

## 2004 Characterization of AltaGas payments to U.S. Unitholders

**Unitholders should consult their own tax advisors to determine the income tax considerations and consequences applicable to them in their particular circumstances.**

<b>AltaGas Income Trust</b>	<b>MAY</b>	<b>JUN</b>	<b>JUL</b>	<b>AUG</b>	<b>SEP</b>	<b>OCT</b>	<b>NOV</b>	<b>DEC</b>	<b>2004</b>	<b>%</b>
Record Date	25-May-04	25-Jun-04	26-Jul-04	25-Aug-04	27-Sep-04	25-Oct-04	25-Nov-04	29-Dec-04		
Payment Date	15-Jun-04	15-Jul-04	16-Aug-04	15-Sep-04	15-Oct-04	15-Nov-04	15-Dec-04	17-Jan-05		
Dividend per unit	* \$ 0.12191	\$ 0.12484	\$ 0.11625	\$ 0.11571	\$ 0.11171	\$ 0.11989	\$ 0.11682	\$ 0.11141	\$ 0.93854	78.21%
Return of capital per unit	** \$ 0.02809	\$ 0.02516	\$ 0.03375	\$ 0.03429	\$ 0.03829	\$ 0.03011	\$ 0.03318	\$ 0.03859	\$ 0.26146	21.79%
Total distribution per unit	<u>\$ 0.15000</u>	<u>\$ 0.15000</u>	<u>\$ 0.15000</u>	<u>\$ 0.15000</u>	<u>\$ 0.15000</u>	<u>\$ 0.15000</u>	<u>\$ 0.15000</u>	<u>\$ 0.15000</u>	<u>\$ 1.20000</u>	<u>100.00%</u>

\* To the best of AltaGas Income Trust's knowledge, this amount represents a distribution of current or accumulated earnings and profits and therefore, a taxable dividend for United States federal income tax purposes. At the time the units ("Units") of AltaGas Income Trust were initially issued, the information circular dated March 26, 2004 ("Circular") indicated that to the extent that a distribution received by a U.S. holder (as defined in the Circular) is a taxable dividend, a U.S. holder that is an individual should be eligible for the reduced maximum rate of tax on the dividend of generally 15% (5% for individuals in lower tax brackets), provided certain holding periods and other requirements are met. AltaGas Income Trust is not aware of any circumstances that would change this outcome, however, U.S. holders should obtain independent advice from their own tax professionals. Please refer to the section entitled "Certain United States Federal Income Tax Considerations" in the Circular.

\*\* Further, the Circular indicated that any amounts distributed to a U.S. holder which exceed current or accumulated earning and profits, will be treated first as a return of capital up to the U.S. holder's adjusted basis in the Units and then as a gain from the sale or exchange of the Units. AltaGas Income Trust is not aware of any circumstances that would change this outcome, however, U.S. holders should obtain independent advice from their own tax professionals. Please refer to the section entitled "Certain United States Federal Income Tax Considerations" in the Circular.