

taking good care

AltaGas is dedicated to taking good care of its business, its assets and its investors. We are also committed to taking good care of the communities in which we operate and our people who work in them. Good corporate governance is our guiding principle as we take care of our stakeholders today and in the future.

Taking good care of business means maintaining our balance sheet and investment-grade credit ratings. It means mitigating risk, minimizing the cost of capital and ensuring we have adequate liquidity and flexibility so we can continue to grow. It means continuing to execute our business, growth and financial strategies. It means success.

Taking good care of assets means maximizing the profitability of our current gas and power assets. It means adding and pursuing new assets and services that are linked to our energy value chain. It means sustainability.

Taking good care of investors means focusing on strong returns and sustainable distributions. It means continuing to invest in long-life energy infrastructure that provides long-term cash flows. It means stability.

Taking good care of the community and our workplace means continuing to lead initiatives that encourage learning, safe-keeping and respect. It means being a good corporate citizen by making multi-year commitments and partnerships. It means committing to the highest standards of workplace safety and environmental responsibility. It means stewardship.

Taking good care of corporate governance means ensuring the interests of all stakeholders are represented fairly. It means having policies and principles that meet a high standard of governance. It means ensuring honesty, integrity, transparency and accountability. It means security.





taking
good care of
business

THROUGH EFFICIENT MANAGEMENT, RELIABLE AND
PROFITABLE CORE ASSETS, MARKET KNOWLEDGE,
AND THE FINANCIAL DISCIPLINE TO CREATE LONG-TERM
VALUE FOR OUR INVESTORS.

AltaGas' business is straightforward: we invest in energy infrastructure. Our diverse assets along the energy value chain serve one common purpose: to add long-term stable cash flow.

Since 1994, our investment in gas and power assets has positioned us to meet the growing demand for energy. AltaGas is continuously taking good care of business. Our strong track record of effective management, reliable and profitable core assets, market knowledge and financial discipline create long-term value for our investors.

RISK MITIGATION

Diversifying our assets by geography and fuel source to balance our gas and power portfolios mitigates risks associated with each, while maintaining the appropriate risk-return balance. Links between the gas and power businesses create value and provide growth opportunities.

Our business is not driven by commodity price cycles. Long-term contractual arrangements shelter AltaGas from commodity price fluctuations. The majority of revenues from our gas business are stable and low-risk due to contractual arrangements that provide for fixed-fee and fee-for-service earnings. Likewise,

LONG-LIFE, PROFITABLE INFRASTRUCTURE

our power assets are supported by disciplined hedging strategies and strong power supply and demand fundamentals in Alberta. In 2008 we once again effectively managed power price and frac spread exposure, reduced volatility and stabilized cash flow.

Our business and growth strategies are supported by our financing strategy: to minimize the cost of capital and ensure we have adequate liquidity and flexibility to support our operations and future growth. Our financing objective is also to ensure we have multiple access points to capital markets, and maintain an acceptable level of financial risk and investment-grade credit ratings.

EFFICIENT MANAGEMENT

The AltaGas team has successfully executed its business, growth and financing strategies for close to 15 years and delivered a strong track record of solid returns to investors. We continue to focus on traditional financial metrics and over time have seen positive trends in our earnings, return on equity and cash flow.

We focus on the profitability of our business by building and acquiring assets that contribute sustainable value for investors. We constantly strive to increase the value of our existing infrastructure. When we invest in new assets, we ensure the investment will be profitable with an appropriate risk-return balance.

Our financial discipline and risk management strategies maintain our balance sheet strength and investment-grade credit ratings. They also allow financial flexibility to support future growth, and ensure stability and growing returns for our investors.

**\$2.2 BILLION
IN ASSET VALUE**





taking good care of the assets

THROUGH THE ACQUISITION AND DEVELOPMENT OF ASSETS AND
SERVICES THAT ARE LINKED TO OUR EXISTING BUSINESS;
MAXIMIZING THE PROFITABILITY AND LONG-TERM VALUE OF OUR
CURRENT ASSETS; AND GROWING OUR ENERGY INFRASTRUCTURE BUSINESS.

