AltaGas

NEWS RELEASE

ALTAGAS REPORTS FIRST QUARTER 2007 RESULTS

Calgary, Alberta (May 9, 2007) – AltaGas Income Trust (AltaGas or the Trust) (TSX: ALA.UN) today announced net income of $24.6 million ($0.43 per unit) for the three months ended March 31, 2007, compared to $28.6 million ($0.52 per unit) for the same period of 2006.

AltaGas Income Trust also declared a distribution of $0.17 per trust unit and exchangeable unit payable on June 15, 2007 to holders of record on May 25, 2007. AltaGas declared total distributions of $0.51 per unit in first quarter 2007.

"As expected, 2007 started slowly," said David Cornhill, Chairman, President and CEO of the Trust. He added, "Our power, extraction and transmission businesses had a strong first quarter, while the field gathering and processing business continued to feel the effects of lower throughput and was impacted by routine equalization adjustments related to prior periods. We expect to show improved earnings in the FG&P segment as the year progresses. Overall our base businesses are strong and in 2007 we expect to meet or exceed our 2006 operating results."

"We continue to focus on growing our infrastructure businesses, and expect to spend approximately $225 million on already identified projects that will be in place over the next 24 months. This is a 20 percent growth in our asset base over the next two years. We fully expect to have additional projects as we continue to pursue growth opportunities. Our balance sheet is strong and we have great access to the capital markets, should we need it. Our growth is split almost equally between gas and power infrastructure, in keeping with our strategy to grow both our gas and power businesses equally over the medium to long-term."

Net income in first quarter 2007 was positively impacted by new and expanded field gathering and processing and extraction facilities, higher rates and revenues in the Field Gathering and Processing (FG&P) segment, and higher power prices received on power volumes sold. These increases were more than offset by the impact of the expiry of the Genesee power contract on March 31, 2006, lower throughput, lower revenues from minimum volume contractual provisions and equalization adjustments in the FG&P segment, and higher operating and administrative costs.

FINANCIAL HIGHLIGHTS (1)

- Earnings before interest, taxes, depreciation and amortization were $41.2 million ($0.73 per unit) this quarter compared to $46.1 million ($0.84 per unit) in the same quarter in 2006.
- Cash from operations was $46.1 million ($0.81 per unit) for first quarter 2007 compared to $25.7 million ($0.47 per unit) for the same period in 2006.
- Funds from operations were $38.2 million ($0.67 per unit) for first quarter 2007 compared to $41.0 million ($0.75 per unit) for the same period in 2006.
- Total debt was $255.2 million, compared to $265.5 million at December 31, 2006. The Trust's debt-to-total capitalization ratio was 32.3 percent, versus 33.4 percent at the end of 2006.

(1) *Includes non-GAAP financial measures. Please see discussion in the Non-GAAP Financial Measures section of the Trust's first quarter Management's Discussion and Analysis.*

IN THE FIRST QUARTER:

- AltaGas completed a $100 million issue of senior unsecured medium-term notes. The notes carry a coupon rate of 5.07 percent and mature on January 19, 2012.
- S&P Ratings Services affirmed its BBB- corporate credit and unsecured debt ratings on AltaGas Income Trust with a stable outlook.

SUBSEQUENT TO THE FIRST QUARTER:

- AltaGas announced an investment of approximately $90 million for the construction of a new natural gas pipeline to bring 90 Mmcf/d of natural gas from the Noel region of British Columbia to a 90 Mmcf/d sour gas expansion of its Pouce Coupe gas processing facility in northwest Alberta by mid-2008. The project is subject to provincial and federal regulatory approvals.
- AltaGas announced the acquisition of 14.4 megawatts of power generation capacity, increasing its gas-fired generation under operation by more than 55 percent. The new peaking generation will be installed in southern Alberta locations with access to natural gas supply and the electricity transmission system, is expected to cost a total of approximately $8 million and be in service by the end of 2007.

AltaGas will hold a teleconference today at 2:00 p.m. Mountain time (4:00 p.m. Eastern) to discuss the first quarter 2007 financial and operating results and other general issues and developments concerning the Trust. Members of the media, investment community and other interested parties may dial (416) 695-6130 or call toll free at 1-877-888-7019. No passcode is required. Please note that the conference call will also be webcast. To listen, please connect here: http://events.onlinebroadcasting.com/altagas/050907/index.php?page=launch.

Shortly after the conclusion of the call, a replay will be available by dialing (416) 695-5275 or 1-888-509-0081. The passcode is 643027. The replay will expire at midnight (Eastern) on May 16, 2007. The webcast will be archived for one year.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) of operations and unaudited interim Consolidated Financial Statements presented herein reports on a continuity-of-interests accounting basis which recognizes AltaGas Income Trust (AltaGas or the Trust) as the successor to AltaGas Services Inc. (ASI). This MD&A dated May 9, 2007 is a review of the results of operations and the liquidity and capital resources of the Trust for the three months ended March 31, 2007 compared to the three months ended March 31, 2006. It should be read in conjunction with the accompanying unaudited Consolidated Financial Statements and notes thereto of the Trust as at and for the three-month period ended March 31, 2007 and with the audited Consolidated Financial Statements and MD&A contained in the Trust's annual report for the year ended December 31, 2006.

This MD&A contains forward-looking statements. When used in this MD&A 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, are intended to identify forward-looking statements. In particular, this MD&A contains forward-looking statements with respect to, among others things, 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 actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect the Trust's 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, changes in tax legislation, general economic conditions and other factors set out in the Trust's public disclosure documents. Many factors could cause the Trust's actual results, performance or achievements to vary from those described in this MD&A, 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, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, sought, proposed, estimated or expected, and such forward-looking statements included in this MD&A herein should not be unduly relied upon. These statements speak only as of the date of this MD&A. The Trust does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this MD&A are expressly qualified as cautionary statements.

Additional information relating to AltaGas can be found on its website at www.altagas.ca. The continuous disclosure materials of the Trust, filed as AltaGas Services Inc. prior to May 1, 2004, including its annual MD&A and audited financial statements, Annual Information Form, Information Circular and Proxy Statement, material change reports and press releases issued by the Trust, are also available through the Trust's website or directly through the SEDAR system at www.sedar.com.

ALTAGAS INCOME TRUST

The material businesses of the Trust are operated by AltaGas Ltd., AltaGas Operating Partnership, AltaGas Limited Partnership and AltaGas Pipeline Partnership, as well as PremStar Energy Canada Limited Partnership (PremStar) and ECNG Energy L.P. (collectively the operating subsidiaries). The cash flow of the Trust is solely dependent on the results of the operating subsidiaries and is derived from operating income earned from partnership interests held by AltaGas Holding Limited Partnership No. 1 (AltaGas LP #1), from interest earned on loans to the operating subsidiaries and from dividends or returns of capital from equity interests held within the Trust structure.

AltaGas General Partner Inc., through its Board of Directors, the members of which are elected by the Trust at the direction of the holders of the units, has been delegated by the trustee of the Trust to manage or supervise the business and affairs of the Trust. AltaGas Ltd. provides all management, administrative and operating services to the Trust and its subsidiaries.

