

# taking good care of corporate governance



**DAVID W. CORNHILL**  
Chairman and Chief  
Executive Officer  
Member of the EOHSC

**ALLAN L. EDGEWORTH**  
Director  
Independent director;  
Member of the AC  
and EOHSC

**DENIS C. FONTEYNE**  
Director  
Independent director;  
Chair of the EOHSC and  
Member of the HRCC

**HUGH A. FERGUSSON**  
Director  
Independent director;  
Member of the AC  
and EOHSC

**DARYL H. GILBERT**  
Director  
Independent director;  
Member of the AC and  
Chair of the HRCC

**ROBERT B. HODGINS**  
Director  
Independent director;  
Chair of the AC and  
Member of the GC

**MYRON F. KANIK**  
Lead Director  
Independent director;  
Chair of the GC and  
Member of the HRCC

**DAVID F. MACKIE**  
Director  
Independent director;  
Member of the GC  
and HRCC

**NEIL McCRANK**  
Director  
Independent director;  
Member of the GC  
and EOHSC

The members of the Board of Directors of AltaGas General Partner Inc. are elected by the Trust at the direction of the unitholders to manage or supervise the management, business and affairs of the Trust. It is our responsibility to ensure that the interests of unitholders and other stakeholders are properly represented. To that end, the Board of Directors has assumed responsibility for stewardship of the Trust and has developed standards and procedures for its operations that meet a high standard of governance. We regularly review the activities of the Trust with a view to ensuring its business affairs are conducted appropriately, with the honesty, integrity, transparency and accountability that unitholders expect. We are committed to continuing to direct the activities of the Trust to those high standards.

The annual meeting provides AltaGas' executives with the opportunity to communicate the Trust's goals and strategy to unitholders. The meeting offers unitholders

the chance to hear first-hand from management and to understand AltaGas' strategy for seeking to continually increase unitholder value and grow the Trust. The Board of Directors and AltaGas' management team encourage you to attend the annual meeting, either in person in Calgary, or through the live webcast that can be viewed at [www.altagas.ca](http://www.altagas.ca).

The annual meeting will be held at 3:00 p.m. MDT on Tuesday, April 21, 2009 at The Metropolitan Centre, Strand/Tivoli Room, 333 – 4th Avenue S.W., Calgary, Alberta.

On behalf of the Board of Directors:

(signed) "Myron F. Kanik"

Myron F. Kanik

Lead Director

## GOVERNANCE PRACTICES AND BOARD COMPOSITION

AltaGas believes that good governance improves performance and benefits all unitholders. AltaGas is committed to a high standard of governance. The following is a summary of the Trust's governance practices. A more detailed description of the Trust's practices can be found in the Trust's Information Circular filed on the SEDAR system at [www.sedar.com](http://www.sedar.com).

### STATEMENT OF GOVERNANCE PRACTICES

#### Mandate of the Board

The Board of Directors of the General Partner exercises overall responsibility for the management and supervision of the affairs of the Trust. This includes the appointment of the Chief Executive Officer and other senior officers of AltaGas Ltd. and AltaGas General Partner Inc., approval of their compensation and monitoring of the Chief Executive Officer's performance.

The Board of Directors also reviews and approves the annual strategic plan and operating budget. Key objectives, as well as quantifiable operational and financial targets, and processes for the identification, monitoring and mitigation of principal business risks are incorporated into the annual strategy review.

The Board of Directors ensures that a process is established that adequately provides for succession planning, including the appointment, training and monitoring of senior management.

### BOARD COMPOSITION

The Board currently comprises nine Directors, eight of whom are independent. David W. Cornhill, Chairman and Chief Executive Officer of AltaGas General Partner Inc., is the only member of the Board of Directors who is also a member of management.

### Board Committees

The Board has four standing committees: Governance (GC); Audit (AC); Environment, Occupational Health and Safety (EOHSC); and Human Resources and Compensation (HRCC). The Governance, Audit and Human Resources and Compensation committees are composed exclusively of non-management, independent directors. The Environment, Occupational Health and Safety Committee includes a majority of non-management, independent directors. The Chairman and Chief Executive Officer of AltaGas General Partner Inc. serves on the Environment, Occupational Health and Safety Committee. Each of the committees has a Board of Directors-approved mandate that prescribes its composition and responsibilities.

### Governance Committee

The Governance Committee is responsible for reviewing, reporting and providing recommendations for improvement to the Board with respect to all aspects of governance. The Committee is responsible for identifying individuals qualified to become members of the Board of Directors, and recommends to the Board of Directors proposed nominees for election to the Board of Directors. The Committee reviews and recommends compensation for Directors. Annually, the Governance Committee formally assesses the effectiveness of the Board of Directors and the Committees of the Board of Directors. As well, the Committee is responsible for the orientation and education of new members of the Board of Directors and continuing development of existing members of the Board of Directors.

### Audit Committee

The Audit Committee consists of four independent and financially literate Directors who oversee the Trust's financial reporting process on behalf of the Board of Directors. The Audit Committee reviews, reports and provides recommendations to the Board of Directors on the annual and interim financial statements, including the completeness and accuracy of financial reporting of the Trust; the adequacy of risk management processes;

the adequacy of its internal control system for financial reporting and disclosure; and the appointment, terms of engagement, provision of non-audit services and proposed fees of the independent auditor. At every Audit Committee meeting, the Committee has the opportunity to meet with the independent and internal auditors without management present.

The Chair of the Audit Committee is Robert B. Hodgins, previously Chief Financial Officer of Pengrowth Energy Trust, Treasurer of Canadian Pacific Limited and Chief Financial Officer of TransCanada Pipelines Limited. Mr. Hodgins has the strong financial background crucial to this role.

### Environment, Occupational Health and Safety Committee

The Environment, Occupational Health and Safety Committee is responsible for reviewing, reporting and making recommendations to the Board of Directors on the Trust's policies and procedures with respect to the environment and occupational health and safety.

The Trust is committed to being a steward of the environment and to the health and safety of its employees.

### Human Resources and Compensation Committee

The Human Resources and Compensation Committee reviews, reports and provides recommendations to the Board of Directors on the compensation of the Chief Executive Officer, the appointment and compensation of senior corporate officers, succession plans and the compensation policy for all other employees.

In 2006, AltaGas adopted a Code of Business Ethics, a copy of which can be viewed on our website. AltaGas is committed to operating its businesses in an ethical manner.