



NEWS RELEASE



ALTAGAS INCOME TRUST INCREASES OFFER FOR ALTAGAS UTILITY GROUP INC.

Calgary, Alberta (September 21, 2009) – AltaGas Income Trust (AltaGas or the Trust) (TSX: ALA.UN) and AltaGas Utility Group Inc. (Utility Group) (TSX: AUI) announced today that they have amended the terms of their previously announced support agreement (the Agreement) in which AltaGas Holdings #3 Inc., an indirect wholly-owned subsidiary of AltaGas, made a cash offer for all of the outstanding common shares of Utility Group not already owned by AltaGas and its affiliates (the Offer). The amendment, which was the result of the receipt by Utility Group of a superior proposal to that originally received from AltaGas, increases the cash consideration payable under the Offer from \$9.05 per common share to \$10.50 per common share. **The expiry time of the Offer remains 5:00 p.m. (Calgary time) on October 7, 2009, unless withdrawn or extended.**

The increased Offer price represents an increase of approximately 16 percent over the original Offer and a premium of approximately 68 percent to the \$6.25 closing price of the Utility Group common shares on the TSX on August 14, 2009, the last trading day prior to the announcement of the original Offer. The increased Offer price also represents a premium of approximately 66 percent to the volume weighted average trading price of the Utility Group common shares on the TSX for the 20 trading days prior to the announcement of the original Offer.

The Board of Directors of AltaGas has unanimously approved the Offer, as amended. Likewise, at the recommendation of a Special Committee of independent directors, the Board of Directors of Utility Group has unanimously approved the amendment to the Agreement and has concluded the transaction is in the best interest of Utility Group shareholders. The independent members of the Board of Directors of Utility Group have unanimously resolved to recommend that the Utility Group shareholders tender their Utility Group common shares in acceptance of the amended Offer. Peters & Co. Limited, as financial advisor to the Special Committee of Utility Group, has provided an opinion that the consideration under the Offer, as amended, is fair from a financial point of view to the holders of Utility Group common shares, other than AltaGas and its affiliates.

The amended Offer remains subject to certain conditions, including its acceptance by the holders of at least two-thirds of the outstanding Utility Group common shares, excluding those held by AltaGas and its affiliates. In addition, the Offer is subject to receipt of approval of the proposed change of ownership by the Alberta Utilities Commission. AltaGas has received an Advance Ruling Certificate under the Competition Act in respect of the proposed transaction.

Pursuant to the amended Agreement, Utility Group has agreed to support the amended Offer and to pay AltaGas a termination fee of \$3.9 million in certain circumstances if the Offer, as amended, is not completed. The other terms of the Agreement remain substantially unchanged.

AltaGas Income Trust is one of Canada's largest and fastest growing energy infrastructure organizations. The Trust creates value by acquiring, growing and optimizing gas and power infrastructure, including a focus on renewable energy sources.

AltaGas Utility Group Inc. is a publicly traded company holding interests in AltaGas Utilities Inc., Heritage Gas Limited and Inuvik Gas Ltd. Combined these regulated natural gas distribution businesses serve more than

71,000 customers in three areas of Canada through an infrastructure of over 20,000 kilometres of pipelines. Utility Group also holds an interest in the Ikhil Joint Venture which produces and supplies natural gas in Inuvik, Northwest Territories.

AltaGas Income Trust's units are listed on the Toronto Stock Exchange under the symbol ALA.UN and are included in the S&P/TSX Composite Index, the S&P/TSX Income Trust Index and the S&P/TSX Capped Energy Trust Index. AltaGas Utility Group Inc. common shares trade on the Toronto Stock Exchange under the symbol AUI.

Not for distribution to U.S. newswire services or for dissemination in the United States.

This news release contains forward-looking statements. When used in this news release, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Trust or an affiliate of the Trust or to Utility Group or an affiliate of Utility Group, are intended to identify forward-looking statements. In particular, this news release contains forward-looking statements with respect to, among other things, the Trust's and Utility Group's respective business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results. These statements involve known and unknown risks, uncertainties and other factors that may cause the Trust's or Utility Group's respective actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect the Trust's and Utility Group's respective current views with respect to future events based on certain material factors and assumptions and are subject to certain risks and uncertainties, including without limitation, changes in market, competition, governmental or regulatory developments, general economic conditions and other factors set out in the Trust's and Utility Group's respective public disclosure documents. Many factors could cause the Trust's or Utility Groups respective actual results, performance or achievements to vary from those described in this news release, including without limitation those listed above. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, the Trust's or Utility Group's actual results may vary materially from those described in this news release as intended, planned, anticipated, believed, sought, proposed, estimated or expected, and such forward-looking statements included in, or incorporated by reference in this news release, should not be unduly relied upon. Such statements speak only as of the date of this news release. The Trust and Utility Group do not intend, and do not assume any obligation, to update these forward-looking statements. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

- 30 -

For further information contact:

AltaGas Income Trust:

Media
Adrienne Lovric
(403) 691-9873
adrienne.lovric@altagas.ca

Investment Community
Sheena McKellar
(403) 691-9855
sheena.mckellar@altagas.ca

www.altagas.ca
Investor Relations
1-877-691-7199
investor.relations@altagas.ca

AltaGas Utility Group Inc.:

Patricia Newson
President and CEO
(403) 806-3330
patricia.newson@altagasutility.com

Jillian Fan
Director Strategic Development
(403) 806-3316
jillian.fan@altagasutility.com

www.altagasutilitygroup.com