations when we look to where we are, we can integrate our businesses more from efficiency perspective, not from a reduction of employee perspective.

Fai Lee, RBC Capital Markets, Analyst

Okay, now from the cost savings, you're retaining all the management team is staying?

Mr. Bob Pritchard, Guest Speaker

We've offered employment to all the management and yes they are.

Fai Lee, RBC Capital Markets, Analyst

Okay, and maybe this is a question for Bob, Bob I've always thought Taylor was fairly efficiently run kind of tight in terms of the cost. Is there in terms of magnitude of offering G&A, is there some sort of number you can maybe give us some color on, potential savings?

Mr. Bob Pritchard, Guest Speaker

I can confirm what David said. The obvious one is the efficiency of consolidating the home reporting entity.

Fai Lee, RBC Capital Markets, Analyst

And how much are you spending on public reporting costs?

Mr. David Cornhill, Guest Speaker

Too much.

Fai Lee, RBC Capital Markets, Analyst

Alright, I think I'll move on, thanks.

Operator

Thank you. Our next question is from Rob Hope from TD Newcrest. Please go ahead.

Rob Hope, TD Newcrest, Analyst

Thank you. I was just wondering, do you have any plans for permanently financing the acquisition? Or will it remain on credit facilities?

Mr. David Cornhill, Guest Speaker

We have a target of having longer term and clearly we'll match the, our gap maturities more with our assets. And so over time we would look to term out some of the debt that we're currently financing under our facilities.

Rob Hope, TD Newcrest, Analyst

So it will be entirely debt financed then?

Mr. David Cornhill, Guest Speaker

No. The deal is both equity and debt. The maximum cash portion is \$245 million.

Rob Hope, TD Newcrest, Analyst

Okay. Thank you. And when we look at the accretion, you expect to be accretive in 2009 and immediately to cash flow, do you have any targets for these? Do you have any ballpark estimates?

Mr. David Cornhill, Guest Speaker

No, we're just working together to create more value for our unitholders.

Rob Hope, TD Newcrest, Analyst

Okay. I guess I just finally in terms of the offer, what regulatory hurdles and approvals are needed and do you have a time line for those?

Mr. David Cornhill, Guest Speaker

The main one I'm aware of is competition which is a normal process. We don't see anything unusual in this transaction.

Rob Hope, TD Newcrest, Analyst

And when would you expect to get that?

Mr. David Cornhill, Guest Speaker

Before closing.

Rob Hope, TD Newcrest, Analyst

Okay, great. Thank you.

Operator

Thank you. Once again please press *1 on your telephone keypad if you have a question. Our next question is from Matthew Akman from CIBC World Markets. Please go ahead.

Matthew Akman, CIBC World Markets, Analyst

Thanks very much. I wanted to discuss further the assumption or guidance that the deal will be immediately accretive. And in particular I'm wondering if you can share any more specific assumptions you have regarding cash versus units, the unit price or synergies in terms of dollar value?

Mr. David Cornhill, Guest Speaker

In terms of the offer, clearly over 50% could be a cash offer if you do the maximum, do the calculation. We see some real short-term opportunities to accelerate some opportunities that Taylor have and that we have coming. So we see that. I'm not going to get into, with the

disclosure and the offering circular will provide more robust disclosure there.

Matthew Akman, CIBC World Markets, Analyst

I guess maybe I could ask it differently, do you guys see this deal being accretive if there weren't any synergies on the cost side?

Mr. David Cornhill, Guest Speaker

We see the growth opportunities that we can both execute is the bigger story than cost savings synergies.

Matthew Akman, CIBC World Markets, Analyst

Maybe I'll ask it a different way then, do you see the deal being accretive if there aren't revenue synergies? Just on a financial basis now.

Mr. David Cornhill, Guest Speaker

I'm not sure what you're...

Matthew Akman, CIBC World Markets, Analyst

If there aren't synergies in the deal is it accretive?

Mr. David Cornhill, Guest Speaker

It's a fair deal if we, when we put the two together and go golfing.