CONSOLIDATED RESULTS

Consolidated Financial Results ($ millions)	Three Months Ended March 31 2007	2006
Revenue	**428.1**	377.7
Unrealized gains (losses) on risk management	**0.1**	-
Net revenue(1)	**79.3**	79.1
EBITDA(1)	**41.2**	46.1
EBITDA before unrealized gains (losses) on risk management(1)	**41.1**	46.1
Operating income(1)	**29.0**	35.0
Operating income before unrealized gains (losses) on risk management(1)	**28.9**	35.0
Net income	**24.6**	28.6
Net income before tax-adjusted unrealized gains (losses) on risk management(1)	**25.1**	28.6
Total assets	**1,213.9**	1,013.5
Total long-term liabilities	**392.8**	353.8
Net additions to capital assets	**5.2**	17.0
Distributions declared(2)	**28.9**	26.6
Cash flows		
Cash from operations	**46.1**	25.7
Funds from operations(1)	**38.2**	41.0
Distributable cash(1)	**37.0**	39.4

($ per unit)		
EBITDA(1)	**0.73**	0.84
EBITDA before unrealized gains (losses) on risk management(1)	**0.73**	0.84
Net income	**0.43**	0.52
Net income before after-tax unrealized gains (losses) on risk management(1)	**0.44**	0.52
Distributions declared(2)	**0.51**	0.485
Cash flows		
Cash from operations	**0.81**	0.47
Funds from operations(1)	**0.67**	0.75
Distributable cash(1)	**0.65**	0.72
Units outstanding (millions)		
Weighted average number of units outstanding for the period (basic)	**56.7**	54.8
End of period	**56.9**	54.9

(1) *Non-GAAP financial measure. See discussion in Non-GAAP Financial Measures section of this MD&A.*

(2) *Distributions declared of $0.17 per unit per month commencing in August 2006. From March 2006 to July 2006 distributions of $0.165 per unit per month were declared. From August 2005 to February 2006 distributions of $0.16 per unit per month were declared.*

Consolidated Financial Review for First Quarter 2007

Net income for the three months ended March 31, 2007 was $24.6 million ($0.43 per unit) compared to $28.6 million ($0.52 per unit) for the same period in 2006. Results in the quarter were positively impacted by new and expanded facilities and higher rates and revenues in the Field Gathering and Processing (FG&P) segment, increased operations in the Extraction and Transmission (E&T) segment and higher power prices received on power volumes sold. These increases were offset by the impact of the expiration of the Genesee power contract on March 31, 2006 and lower throughput, equalization adjustments and lower revenues from minimum volume contractual provisions in the FG&P segment and higher operating and administrative costs.

On a consolidated basis, net revenue for first quarter 2007 was $79.3 million compared to $79.1 million in the same period in 2006. Net revenue increased as a result of higher volumes and higher operating cost recoveries from new facilities in the FG&P segment, higher rates from existing FG&P facilities, higher prices received on the sale of power and growth in the E&T segment. The increases were partially offset by the impact of the expiration of the Genesee power contract, as well as lower throughput, lower contributions from minimum volume contract provisions and adjustments related to prior periods in the FG&P segment.

In the Extraction and Transmission, Power Generation and Energy Services segments, net revenue, which is defined in the Non-GAAP Financial Measures section of this MD&A, better reflects performance than does revenue as changes in the market price of natural gas and power affect both revenue and cost of goods sold.

Operating and administrative expense for the quarter ended March 31, 2007 was $38.1 million compared to $33.0 million in the same period in 2006. The increase was due to additional costs related to new field gathering and processing facilities, higher overall costs in the FG&P segment, higher operating costs in the E&T segment related to higher plant utilization and to higher compensation costs and general corporate overhead.

Amortization expense for the three months ended March 31, 2007 was $12.2 million compared to $11.1 million in the same period in 2006. The increase was primarily attributable to new and expanded facilities and maintenance capital in the field gathering and processing business.

Interest expense in first quarter 2007 was $3.0 million compared to $3.3 million in first quarter 2006. The decrease was due to a lower average debt balance of $256.0 million (first quarter 2006 - $274.0 million) as a result of repaying long-term debt with excess cash generated from operations, partially offset by slightly higher interest rates on long-term debt. The average borrowing rate in first quarter 2007 was 5.1 percent compared to 4.9 percent in the same period last year as a result of the terming out of floating-rate debt with a $100 million issue of medium-term notes (MTNs) on January 19, 2007.

In the first three months of 2007 the Trust recorded income tax expense of $1.4 million compared to $3.1 million in the same period in 2006. The $1.7 million decrease was due to lower net income reported in first quarter 2007, as well as Large Corporations Tax reported in first quarter 2006 which was later repealed, partially offset by $0.6 million tax impact on unrealized gains recorded as a result of the new accounting standards for financial instruments.

NON-GAAP FINANCIAL MEASURES

This MD&A contains references to certain financial measures that do not have a standardized meaning prescribed by Canadian generally accepted accounting principles (GAAP) and may not be comparable to similar measures presented by other entities. The non-GAAP measures and their reconciliation to GAAP financial measures are shown below. All of the measures have been calculated consistent with previous disclosures.

Net Revenue		Three Months Ended March 31	
($ millions)		**2007**	2006
Net revenue		**79.3**	79.1
Add:	Cost of sales	**348.8**	298.6
Revenue (GAAP financial measure)		**428.1**	377.7

Net revenue, which is revenue less the cost of commodities purchased for sale and shrinkage, is a better reflection of performance than revenue, as changes in the market price of natural gas and power affect both revenue and cost of sales.

Operating Income ($ millions)		Three Months Ended March 31 **2007**	2006
Operating income		**29.0**	35.0
Add (deduct):	Interest expense	**(3.0)**	(3.3)
	Income tax expense	**(1.4)**	(3.1)
Net income (GAAP financial measure)		**24.6**	28.6

Operating income is a measure of the Trust's profitability from its principal business activities prior to how these activities are financed or how the results are taxed. Operating income is calculated from the Consolidated Statements of Income and Accumulated Earnings and is defined as net revenue less operating and administrative expenses and amortization of capital assets.

Operating Income Before Unrealized Gains (Losses) on Risk Management ($ millions)		Three Months Ended March 31 **2007**	2006
Operating income before unrealized gains (losses) on risk management		**28.9**	35.0
Add (deduct):	Unrealized gains (losses) on risk management	**0.1**	-
	Interest expense	**(3.0)**	(3.3)
	Income tax expense	**(1.4)**	(3.1)
Net income (GAAP financial measure)		**24.6**	28.6

Operating income before unrealized gains (losses) on risk management is a measure of the Trust's profitability from its principal business activities prior to accounting for how these activities are financed, how the results are taxed, and how the impact of gains (losses) from risk management activities affected operations. Operating income before unrealized gains (losses) on risk management is calculated from the Consolidated Statements of Income and Accumulated Earnings and is defined as net revenue adjusted for unrealized gains (losses) on risk management less operating and administrative expenses and amortization of capital assets.

EBITDA ($ millions)		Three Months Ended March 31 **2007**	2006
EBITDA		**41.2**	46.1
Add (deduct):	Amortization	**(12.2)**	(11.1)
	Interest expense	**(3.0)**	(3.3)
	Income tax expense	**(1.4)**	(3.1)
Net income (GAAP financial measure)		**24.6**	28.6

EBITDA is a measure of the Trust's operating profitability. EBITDA provides an indication of the results generated by the Trust's principal business activities prior to accounting for how these activities are financed, assets are amortized or how the results are taxed. EBITDA is calculated from the Consolidated Statements of Income and Accumulated Earnings and is defined as net revenue less operating and administrative expenses.

EBITDA Before Unrealized Gains (Losses) on Risk Management ($ millions)		Three Months Ended March 31 **2007**	2006
EBITDA before unrealized gains (losses) on risk management		**41.1**	46.1
Add (deduct):	Unrealized gains (losses) on risk management	**0.1**	-
	Amortization	**(12.2)**	(11.1)
	Interest expense	**(3.0)**	(3.3)
	Income tax expense	**(1.4)**	(3.1)
Net income (GAAP financial measure)		**24.6**	28.6

EBITDA before unrealized gains (losses) on risk management is a measure of the Trust's operating profitability. EBITDA before unrealized gains (losses) on risk management provides an indication of the results generated by the Trust's principal business activities prior to accounting for the impact of unrealized gains (losses) from risk management activities and how business activities are financed, assets are amortized or how the results are taxed. EBITDA before gains (losses) on risk management is calculated from the Consolidated Statements of Income and Accumulated Earnings and is defined as net revenue adjusted for unrealized gains (losses) on risk management less operating and administrative expenses.

Net Income Before Tax-Adjusted Unrealized Gains (Losses) on Risk Management ($ millions)		Three Months Ended March 31 **2007**	2006
Net income before tax-adjusted unrealized gains (losses) on risk management		**25.1**	28.6
Add (deduct):	Unrealized gains (losses) on risk management	**0.1**	-
	Income tax expense on risk management	**(0.6)**	-
Net income (GAAP financial measure)		**24.6**	28.6

Net income before tax-adjusted unrealized gains (losses) on risk management is a better reflection of performance than net income, as changes related to risk management are based on estimates relating to commodity prices and foreign exchange rates over time.

