

AltaGas Income Trust

2005 Distribution Information For U.S. Unitholders (\$/Unit)

The information that follows is being provided to assist U.S. individual unitholders of AltaGas Income Trust in reporting distributions received from AltaGas Income Trust on their Internal Revenue Service Form 1040, *U.S. Individual Income Tax Return* for the calendar year 2005. This information is of a general nature only and is not intended to be legal or tax advice. Readers should consult their own qualified legal or tax advisors as to their particular U.S. tax consequences of holding AltaGas Income Trust units.

Record Date	Payment Date	Distribution Paid CDN\$	Exchange Rate (1)	Distribution Paid US\$	Taxable Qualified Dividends US\$	Tax-Deferred Return of Capital US\$
29-Dec-04	17-Jan-05	0.15000	0.8220	0.12330	0.12330	nil
25-Jan-05	15-Feb-05	0.15000	0.8106	0.12159	0.12159	nil
25-Feb-05	15-Mar-05	0.15000	0.8280	0.12420	0.12420	nil
28-Mar-05	15-Apr-05	0.15000	0.8056	0.12084	0.12084	nil
25-Apr-05	16-May-05	0.15000	0.7872	0.11808	0.11808	nil
25-May-05	15-Jun-05	0.15000	0.8065	0.12098	0.12098	nil
27-Jun-05	15-Jul-05	0.15000	0.8193	0.12290	0.12290	nil
25-Jul-05	15-Aug-05	0.15000	0.8354	0.12531	0.12531	nil
25-Aug-05	15-Sep-05	0.16000	0.8434	0.13494	0.13494	nil
26-Sep-05	17-Oct-05	0.16000	0.8475	0.13560	0.13560	nil
25-Oct-05	15-Nov-05	0.16000	0.8375	0.13400	0.13400	nil
14-Nov-05 (2)	17-Nov-05 (2)	0.53728	0.8430	0.45293	0.45293	nil
25-Nov-05	15-Dec-05	0.16000	0.8638	0.13821	0.13821	nil
		<u>2.37728</u>		<u>1.97287</u>	<u>1.97287</u>	<u>nil</u>

(1) Bank of Canada noon rate of exchange on date of payment.

(2) Unitholders of record on November 14, 2005 received one share of AltaGas Utility Group Inc. (valued at CDN \$7.50 per share) for every 13.9592 trust units held.

The distribution payable to record holders on December 23, 2005 and paid on January 16, 2006 to unitholders resident in the U.S. will be reported in the 2006 calendar year.

In consultation with its U.S. tax advisors, AltaGas Income Trust believes that its trust units should be properly classified as equity in a corporation, rather than debt, and that distributions paid to U.S. individual unitholders should be "qualified dividends" for U.S. federal income tax purposes. As such, the portion of the distributions made during 2005 that are considered dividends for U.S. federal income tax purposes should qualify for the reduced rate of tax applicable to long-term capital gains. However, the individual taxpayer's situation must be considered before making this determination.

AltaGas Income Trust has not received an IRS letter ruling or a tax opinion from its tax advisors on these matters.