Matthew Akman, CIBC World Markets, Analyst

I guess maybe bigger picture David, it kind of brings me to, I mean clearly these assets are a good strategic fit and Taylor who already owned almost 10% by AltaGas and you guys own things together, it just begs the question kind of why now because you know you've always said I think that at the right price and it wasn't the right price. And Taylor units haven't really come down in value. I guess we're seeing kind of historically wide frac spreads and the multiple on Taylor's EBITDA is not

cheap. So maybe you could just explain or clarify why now, why are you doing this deal now?

Mr. David Cornhill, Guest Speaker

I think the market clearly has changed in terms of the importance of executing from the size perspective. I would say that a larger, larger company has more opportunity to go forward. Clearly frac spreads are higher right now than historic levels and ability to hedge those over medium term is available to enhance.

I think the, our strong balance sheet helps this transaction clearly from an AltaGas perspective. And we felt I think the other thing that is reality is living one year after the trust announcement and how important size is and how important working, getting that critical mass in this, this space. And I think both Taylor and AltaGas' management has a similar view to that and been pretty consistent over the last 24 months. So the timing worked for both of us.

Matthew Akman, CIBC World Markets, Analyst

So my last question then, I guess just to clarify that comment, are you saying that there are certain projects that you both would have wanted to do but just felt you couldn't do because you weren't big enough?

Mr. David Cornhill, Guest Speaker

I think it enhances our ability to execute with the talent pool that we have on both Taylor adding their expertise and our capability as well. We can more effectively execute.

Matthew Akman, CIBC World Markets, Analyst

Okay, thank you very much.

Operator

Thank you. Our next question is from Fai Lee from RBC Capital Markets. Please go ahead.

Fai Lee, RBC Capital Markets, Analyst

Thanks. David or maybe Bob you can answer this, distributions until closing at Taylor, what's going to be the policy there?

Mr. Bob Pritchard, Guest Speaker

Taylor's distribution policy will not change.

Fai Lee, RBC Capital Markets, Analyst

So continue distributing at the current rate until it closes?

Mr. Bob Pritchard, Guest Speaker

That's our expectation at this time.

Fai Lee, RBC Capital Markets, Analyst

Okay. And in terms of the potential for another acquire, I know that there's a termination fee, but I'm just curious about that one unit that AltaGas has for like a seat on the board. Is that a potential impediment in your view of someone else coming in and acquiring Taylor?

Mr. Bob Pritchard, Guest Speaker

I don't, this is Bob speaking, I don't believe so.

Fai Lee, RBC Capital Markets, Analyst

Okay, thank you.

Operator

Thank you. Our next question is from Michael Levitt from Chesapeake Partners. Please go ahead. Mr. Levitt unfortunately I can't hear you, I'll have to join you back into the call. Our next question is from Brian Hennessey from Citi Group. Please go ahead.

Brian Hennessey, Citi Group, Analyst

Hi, that cash max of \$245 million, is that applied to the portion excluding the 9.6 interest before \$48 million in equity?

Mr. Bob Pritchard, Guest Speaker

Yes.

Brian Hennessey, Citi Group, Analyst

Okay, thank you.

Operator

Our next question is from Rob Hope, TD Newcrest. Please go ahead.

Rob Hope, TD Newcrest, Analyst

Yes, thank you. Just actually a follow up to the last question, the limits of units and cash, assuming that the limit is reached, how will the, how will the offer be prorated?

Richard Alexander, Executive Vice President, Chief Operating Officer and Chief Financial Officer, AltaGas Income Trust

The offer will be prorated, once you reach the limit on one side or the other than the pro ration will just be relative to what's remaining on the other piece.

Rob Hope, TD Newcrest, Analyst

Okay, thank you.

Operator

There are no further questions registered at this time. I would now like to turn the meeting back over to Ms. Labowka-Poulin.

Ms. Stephanie Labowka-Poulin, Moderator

Thank you Natasha. Well if you have any follow up questions please give us a call, have a good morning.

Operator

Thank you. The conference has now ended. Please disconnect your lines at this time. Thank you for your participation and have a nice day.