Funds from Operations ($ millions)		Three Months Ended March 31 **2007**	2006
Funds from operations		**38.2**	41.0
Add (deduct):	Net change in non-cash working capital and asset retirement obligations settled	**7.9**	(15.3)
Cash from operations (GAAP financial measure)		**46.1**	25.7

Funds from operations is used to assist management and investors in analyzing operating performance without regard to changes in the Trust’s non-cash working capital in the period. Funds from operations as presented should not be viewed as an alternative to cash from operations, or other cash flow measures calculated in accordance with GAAP. Funds from operations is calculated from the Consolidated Statements of Cash Flows and is defined as cash provided by operating activities before changes in non-cash working capital and expenditures incurred to settle asset retirement obligations.

Distributable Cash		Three Months Ended March 31	
($ millions)		**2007**	2006
Distributable cash		**37.0**	39.4
Add (deduct):	Maintenance capital expenditures	**1.2**	1.6
	Net change in non-cash working capital and asset retirement obligations settled	**7.9**	(15.3)
Cash from operations (GAAP financial measure)		**46.1**	25.7

Distributable cash is used by management to supplement cash from operations as an estimate of the amount which is available for distribution to unitholders. Distributable cash is defined as cash from operations less expenditures for maintenance capital and asset retirement obligations settled in the period. Maintenance capital expenditures are incurred to sustain the productive capacity of the Trust's assets and are not incurred evenly throughout the year. Distributable cash is not a defined financial measure under GAAP and distributable cash cannot be assured. The Trust's calculation of distributable cash may differ from similar calculations used by other entities.

References to net revenue, operating income, operating income before unrealized gains (losses) on risk management, EBITDA, EBITDA before unrealized gains (losses) on risk management, net income before tax-adjusted unrealized gains (losses) on risk management, funds from operations and distributable cash throughout this document have the meanings set out above.

RESULTS OF OPERATIONS BY SEGMENT

Operating Income	Three Months Ended March 31	
($ millions)	**2007**	2006
Field Gathering and Processing	**4.2**	6.9
Extraction and Transmission	**8.5**	8.3
Power Generation	**22.1**	22.8
Energy Services	**0.5**	0.6
Corporate	**(6.3)**	(3.6)
	29.0	35.0
Operating income before unrealized gains (losses) on risk management	**28.9**	35.0

FIELD GATHERING AND PROCESSING

The Field Gathering and Processing segment includes natural gas gathering pipelines and processing facilities, as well as AltaGas' investments in businesses ancillary to the field gathering and processing business.

Financial Results	Three Months Ended March 31	
($ millions)	**2007**	2006
Revenue	**33.2**	34.5
Net revenue	**31.6**	31.9
Operating and administrative	**20.9**	19.3
Amortization	**6.5**	5.7
Operating income	**4.2**	6.9

Operating Statistics	Three Months Ended March 31	
	2007	2006
Capacity (Mmcf/d)[1]	**1,021**	1,002
Throughput (gross Mmcf/d)[2]	**552**	570
Capacity utilization (%)[2]	**54**	57
Average working interest (%)[1]	**92**	90

(1) *As at March 31.*

(2) *Average for the period.*

In first quarter 2007 operating income in the FG&P segment was $4.2 million compared to $6.9 million in the same period in 2006. Operating income increased $1.0 million as a result of new facilities and $1.2 million as a result of higher rates and other revenues. The increases were more than offset by the impact of lower volumes resulting primarily from natural declines and lower producer activity ($1.6 million), lower contributions from minimum volume contractual provisions ($1.6 million), $0.8 million of routine equalization adjustments and $0.3 million due to higher amortization expense related to maintenance capital. In addition, first quarter 2006 included routine positive equalization adjustments of $0.6 million related to prior period activities.

Throughput in first quarter 2007 averaged 552 Mmcf/d compared to 570 Mmcf/d in first quarter 2006. The 3 percent decrease was primarily due to natural declines and lower producer activity. The impact of these factors would have been more significant were it not for the throughput additions of 19 Mmcf/d contributed by AltaGas' new Clear Prairie, Clear Hills and Princess facilities. Of the 18 Mmcf/d throughput net decrease, 14 Mmcf/d or 2 percent was attributable to the North district and the balance to the South district. In the North district, the Wabasca winter-only access drilling area experienced volume declines of 12 Mmcf/d as a result of a less successful drilling program than the previous year. Despite the recent declines AltaGas believes the North district to be an area with potential opportunities to increase throughput due to expected high producer activity. This is evidenced by AltaGas' recent announcement of plans to construct a natural gas pipeline to transport 90 Mmcf/d of natural gas from the Noel region of British Columbia and to add 90 Mmcf/d of sour gas processing capability to the Pouce Coupe processing facility in northwest Alberta. The decline in the South district was due to natural declines, partially offset by increased throughput from the new Princess facility.

Utilization reported in first quarter 2007 was 54 percent compared to 57 percent reported in the same quarter last year. This decrease was due to lower throughput as a result of natural declines and the recent slowdown in producer drilling and well tie-ins.

Net revenue for the FG&P segment in first quarter 2007 was $31.6 million compared to $31.9 million in the same period in 2006. Net revenue increased by $1.7 million as a result of higher rates, increased fees and higher operating cost recoveries. The increases were offset by $1.0 million reported in first quarter 2006 related to minimum volume contractual provisions, $0.6 million related to adjustments to minimum volume provisions recorded in first quarter 2007 and $0.4 million due to overall lower throughput.

Operating and administrative expense in first quarter 2007 was $20.9 million compared to $19.3 million for the same period in 2006. The $1.6 million increase was due to additional costs related to new facilities ($1.0 million) and higher operating costs primarily due to higher contractor costs and property taxes.

Amortization expense increased by $0.8 million in first quarter 2007 compared to the same quarter in 2006 as a result of the amortization attributable to new and expanded facilities and maintenance capital.

Operating income as a percentage of net revenue in the FG&P segment in first quarter 2007 was 13 percent compared to 22 percent in the same period in 2006. The decrease was due to a greater increase in operating and amortization costs compared to the decline in net revenue for the reasons described in this section of the MD&A. (See Non-GAAP Financial Measures section of this MD&A for description of operating income and net revenue.)

Outlook

AltaGas expects results in the FG&P segment to improve over the remainder of the year. In first quarter 2007 natural gas prices in North American markets strengthened and inflationary pressure on drilling and operating costs declined. As a result, AltaGas expects producer drilling activity to increase, which will increase throughput and operating income. AltaGas also continues to execute its strategy to increase the percentage of operating costs flowed through to customers, increase volumes by adding new facilities and enter into more contracts with take-or-pay provisions to mitigate the near-term impact of lower well tie-ins and natural declines. AltaGas expects natural gas prices to continue to hold at current levels and to yield opportunities to expand, construct, and acquire processing facilities as producers continue to focus capital investment on drilling opportunities. In 2007 AltaGas expects to spend approximately $50 million of capital in addition to the cost of the expansion described below.

Consistent with its strategy to expand its reach into British Columbia and northern Alberta where there is strong producer activity and limited existing infrastructure, on April 10, 2007 AltaGas announced that it will construct a new natural gas pipeline to bring 90 Mmcf/d of natural gas from the Noel region of British Columbia to its Pouce Coupe gas processing facility in northwest Alberta. AltaGas will also add 90 Mmcf/d of sour gas processing capacity to the Pouce Coupe facility. The Noel pipeline construction project and the Pouce Coupe facility expansion project are in total expected to cost approximately $90 million and be in service by mid-2008. AltaGas expects 50 to 60 percent of the capital to be spent in 2007. The project is subject to provincial and federal regulatory approvals. Once in service, AltaGas expects throughput to increase by more than 10 percent.

EXTRACTION AND TRANSMISSION

The Extraction and Transmission segment consists of interests in four ethane and natural gas liquids extraction plants, one fractionation facility, five natural gas transmission systems and one condensate pipeline.

Financial Results	Three Months Ended	
	March 31	
($ millions)	**2007**	2006
Revenue	**37.4**	36.1
Net revenue	**15.8**	14.4
Operating and administrative	**5.3**	4.2
Amortization	**2.0**	1.9
Operating income	**8.5**	8.3

Operating Statistics	Three Months Ended	
	March 31	
	2007	2006
Extraction inlet capacity (Mmcf/d)(1)	**554**	539
Extraction volumes (Bbls/d)(2)	**22,622**	19,403
Transmission volumes (Mmcf/d)(2)(3)	**408**	400

(1) *As at March 31.*

(2) *Average for the period.*

(3) *Excludes condensate pipeline volumes.*

Operating income in the E&T segment in first quarter 2007 was $8.5 million compared to $8.3 million for the same period in 2006. The increase was mainly due to higher volumes processed as a result of the recent completion of the enhanced ethane recovery project at the Edmonton ethane extraction facility, higher utilization at one of the Empress plants and increased ownership at the other Empress facility, partially offset by revenue deferral related to the Suffield transmission system. Average fractionation (frac) spreads were approximately $12/Bbl in first quarter 2007 compared to approximately $13/Bbl for the same period last year.

