



## NEWS RELEASE

### **ALTAGAS UTILITY GROUP INC. FILES FINAL PROSPECTUS AND ANNOUNCES PRICING OF INITIAL PUBLIC OFFERING**

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**Calgary, Alberta (November 4, 2005)** – AltaGas Utility Group Inc. (the Corporation) and AltaGas Income Trust (the Trust) (TSX: ALA.UN) announced today that the Corporation has filed and been received for a final prospectus with the securities regulatory authorities in all of the provinces of Canada relating to the Corporation's initial public offering of its common shares consequent to the spin-out of the Trust's natural gas distribution business. This spin-out was first announced on May 25, 2005 and an amended and restated preliminary prospectus was filed on October 21, 2005.

The final prospectus qualifies for sale the Treasury Offering of 390,000 common shares by the Corporation at a price of \$7.50 per share for gross proceeds of approximately \$2.9 million. The final prospectus also qualifies for sale the Secondary Offering of 1,716,000 common shares of the Corporation by AltaGas Holding Limited Partnership No. 1 (AltaGas LP#1) at the same price of \$7.50 per share, for gross proceeds of approximately \$12.9 million (the Treasury Offering and the Secondary Offering collectively being the Offering).

In addition, the prospectus qualifies the Trust and AltaGas LP#1 to distribute 3,900,000 common shares of the Corporation to Trust unitholders and holders of exchangeable partnership units of AltaGas LP#1. The Corporation's shares will be distributed at one common share for approximately each 14 trust units or exchangeable partnership units held. The exact number of shares to be received by each unitholder will be determined on the record date of November 14, 2005 at 4:30 p.m. (Calgary time), and will be included in a press release issued by the Trust on that date. Registered unitholders will receive a share certificate for shares of the Corporation in the mail. Non-registered unitholders should see the shares credited to their investment accounts. Following completion of the Offering and the distribution of shares to unitholders, the Trust will indirectly retain 2,184,000 common shares, or approximately 27 percent of the Corporation.

The spin-out is expected to close on November 17, 2005. At that time, the Corporation will draw on new credit facilities with a syndicate of Canadian chartered banks and use such funds, together with the net proceeds of the Treasury Offering, to repay debt to the Trust. The Trust will use the cash received to reduce its debt.

Upon completion of the Offering, the Corporation will be a publicly traded holding company with 8,190,000 shares outstanding, owning indirect interests in three companies, AltaGas Utilities Inc., Heritage Gas Limited and Inuvik Gas Ltd., each operating natural gas distribution utilities in Canada.

The underwriting syndicate for the Offering was co-led by Clarus Securities Inc. and RBC Capital Markets, and includes BMO Nesbitt Burns Inc., National Bank Financial Inc. and Scotia Capital Inc. The Corporation

and AltaGas LP#1 have each granted the underwriters an option exercisable for a period of 30 days following closing for an additional 15 percent of the Treasury Offering and the Secondary Offering. If the over-allotment option is exercised in full, 8,248,500 shares of AltaGas Utility Group Inc. will be outstanding, and the Trust's indirect ownership will be reduced to approximately 23 percent of the Corporation.

The securities offered have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws. Accordingly, they may not be offered or sold within the United States except pursuant to registration under the 1933 Act and applicable state securities laws or pursuant to an exemption from registration therefrom.

A copy of the final prospectus relating to the Offering may be obtained from Clarus Securities Inc., 130 King St. West, Suite 3640, Toronto, ON M5X 1A9 (tel.: 416-343-2775) or at [www.sedar.com](http://www.sedar.com).

The Trust's Units are listed on the Toronto Stock Exchange under the symbol ALA.UN. The Trust is included in the S&P/TSX Capped Income Trust Index and the S&P/TSX Capped Energy Trust Index.

The Toronto Stock Exchange has conditionally approved the listing of the Corporation's common shares under the symbol AUI and listing is subject to the Corporation fulfilling all of the requirements of the TSX on or before February 1, 2006.

When used in this news release, the words "anticipate," "estimate," and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated in the forward looking statements. These risks and uncertainties include operating performance, regulatory and environmental issues, weather and economic conditions, competition and financing availability. For additional information on these and other factors see the final prospectus filed by AltaGas Utility Group Inc. and the reports filed by AltaGas Income Trust with Canadian securities regulators. AltaGas Utility Group Inc. and the Trust disclaim any intention or obligation to update or revise any forward-looking information whether as a result of new information or future events.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy the securities in any jurisdiction.

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