Our gas business provides gathering, processing, transportation, storage and marketing of natural gas and natural gas liquids. Our power business generates and delivers power in Alberta and British Columbia and is developing a significant portfolio of renewable power projects. By linking energy producers with energy users, AltaGas continues to provide options and value to its customers and investors.

GAS	POWER
<p>Future growth opportunities are focused on unconventional gas sources and active gas production areas; optimizing current assets; and acquiring and developing new facilities to meet customer demands.</p>	<p>Future growth opportunities are focused on clean energy. These projects will expand our power portfolio to ensure long-term sustainability of our power business, reduce our carbon intensity factor, and provide an opportunity to diversify by geography and fuel source.</p>
2008 HIGHLIGHTS	2008 HIGHLIGHTS
<ul style="list-style-type: none"> • Our gas business performed strongly with \$104 million in operating income (75 percent growth over 2007). • Our gas asset base nearly doubled with the \$600 million acquisition of Taylor NGL Limited Partnership (Taylor) at the beginning of 2008. Taylor added low-risk, long-life assets. They complement our existing business and provide opportunities for growth, both through the optimization of current assets and development of new infrastructure. • Invested approximately \$50 million at the Harmattan Complex to increase utilization and plant efficiency. We consolidated the Carstairs gas processing facility, transferring volumes to the Complex. • Invested approximately \$30 million on various facility optimizations and growth projects. • Began construction of the Sarnia storage project. The project is scheduled to be in service in mid-2009. 	<ul style="list-style-type: none"> • Our power business performed strongly with \$118 million in operating income (25 percent growth over 2007). • Invested approximately \$50 million on foundations, road work, turbine bases and the substation at the 102-MW Bear Mountain Wind Park. The project risks are contained. With 95 percent of our costs fixed, the wind park is on schedule to be in-service by fall 2009. • Invested \$9 million to install equipment and commission gas-fired peaking plants at Bantry and Parkland. • Invested \$80 million growing and developing our renewable power portfolio. Boosted development portfolio with acquisitions of various run-of-river and wind development projects. The acquisitions added approximately 375 MW of run-of-river hydro development projects and 600 MW of wind development projects. Total renewable power capacity under development is approximately 1,900 MW.
2009 OBJECTIVES	2009 OBJECTIVES
<ul style="list-style-type: none"> • Bring Pouce Coupe sour gas expansion and Sarnia storage project into service. • Explore new opportunities that are complementary to our existing business. • Optimize current assets and increase volumes, such as Harmattan Co-stream Project. • Seek opportunities to build or acquire new facilities to increase volumes. 	<ul style="list-style-type: none"> • Complete and commission Bear Mountain Wind Park. • Continue to grow renewable power generation capacity. • Continue to execute the 2010 hedging strategy for conventional power business.



taking good care of investors

THROUGH A MEASURED FINANCING STRATEGY,
UNDERScoreD BY SOLID OPERATIONS AND
DISCIPLINED RISK MANAGEMENT.

Our business is built on a straightforward strategy: to invest in long-life gas and power infrastructure that provides long-term stable cash flows. AltaGas' business is growing and is well-positioned to continue providing strong returns to our investors.

SUSTAINABLE DISTRIBUTIONS AND STRONG RETURNS

When AltaGas converted to an income trust in 2004, we maintained our focus on traditional financial metrics. Today we still focus on earnings and return on equity.

In 2008, we increased our distribution by 3 percent – our fifth distribution increase since converting to an income trust. We believe that our current annual distribution of \$2.16 per unit is sustainable through to conversion to a corporation. This expectation results from AltaGas' prudent investments in assets that provide long-term sustainable cash flows, and from our portfolio of growth opportunities.

We plan to convert back to a corporate structure before 2011. Upon conversion, we expect to establish a dividend that will be competitive with yields of our industry peers.

FIVE DISTRIBUTION INCREASES SINCE 2004

Our financial discipline and effective risk management strategies provide us with the flexibility to grow our business, while ensuring stability and strong returns for our investors.