Average ethane and natural gas liquids (NGL) volumes increased to 22,622 Bbls/d in first quarter 2007 from 19,403 Bbls/d in the same period in 2006. Volumes were higher mainly due to the enhanced ethane recovery project which increased gas processing capability and ethane recovery at the Edmonton extraction plant, increased natural gas volumes processed at one of the Empress facilities and increased ownership at the other Empress facility. Transmission volumes increased to 408 Mmcf/d in first quarter 2007 from 400 Mmcf/d in the same quarter in 2006 due mainly to higher volumes flowing through the Suffield system.

Net revenue was $15.8 million in first quarter 2007 compared to $14.4 million in the same quarter in 2006. The increase was primarily due to higher ethane and NGL volumes ($1.6 million), partially offset by the impact of lower frac spreads and revenue deferral related to contractual arrangements on the Suffield system.

Operating and administrative expense in the E&T segment in first quarter 2007 was $5.3 million, up from $4.2 million in the same period in 2006. The increase was primarily due to higher operating costs in the extraction business due to the enhanced ethane recovery at the Edmonton extraction plant, increased ownership at one of the Empress facilities and higher variable costs associated with increased utilization.

Amortization expense in the E&T segment in first quarter 2007 was similar to that in the same quarter of 2006.

Operating income as a percentage of net revenue in the E&T segment in first quarter 2007 was 54 percent compared to 58 percent in the same period in 2006. The decrease was primarily due to the impact of the incremental volumes of ethane processed in the extraction business which typically earn lower revenues per barrel than liquids, offset by the increase in operating costs resulting from higher utilization. (See Non-GAAP Financial Measures section of this MD&A for description of operating income and net revenue.)

Outlook

The E&T segment is expected to continue to deliver strong performance and predictable and stable returns due to contractual arrangements in place. In the extraction business, the enhanced ethane recovery project at the Edmonton extraction facility, completed in January 2007, increased ethane production capability by 800 Bbls/d. The full-year production impact of the enhanced ethane recovery project and increased ownership of one of the Empress facilities are both expected to contribute to increased earnings in 2007. Based on current natural gas and product price forecasts, NGL frac spreads in 2007 are expected to be similar to frac spreads realized in first quarter 2007. Any impact from lower frac spreads for the remainder of 2007 when compared to 2006 is expected to be mitigated by increased extraction volumes. In 2007 there are two turnarounds planned in the extraction business - one in May at one of the Empress facilities and the other at the Edmonton ethane extraction plant in September. The expected cost of both turnarounds is less than $0.5 million, with minimal impact to operating income.

In the transmission business, results for the year are currently expected to be higher when compared to 2006 primarily due to the Cold Lake pipeline expansion which is scheduled to contribute to earnings beginning in May 2007. Based on volumes shipped on the Suffield system in first quarter 2007, AltaGas expects approximately $0.4 million of revenue to be deferred by the end of 2007 compared to $0.8 million in 2006.

POWER GENERATION

The Power Generation segment comprises 378 MW of total power generation capacity in Alberta through a 50 percent ownership interest in the Sundance B power purchase arrangements and a capital lease for 25 MW of gas-fired power peaking capacity.

Financial Results	Three Months Ended March 31	
($ millions)	**2007**	2006
Revenue	**44.3**	51.7
Net revenue	**24.5**	24.9
Operating and administrative	**0.5**	0.3
Amortization	**1.9**	1.8
Operating income	**22.1**	22.8

Operating Statistics	Three Months Ended March 31	
	2007	2006
Volume of power sold (GWh)	**666**	842
Average price received on the sale of power ($/MWh)[1]	**66.54**	61.41
Alberta Power Pool average spot price ($/MWh)[1]	**63.62**	56.76

(1) Average for the period.

Operating income for the Power Generation segment in first quarter 2007 was $22.1 million compared to $22.8 million for the same period in 2006. Higher prices received on the sale of power resulted in higher operating income of $3.4 million from the Sundance PPAs and the peaking facilities. Results in first quarter 2006 included $4.1 million from the Genesee contract which expired on March 31, 2006.

The volume of power sold in the quarter ended March 31, 2007 was lower than in the same quarter in 2006 primarily as a result of the expiration of the Genesee power contract on March 31, 2006 (216 GWh), partially offset by higher peaking volumes (13 GWh).

Net revenue for the Power Generation segment in first quarter 2007 was $24.5 million compared to $24.9 million for the same period in 2006. The decrease was due to the expiration of the Genesee contract ($4.1 million), partially offset by higher power prices ($3.0 million) and an increased contribution from the gas-fired peaking plants ($0.7 million).

Operating and administrative expense in first quarter 2007 was $0.5 million compared to $0.3 million in first quarter 2006 due to higher costs associated with growing and operating the power business.

Amortization expense in the quarter ended March 31, 2007 was similar to first quarter 2006 as there were no changes to capital assets employed in the segment.

Operating income as a percentage of net revenue was 90 percent in first quarter 2007 compared to 92 percent in the same period in 2006 primarily as a result of the impacts to net revenue previously described. (See Non-GAAP Financial Measures section of this MD&A for description of operating income and net revenue.)

Outlook

Operating income in the Power Generation segment is expected to be higher in 2007 than in 2006. The contribution from hedged power volumes in 2007 is expected to be higher than in 2006 as a result of higher average hedge prices of approximately $66/MWh compared to $60/MWh in 2006. Consistent with AltaGas' hedge program, approximately two-thirds of the power available from the Sundance B PPAs has been hedged and the remaining one-third of the power volumes is exposed to the spot price in Alberta. Current forward prices for the remainder of 2007 are lower than in 2006. Even with the lower forward prices, operating income is expected to be higher for the year.

In first quarter 2007, the government of Alberta introduced the Specified Gas Emitters Regulation to reduce greenhouse gas (GHG) emissions. If passed, the regulation is expected to increase operating expenses in 2007 by approximately $2.5 million (approximately $5.0 million annualized). To the extent these costs can be recovered through higher power pool prices or by the reduction of emissions or by creating or acquiring offsets, the impact of the increased costs would be mitigated. In the meantime, the owner and operator of Sundance power plant is investigating opportunities to increase plant efficiency that are more economical than the current proposed cost of $15/tonne of carbon dioxide equivalent.

AltaGas recently announced the acquisition of 14.4 MW of power generation capacity, increasing its gas-fired generation under operation by more than 55 percent to 39.4 MW. The new peaking generation is expected to be installed at current FG&P locations in southern Alberta with access to natural gas supply and the electricity transmission system. The facilities are expected to be integrated into ongoing operations and be in service by the end of 2007. The facility is estimated to cost approximately $8 million upon completion and is expected to be immediately accretive to net income and cash flow when operational.

The Bear Mountain Wind project announced in 2006 has a 25-year electricity purchase agreement with BC Hydro, and a planned in-service date of late 2009. AltaGas and its partner are continuing to optimize the project configuration and finalize key supplier contracts and expect to commence construction in the second half of 2007. Project costs are estimated to be approximately $200 million. As the project is likely to include one or more additional investors, AltaGas has not yet finalized its ownership interest in the project.

ENERGY SERVICES

The Energy Services segment consists of two main businesses: an energy management business providing energy consulting and supply management services and arranging gas and power contracts for non-residential end-users; and a gas services business buying and reselling natural gas, transportation and storage. The segment also includes a small portfolio of oil and natural gas production.

Financial Results	Three Months Ended March 31	
($ millions)	**2007**	2006
Revenue	**335.6**	273.0
Net revenue	**6.0**	6.1
Operating and administrative	**4.3**	4.4
Amortization	**1.2**	1.1
Operating income	**0.5**	0.6

Operating Statistics	Three Months Ended March 31	
	2007	2006
Energy management service contracts(1)	**1,413**	1,274
Average volumes transacted (GJ/d)(2)	**407,272**	310,767

(1) Active energy management service contracts at the end of the reporting period.

(2) Average for the period. Includes volumes marketed directly, volumes transacted on behalf of other operating segments, and volumes sold in gas exchange transactions.

Operating income in first quarter 2007 was $0.5 million compared to $0.6 million for the same period in 2006. Operating income increased as a result of higher contributions from the gas services business but was offset by lower contributions of $0.5 million from the oil and gas production business and $0.4 million from energy management.

Net revenue in first quarter 2007 was $6.0 million compared to $6.1 million in the same period in 2006. Net revenue from the gas services business was $0.7 million higher than first quarter 2006, reflecting higher fixed-price commodity gas volumes and increased transportation revenue as a result of expanding gas services activities. In the energy management business, net revenue increased as a result of expansion into the Ontario electricity market and successful growth in targeted sectors but was offset by lower revenues as a result of non-recurring earnings in first quarter 2006 related to some energy management contracts. The energy management business contributed an overall decrease to net revenue of $0.3 million. Net revenue from oil and natural gas production assets was $0.5 million lower in first quarter 2007 compared to same period in 2006 reflecting lower production ($0.3 million) and lower natural gas prices ($0.2 million), partially offset by lower royalty expense ($0.1 million).

The Energy Services segment is an important element in increasing the value of assets in AltaGas' other segments. Energy Services works with the other segments to optimize AltaGas' assets and in this capacity contributes to earnings growth across AltaGas. In first quarter 2007 the Energy Services segment arranged for gas supply to the extraction facilities which increased net revenue in the E&T segment by $0.5 million (first quarter 2006 - $0.2 million).

Operating and administrative expense in first quarter 2007 was relatively unchanged compared to the same quarter in 2006.

Amortization expense of $1.2 million in first quarter 2007 was slightly higher than in the same period last year reflecting higher depletion in the oil and natural gas production business.

Operating income as a percentage of net revenue in first quarter 2007 was 9 percent, similar to first quarter 2006. (See Non-GAAP Financial Measures section of this MD&A for description of operating income and net revenue.)

Outlook

AltaGas expects growth in the energy management business based on continued expansion into electricity supply management in Ontario and a focused national accounts strategy in specific targeted sectors. The gas services business is also expected to grow as a result of locking in back-to-back buy and sell gas contracts which are expected to produce fixed margins for terms of up to five years. The segment is also expected to contribute to earnings growth in other segments as opportunities for increasing the value of AltaGas assets are pursued through increased integration efforts.

Over the past several years, AltaGas has accumulated a portfolio of oil and natural gas production assets in connection with larger acquisitions of gathering and processing facilities. AltaGas held and produced these assets primarily as a hedge to a long-term natural gas sales contract. Late in 2006 the Trust fixed the price for this long-term natural gas commitment with a third party. As these assets are considered non-core and have been experiencing production declines as a result of minimal capital expenditures over the past few years, AltaGas is considering alternatives for maximizing the value of these assets.

CORPORATE

The Corporate segment includes the cost of providing corporate services and general corporate overhead, investments in public and private entities and the effects of changes in the fair value of risk management assets and liabilities. Management makes operating decisions and assesses performance of its operating segments based on realized results and key financial metrics such as return on equity, return on capital and operating income as a percentage of net revenue without the impact of the volatility in commodity prices and foreign exchange. Management monitors the impact of mark-to-market accounting on the consolidated entity as risk is managed on a portfolio basis. Consequently, the impact of mark-to-market accounting on operating income is reported and monitored in the Corporate segment.

Financial Results	Three Months Ended March 31	
($ millions)	**2007**	2006
Revenue[(1)]	**1.9**	2.1
Unrealized gains (losses) on risk management	**0.1**	-
Net revenue	**2.0**	2.1
Operating and administrative	**7.7**	5.1
Amortization	**0.6**	0.6
Operating loss	**(6.3)**	(3.6)
Operating loss before unrealized gains (losses) on risk management	**(6.4)**	(3.6)

(1) *Excludes unrealized gains (losses) on risk management.*

The operating loss before unrealized gains on risk management in first quarter 2007 was $6.4 million compared to $3.6 million for the same period in 2006. The increased loss of $2.8 million was primarily due to higher compensation costs, lower costs allocated to the operating segments, an adjustment relating to 2005 equity income from AltaGas' investment in Taylor NGL Limited Partnership (Taylor) recorded in the first quarter of 2006 and higher general corporate overhead, partially offset by a one-time gain from unwinding interest rate swaps as a result of the issue of $100 million of MTNs in January 2007.

Net revenue in first quarter 2007 was $2.0 million compared to $2.1 million for the same period in 2006 as a result of a one-time adjustment relating to 2005 equity income ($0.5 million), partially offset by the gain of $0.4 million recorded as a result of unwinding interest rate swaps.

Operating and administrative expense for the quarter ended March 31, 2007 was $7.7 million compared to $5.1 million in the same quarter in 2006. The $2.6 million increase was primarily related to higher compensation costs ($1.5 million),

$0.6 million lower costs allocated to the operating segments and $0.5 million higher general corporate overhead. $0.6 million of the increase in compensation costs was due to lower costs in first quarter 2006 relating to 2006 costs that were recorded in fourth quarter 2006.

Amortization expense for first quarter 2007 was similar to first quarter 2006.

Effective January 1, 2007 AltaGas adopted new accounting standards that require the fair value of all financial instruments to be reflected on the financial statements. On adoption, January 1, 2007, AltaGas recorded financial instrument related assets and liabilities of $107.8 million and $110.6 million respectively. The net impact to accumulated earnings and to other comprehensive income on January 1, 2007 was $(0.2) million and $(2.6) million respectively. In first quarter 2007 the fair value of financial instruments changed by $(0.2) million of which $(0.5) million was recorded as an operating loss and the balance a $0.3 million increase in other comprehensive income. At March 31, 2007 AltaGas recorded financial instrument related assets and liabilities of $140.8 million and $143.8 million.

Outlook

The operating loss in the Corporate segment in 2007 is expected to be slightly higher than in 2006. Revenues from the investments in Taylor and AltaGas Utility Group Inc. (Utility Group) are expected to stay relatively flat and AltaGas expects lower ongoing costs to meet certification requirements mandated by the Canadian Securities Administrators. The lower costs of meeting certification requirements are expected to be offset by higher compensation costs and higher amortization costs related to increased investments in technology to support the growth of the Trust and to lower costs allocated to the operating segments.

The effects of financial instruments are based on estimates relating to commodity prices and foreign exchange rates over time. The actual amounts will vary based on these factors. Consequently, management is unable to predict the impact of financial instruments. However, the impact of the accounting standards is expected to be minimal as the Trust uses financial instruments to manage exposure to commodity price fluctuations and to buy and sell gas and power with locked-in margins. The Trust does not execute financial instruments for speculative purposes.

INVESTED CAPITAL

During first quarter 2007 AltaGas acquired $6.9 million in capital assets, long-term investments and other assets, compared to $18.5 million in first quarter 2006.

For the three months ended March 31, 2007 ($ millions)	Field Gathering and Processing	Extraction and Transmission	Power Generation	Energy Services	Corporate	Total
Invested capital:						
Capital assets	**3.2**	**2.4**	**-**	**0.5**	**0.6**	**6.7**
Long-term investments and other assets	**-**	**-**	**0.1**	**-**	**0.1**	**0.2**
	3.2	**2.4**	**0.1**	**0.5**	**0.7**	**6.9**
Disposals:						
Capital assets	**(1.2)**	**(0.3)**	**-**	**-**	**-**	**(1.5)**
Net invested capital	**2.0**	**2.1**	**0.1**	**0.5**	**0.7**	**5.4**

For the three months ended March 31, 2006 ($ millions)	Field Gathering and Processing	Extraction and Transmission	Power Generation	Energy Services	Corporate	Total
Invested capital:						
Capital assets	15.0	0.4	1.2	0.2	0.5	17.3
Long-term investments and other assets	-	-	-	-	1.2	1.2
	15.0	0.4	1.2	0.2	1.7	18.5
Disposals:						
Capital assets	(0.3)	-	-	-	-	(0.3)
Net invested capital	14.7	0.4	1.2	0.2	1.7	18.2

The Trust categorizes its invested capital into maintenance, growth, and administration.