FINANCIAL STRENGTH AND FLEXIBILITY

AltaGas employs a prudent and measured financing strategy to maintain a strong balance sheet and financial flexibility. Our strategy focuses on minimizing our cost of capital, ensuring adequate liquidity to support our operations and growth, and maintaining an acceptable level of financial risk.

In 2008 we secured a bank facility and issued equity to strengthen our balance sheet following the \$600 million Taylor acquisition. This year,

\$189.4 MILLION OPERATING INCOME

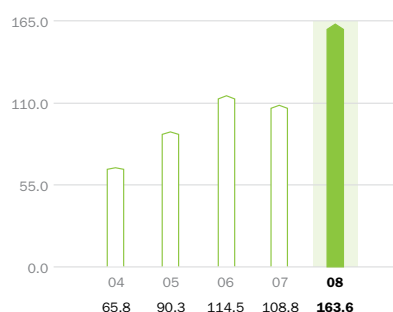
we secured commitments for a new bank facility and issued \$100 million of equity. We have acted to further strengthen our balance sheet and to ensure strong liquidity given current economic conditions.

The next step in our financial plan is to term out our debt and increase our debt maturity profile. These actions fit with our strategy of managing risk and ensure that we have the financial flexibility to respond to growth opportunities and deliver stable returns to investors.

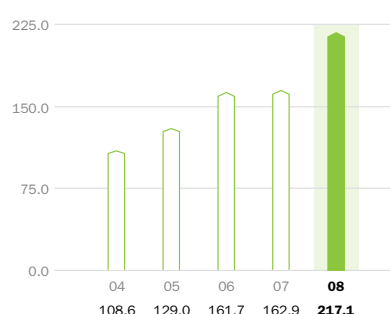


highlights

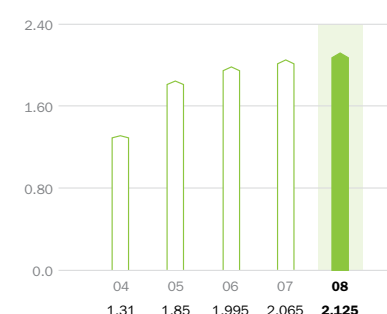
Net Income
\$ millions



Funds from Operations
\$ millions



Cash Dividends/Distributions Declared per Unit
\$/unit



FINANCIAL HIGHLIGHTS

(\$ millions except as indicated)

	2008	2007	2006	2005	2004
Revenue	1,816.8	1,428.4	1,362.6	1,502.3	864.6
Net revenue ⁽¹⁾	476.5	324.0	318.9	296.9	250.4
EBITDA ⁽¹⁾	256.4	173.7	173.1	155.5	133.4
Net income ⁽¹⁾	163.6	108.8	114.5	90.3	65.8
Net income before tax ⁽¹⁾	162.0	114.7	113.4	89.0	70.4
Total assets	2,163.6	1,172.7	1,109.6	1,068.3	1,108.6
Total debt	582.0	220.7	265.5	269.0	359.5
Debt as a percent of total capitalization (%)	37.8	27.4	33.4	36.0	42.6
Funds from operations ⁽¹⁾	217.1	162.9	161.7	129.0	108.6
Dividends/distributions declared ⁽²⁾	147.1	118.6	110.8	100.0	66.7
\$ per basic unit					
EBITDA ⁽¹⁾	3.73	3.03	3.12	2.88	2.70
Net income	2.38	1.90	2.06	1.67	1.33
Net income before tax ⁽¹⁾	2.35	2.00	2.04	1.65	1.43
Funds from operations ⁽¹⁾	3.16	2.84	2.91	2.39	2.20
Dividends/distributions declared per unit ⁽²⁾	2.125	2.065	1.995	1.85	1.31

(1) Non-GAAP financial measures. See discussion beginning on page 38 in the Management's Discussion and Analysis.

(2) In 2007 distributed an additional \$4.2 million (\$0.076 per unit) in the form of AltaGas Utility Group Inc. shares. In 2005 distributed an additional \$29.3 million (\$0.54 per unit) in the form of AltaGas Utility Group Inc. shares.