Maintenance capital projects totaling $1.2 million in first quarter 2007 (first quarter 2006 - $1.6 million) were undertaken mainly in the FG&P segment. An additional $1.2 million (first quarter 2006 - $0.6 million) was spent in 2007 on administrative capital, including computer hardware and software projects expected to increase the effectiveness of the operating and administrative functions of the Trust. Of the $4.5 million (first quarter 2006 - $16.3 million) in growth capital spent in first quarter 2007, $2.1 million was primarily in relation to an expansion of the Shaunavon gas plant and compression addition at Sylvan Lake in the FG&P segment. In the E&T segment, growth capital of $2.2 million related to the expansion of the Cold Lake transmission system and the ethane enhancement recovery project at the Edmonton ethane extraction facility. In the Power Generation segment, $0.1 million was spent by the wind power development partnerships.

For the three months ended March 31, 2007 ($ millions)	Field Gathering and Processing	Extraction and Transmission	Power Generation	Energy Services	Corporate	Total
Invested capital:						
Maintenance	**1.0**	**0.2**	**-**	**-**	**-**	**1.2**
Growth	**2.1**	**2.2**	**0.1**	**-**	**0.1**	**4.5**
Administrative	**0.1**	**-**	**-**	**0.5**	**0.6**	**1.2**
Invested capital	**3.2**	**2.4**	**0.1**	**0.5**	**0.7**	**6.9**

For the three months ended March 31, 2006 ($ millions)	Field Gathering and Processing	Extraction and Transmission	Power Generation	Energy Services	Corporate	Total
Invested capital:						
Maintenance	1.3	0.2	-	0.1	-	1.6
Growth	13.7	0.1	1.2	-	1.3	16.3
Administrative	-	0.1	-	0.1	0.4	0.6
Invested capital	15.0	0.4	1.2	0.2	1.7	18.5

FINANCIAL INSTRUMENTS

The Trust is exposed to market risk and potential loss from changes in the value of financial instruments. AltaGas enters into financial derivative contracts to manage exposure to fluctuations in commodity prices, interest rates and foreign exchange rates, particularly in the Power Generation segment and with respect to interest rates on debt. During the quarter ended March 31, 2007 the Trust had positions in the following types of derivatives:

- Commodity forward contracts: The Trust executes gas and power forward contracts to manage its asset portfolio and lock in margin from back-to-back purchase and sale agreements. In a forward contract, one party agrees to deliver a specified amount of an underlying asset to the other at a future date at a specified price. The Energy Services segment transacts primarily on this basis.

- Commodity swap contracts: The Trust executes fixed-for-floating power price swaps to manage its power asset portfolio. A fixed-for-floating price swap is an agreement between two counterparties to exchange a fixed price for a floating price. The Power Generation segment's results are significantly affected by the price of electricity in Alberta. AltaGas employs derivative commodity instruments for the purpose of managing the Trust's exposure to power price volatility. The Alberta Power Pool settles power prices on an hourly basis and prices ranged from $6.26/MWh to $674.37/MWh in first quarter 2007, while the average spot price for the quarter was $63.62/MWh. AltaGas moderated the impact of this volatility on its business through the use of financial hedges on a portion of its 2007 power portfolio that management deemed optimal. The average price received for power sales by the Trust in first quarter 2007 was $66.54/MWh.

- Interest rate forward contracts: The Trust enters into interest rate swaps under which interest at fixed rates are exchanged for floating rate payments. At March 31, 2007 the Trust had interest rates fixed through swap transactions with varying terms to maturity on drawn bank debt of $25.0 million. Including AltaGas' MTNs and capital leases, the rate has been fixed on 92.4 percent of AltaGas' debt.

- Foreign exchange forward contracts: Foreign exchange exposure created by transacting commercial arrangements in foreign currency is managed through the use of foreign exchange forward contracts where a fixed rate is locked in against a floating rate. The Trust's foreign exchange risk was not material at March 31, 2007.

LIQUIDITY AND CAPITAL RESOURCES

The Trust historically has used debt and equity financing to the extent that funds from operations and proceeds from the Distribution Reinvestment Plan (DRIP) were insufficient to fund distributions, capital expenditures, acquisitions and working capital changes from financing and investing activities. Should larger acquisitions require financing beyond existing sources, management is confident that equity and debt capital markets could be accessed to provide additional financing.

At this time AltaGas does not reasonably expect any currently known trend or uncertainty to affect the Trust's ability to access its historical sources of cash, except that cash from operations may be impacted by the proposed federal tax on the taxable component of the Trust's distribution proposed to begin with the 2011 taxation year.

Cash Flows	Three Months Ended March 31	
($ millions)	**2007**	2006
Cash from operations	**46.1**	25.7
Investing activities	**(10.9)**	(22.5)
Financing activities	**(26.1)**	(4.2)
Change in cash	**9.1**	(1.0)

Cash from Operations

Cash from operations reported on the Consolidated Statements of Cash Flows increased 79 percent to $46.1 million in first quarter 2007, from $25.7 million in the same period in 2006. Although cash from operations was impacted by lower earnings in first quarter 2007, the increase was primarily due to changes in non-cash working capital.

Working capital was $12.4 million at the end of first quarter 2007 compared to $20.4 million at the end of first quarter 2006. Risk management activities account for $10.0 million of the difference in working capital between the two periods.

Working Capital	Three Months Ended March 31	
($ millions except ratio amounts)	**2007**	2006
Current assets	**298.4**	190.2
Current liabilities	**286.0**	169.8
Working capital	**12.4**	20.4
Current ratio	**1.04**	1.12

Investing Activities

During first quarter 2007 the Trust used cash for investing activities of $10.9 million compared to $22.5 million for investing activities in the same period in 2006. Acquisition of capital assets and long-term investments and other assets totaled $11.4 million in first quarter 2007 compared to $25.2 million in first quarter 2006. A description of the acquisitions and investments comprising these amounts is in the Invested Capital section of this MD&A.

Financing Activities

Cash used for financing activities was $26.1 million in first quarter 2007, an increase of $21.9 million from $4.2 million in first quarter 2006. The increase was primarily due to the reduction of long-term debt in first quarter 2007 as a result of higher cash from operations and proceeds from the DRIP program, partially offset by higher distributions paid to unitholders and an increase in short-term debt.

Capital Resources

The use of debt or equity funding is based on AltaGas' capital structure determined by considering the norms and risks associated with each of its business segments. At March 31, 2007 AltaGas had total debt outstanding of $255.2 million, down from $265.5 million as at December 31, 2006. At March 31, 2007 the Trust had $200 million in MTNs outstanding and had access to prime loans, bankers' acceptances and letters of credit through bank lines totaling $425.0 million. At March 31, 2007 the Trust had drawn bank debt of $42.5 million and letters of credit outstanding of $71.1 million.

The Trust recorded a $1.1 million reduction in its long-term debt as a result of adopting the new financial instrument standards. The reduction reflected the reclassification of deferred debt charges against Long-term debt which were previously recorded in Other current assets and in Long-term investments and other assets on the Trust's balance sheet.

All of the borrowing facilities have financial tests and other covenants customary for these types of facilities, which must be met at each quarter-end. AltaGas has been in compliance with these covenants each quarter since the establishment of the facilities.

AltaGas' target debt-to-total capitalization ratio is 40 to 45 percent. The Trust's debt-to-total capitalization ratio at March 31, 2007 was 32.3 percent, down from 33.4 percent at December 31, 2006. The Trust's earnings coverage for the rolling 12 months ended March 31, 2007 was 9.24 times.

The Dominion Bond Rating Service (DBRS) rates AltaGas Income Trust and the MTNs issued by AltaGas Income Trust at BBB (low) with a positive trend. In December 2006 DBRS confirmed AltaGas' MTN and stability ratings at BBB (low) and STA-3 (middle) respectively and changed the trend on the MTN rating to Positive from Stable.

Standard & Poor's (S&P) rates the Trust's long-term corporate credit at BBB- with a Stable outlook, and the senior unsecured debt at BBB-. In January 2007 S&P affirmed AltaGas' ratings.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities and are indicators of the likelihood of payment and of the capacity of an entity to meet its financial commitments in accordance with the terms of the obligation. Stability ratings are intended to convey the opinion of a rating agency in respect of the relative stability and sustainability of an entity's distribution stream when compared to other stability rated entities.

Contractual Obligations

There have been no material changes to AltaGas' contractual obligations from those included in the MD&A included in the Trust's 2006 Annual Report, except for the issue of $100 million senior unsecured MTNs on January 19, 2007. The notes carry a coupon rate of 5.07 percent and mature on January 19, 2012. The proceeds from the MTN issue were used to pay down bank indebtedness and for general corporate purposes.

RELATED PARTIES

The Trust sold $38.9 million of natural gas to, and incurred transportation costs of $0.1 million charged by Utility Group in first quarter 2007. The Trust also paid management fees of $0.1 million to, and received management fees of $7,500 from, Utility Group for administrative services. In addition, the Trust provided $0.1 million of operating services to Utility Group.

The Trust pays rent under a lease for office space and equipment to 2013761 Ontario Inc., which is owned by an employee. Payments of $21,171 were made in first quarter 2007 (first quarter 2006 - $20,114). The five-year lease expires in 2007 and is renewable at the option of AltaGas for another three years. (See note 9 of the interim Consolidated Financial Statements.)

SUMMARY OF CONSOLIDATED RESULTS FOR THE EIGHT MOST RECENTLY COMPLETED QUARTERS

($ millions)	**Q1-07**	Q4-06	Q3-06	Q2-06	Q1-06	Q4-05	Q3-05	Q2-05
Net revenue(1)	**79.3**	84.6	82.5	72.8	79.1	78.7	71.3	67.5
Operating income(1)	**29.0**	32.0	33.7	26.0	35.0	29.0	22.9	22.0
Net income	**24.6**	27.3	28.8	29.9	28.6	26.4	17.2	19.1

($ per unit)	**Q1-07**	Q4-06	Q3-06	Q2-06	Q1-06	Q4-05	Q3-05	Q2-05
Net income								
Basic	**0.43**	0.49	0.52	0.54	0.52	0.48	0.32	0.35
Diluted	**0.43**	0.49	0.52	0.54	0.52	0.48	0.32	0.35
Distributions declared(2)	**0.51**	0.51	0.505	0.495	0.485	0.48	0.47	0.45

(1) *Non-GAAP financial measure. See Non-GAAP Financial Measures in this MD&A.*

(2) *Excludes share distribution as a result of the spin-out of the NGD segment. The Trust issued one common share of Utility Group (valued at $7.50 per share) for every 13.9592 trust units held on November 14, 2005, providing additional value of $0.54 per unit.*

Identifiable trends in AltaGas' business in the past eight quarters reflect: the organization's internal growth, acquisitions, a favourable business environment including generally increasing power prices in Alberta, seasonality in the natural gas distribution (NGD) business up to the time of its spin-out in November 2005, and asset dispositions.

Significant items that impacted individual quarterly earnings were as follows:

- Second quarter 2005 net income included an after-tax loss of $0.4 million related to the Trust's ownership interest in Taylor;
- Results in fourth quarter 2005 were impacted by the spin-out of the NGD segment, the net after-tax impact of which was $0.1 million. In addition, operating income was approximately $2 million lower due to owning 100 percent of the NGD segment for only six weeks in the quarter and a $1.6 million tax recovery due to an adjustment to future tax

balances. Results were also impacted by higher prices received for power sold and lower interest expense;
- Results in the FG&P segment are typically lower in the first quarter compared to the fourth quarter;
- Strong power prices, higher frac spreads and lower interest expense in all quarters in 2006 resulted in strong financial results in all quarters, partially offset by the contribution from the NGD segment in first quarter 2005 which was spun out in November 2005;
- In second quarter 2006 a $6.6 million non-cash future income tax benefit was recorded as a result of a reduction in the federal and Alberta corporate income tax rates;
- In fourth quarter 2006 the Trust reported a $0.6 million goodwill impairment and deferred $0.8 million in revenue in the transmission business; and
- In first quarter 2007 the FG&P segment reported lower operating income as a result of equalization adjustments, lower throughput and lower contributions from minimum volume contractual provisions.

SUBSEQUENT EVENTS

On April 10, 2007 AltaGas announced the construction of a new natural gas pipeline from the Noel region of British Columbia to its Pouce Coupe gas processing facility in northwest Alberta. In addition, AltaGas will add 90 Mmcf/d of sour gas processing capability to the Pouce Coupe facility. The projects are expected to cost approximately $90 million in total and, subject to provincial and federal regulatory approvals, to be in service in mid-2008.

On April 24, 2007 AltaGas announced the acquisition of an additional 14.4 MW of power generation capacity, comprised of six 2.4-MW gas-fired units, which will be installed at southern Alberta FG&P locations with access to natural gas supply and the electricity transmission system. The new peaking generation is expected to cost approximately $8 million, including installation, and be in service by the end of 2007.

PROPOSED REGULATION FOR REDUCING GREEN HOUSE GAS EMISSIONS

In first quarter 2007 the government of Alberta introduced the Specified Gas Emitters Regulation which, if passed, will regulate emissions from large facilities including the Sundance power plant. Beginning July 1, 2007 the owners of these facilities will have the choice of reducing emissions intensity by 12 percent, purchasing an equivalent amount of offsetting credits, or contributing $15/tonne to the Climate Change and Emissions Management Fund. AltaGas is actively participating in the consultation process.

On April 26, 2007 the Federal government announced its initiatives for reducing GHG emissions and other pollutants. As there is limited information on these developments, it is difficult to estimate the impact to the Trust. AltaGas will continue to monitor and evaluate the potential impact of these announcements on its business.

TRUST UNIT INFORMATION

Under the terms of the restructuring of AltaGas into an income trust effective May 1, 2004, ASI security holders exchanged their shares in ASI for Trust units and eligible security holders also received exchangeable units that are exchangeable into Trust units on a one-for-one basis. The exchangeable units are not listed for trading on an exchange.

Units Outstanding

At March 31, 2007 the Trust had 54.8 million trust units and 2.1 million exchangeable units outstanding and a market capitalization of $1.4 billion based on a closing trading price on March 31, 2007 of $24.46 per trust unit. At March 31, 2007 there were 1.1 million options outstanding and 150,525 options exercisable under the terms of the unit option plan.

DISTRIBUTIONS

AltaGas' distributions are determined giving consideration to the ongoing sustainable distributable cash flow as impacted by the consolidated net income, maintenance and growth capital and debt repayment requirements of the Trust. In first quarter 2007, the Trust declared distributions of $28.9 million compared to $26.3 million in first quarter 2006. The Trust's distributable cash in first quarter 2007 was $37.0 million compared to $39.4 million in the same period last year and was more than sufficient to fund all distributions to unitholders. The Trust targets to pay substantially all of its ongoing sustainable distributable cash through regular monthly distributions made to unitholders. (See Non-GAAP Financial Measures in this MD&A.)

The following table summarizes AltaGas' distribution declaration history since 2005:

($ per unit)	**2007**	2006	2005
First quarter	**0.51**	0.485	0.45
Second quarter	**-**	0.495	0.45
Third quarter	**-**	0.505	0.47
Fourth quarter	**-**	0.510	0.48
Distribution of shares[(1)]	**-**	-	0.54
	0.51	1.995	2.39

[(1)] *One share of Utility Group was issued for every 13.9592 trust units held on November 14, 2005.*

CHANGES IN ACCOUNTING POLICIES

2007 Changes

Effective January 1, 2007 AltaGas adopted the revised Canadian Institute of Chartered Accountants (CICA) Handbook Section 1506. This Section prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. The adoption of this standard did not have a material impact on the consolidated financial statements in first quarter 2007.

Financial Instruments

Effective January 1, 2007 the Trust prospectively adopted the CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement; Section 3865, Hedges; Section 1530, Comprehensive Income and Section 3861, Financial Instruments - Disclosure and Presentation. The impacts of adopting the new standards are reflected in the Trust's current quarter results, and prior year comparative financial statements have not been restated. While the new rules resulted in changes to how the Trust accounts for its financial instruments, there were no material impacts on the Trust's current quarter financial results. For a description of the new accounting rules and the impact on the Trust's financial statements of adopting such rules, see Note 2 to the interim Consolidated Financial Statements for the quarter ending March 31, 2007.

Future Accounting Changes

Section 1535 Capital Disclosures

Effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2007, the new CICA Handbook Section 1535 Capital Disclosures requires the disclosure of qualitative and quantitative information about the Trust's objectives, policies and processes for managing capital. This new section is effective for the Trust beginning January 1, 2008.

Section 3862 Financial Instruments – Disclosures and Section 3863 – Financial Instruments – Presentation

Effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2007, the new CICA Handbook Sections 3862 and 3863 will replace Section 3861 to prescribe the requirements for presentation and disclosure of financial instruments. The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments on the entity's financial position and performance, the nature and extent of risks arising from financial instruments, and how the entity manages those risks. The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. These new sections are effective for the Trust beginning January 1, 2008.

International Financial Reporting Standards (IFRS)

In 2006 the Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect financial reporting requirements in Canada. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period. While AltaGas has begun assessing the adoption of IFRS for 2011, the financial impact of the transition to IFRS cannot be reasonably estimated at this time.

SIGNIFICANT ACCOUNTING POLICIES

AltaGas' significant accounting policies remain unchanged from December 31, 2006 except as disclosed in the notes to the interim Consolidated Financial Statements for the three months ended March 31, 2007. For further information regarding these policies refer to the notes to the audited Consolidated Financial Statements in AltaGas' 2006 Annual Report.

CRITICAL ACCOUNTING ESTIMATES

Since a determination of the value of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of the Trust's interim Consolidated Financial Statements requires the use of estimates and assumptions which have been made using careful judgment. AltaGas' significant accounting policies are described in the notes to the interim Consolidated Financial Statements for the three months ended March 31, 2007 and in the notes to the 2006 audited Consolidated Financial Statements included in the Trust's 2006 Annual Report. Certain of these policies involve critical accounting estimates as a result of the requirement to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions.

AltaGas' critical accounting estimates are risk management assets and liabilities, amortization expense, asset retirement obligations and asset impairment assessment. For a full discussion of these accounting estimates, refer to the MD&A in AltaGas' 2006 Annual Report and the notes to the interim Consolidated Financial Statements for the quarter ended March 31, 2007.

OFF-BALANCE-SHEET ARRANGEMENTS

The Trust is not party to any contractual arrangement under which an unconsolidated entity may have any obligation under certain guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for such assets. The Trust has no obligation under derivative instruments, or a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support or engages in leasing, hedging or research and development services with the Trust.

DISCLOSURE CONTROLS AND PROCEDURES

The Trust maintains disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under applicable securities legislation is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management of the Trust is responsible for establishing and maintaining internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be designed effectively can provide only reasonable assurance with respect to financial statement preparation and presentation.

During first quarter 2007 the Trust's internal controls over financial reporting changed as a result of adopting the new accounting standards for financial instruments and comprehensive income and as a result of implementing a new software application to govern risk management activities in the Calgary based operations. These changes affected the Trust's accounting policies and processes and information technology application controls and, as a result, internal controls were updated.

TAX ON INCOME TRUSTS

On October 31, 2006 the Government of Canada announced proposed changes to the taxation of certain publicly traded trusts and partnerships and their unitholders. Generally, the proposed changes would not take effect until January 1, 2011, provided the entity experiences only "normal growth" in accordance with guidelines issued by the Department of Finance on December 15, 2006 before then. Pursuant to the proposed changes, certain income distributions by the Trust would become subject to taxes in the Trust and would be treated as dividends paid by a taxable Canadian corporation to unitholders. Draft legislation to implement this tax was released for comment on December 21, 2006 and legislation to implement the proposed changes is now included in Bill C-52, which received first reading in the House of Commons on March 29, 2007. Management intends to adapt the Trust's corporate organizational strategies as the tax legislation evolves, with the goal of growing unitholder value.

Consolidated Balance Sheets

(unaudited)

($ thousands)	**March 31 2007**	December 31 2006
ASSETS		
Current assets		
Cash and cash equivalents	**$ 22,380**	$ 13,226
Accounts receivable	**192,304**	224,533
Inventory	**111**	61
Customer deposits	**16,200**	16,304
Risk management *(note 4)*	**64,942**	-
Other	**2,499**	9,277
	298,436	263,401
Capital assets	**673,085**	677,941
Energy services arrangements, contracts and relationships	**101,426**	103,330
Goodwill	**18,260**	18,260
Risk management *(note 4)*	**75,868**	-
Long-term investments and other assets	**46,869**	46,643
	$ 1,213,944	$ 1,109,575
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**$ 170,184**	$ 200,882
Distributions payable to unitholders	**9,674**	9,588
Short-term debt	**7,500**	-
Current portion of long-term debt	**1,172**	1,147
Customer deposits	**16,200**	16,304
Deferred revenue	**986**	788
Risk management *(note 4)*	**74,885**	-
Other	**5,389**	10,982
	285,990	239,691
Long-term debt	**246,519**	264,340
Asset retirement obligations	**23,655**	23,350
Future income taxes	**46,570**	51,252
Risk management *(note 4)*	**74,385**	-
Other long-term liabilities	**1,720**	1,526
	678,839	580,159
Unitholders' equity *(notes 5 and 6)*	**535,105**	529,416
	$ 1,213,944	$ 1,109,575

See accompanying notes to the Consolidated Financial Statements.

Consolidated Statements of Income and Accumulated Earnings

(unaudited)

For the three months ended *($ thousands except per unit amounts and number of units)*		**March 31** **2007**		March 31 2006
REVENUE				
Operating	**$**	**426,042**	$	375,704
Unrealized gains (losses) on risk management		**62**		-
Other		**1,961**		2,034
		428,065		377,738
EXPENSES				
Cost of sales		**348,773**		298,639
Operating and administrative		**38,061**		33,017
Amortization		**12,192**		11,116
		399,026		342,772
Operating income		**29,039**		34,966
Interest expense *(note 7)*				
Short-term debt		**60**		108
Long-term debt		**3,017**		3,185
Income before income taxes		**25,962**		31,673
Income tax expense		**1,382**		3,114
Net income		**24,580**		28,559
Accumulated earnings, beginning of period		**401,618**		287,107
Accumulated earnings, end of period	**$**	**426,198**	$	315,666
Net income per unit *(note 6)*				
Basic	**$**	**0.43**	$	0.52
Diluted	**$**	**0.43**	$	0.52
Weighted average number of units outstanding (thousands) *(note 6)*				
Basic		**56,660**		54,811
Diluted		**56,693**		54,920

See accompanying notes to the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income and Accumulated Other Comprehensive Income

(unaudited)

For the three months ended *($ thousands)*		March 31 2007
Net income	**$**	**24,580**
Other comprehensive income, net of tax *(note 4)*		
Unrealized gains on available for sale financial assets		17
Unrealized gains on derivative designated as cash flow hedges		4,799
Reclassification to net income of gains and losses on derivatives designated as cash flow hedges pertaining to prior periods		(4,535)
		281
Comprehensive income	**$**	**24,861**
Accumulated other comprehensive income, beginning of period		**-**
Adjustment resulting from adoption of new financial instrument accounting standards *(note 2)*		**(2,634)**
Accumulated other comprehensive income, end of period	**$**	**(2,353)**

See accompanying notes to the Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(unaudited)

For the three months ended *($ thousands)*	**March 31** **2007**	March 31 2006
Cash from operations		
Net income	**$ 24,580**	$ 28,559
Items not involving cash:		
Amortization	**12,192**	11,116
Accretion of asset retirement obligations	**426**	342
Unit-based compensation	**174**	16
Future income tax expense	**1,382**	2,765
Gain on sale of assets and investment transactions	**(73)**	-
Equity income	**(1,376)**	(1,926)
Distributions from equity investments	**755**	725
Unrealized losses (gains) on risk management	**(62)**	-
Other	**248**	(606)
Funds from operations	**38,246**	40,991
Asset retirement obligations settled	**(120)**	(40)
Net change in non-cash working capital *(note 7)*	**7,999**	(15,291)
	46,125	25,660
Investing activities		
Decrease in customer deposits	**104**	2,460
Acquisition of capital assets	**(11,013)**	(25,133)
Disposition of capital assets	**417**	178
Acquisition of energy services arrangements, contracts and relationships	**-**	(17)
Acquisition of long-term investments and other assets	**(379)**	-
	(10,871)	(22,512)
Financing activities		
Increase (decrease) in short-term debt	**7,500**	(2,703)
Increase (decrease) in long-term debt	**(17,219)**	15,411
Distributions to unitholders	**(28,851)**	(26,280)
Net proceeds from issuance of units *(note 6)*	**12,470**	9,417
	(26,100)	(4,155)
Change in cash and cash equivalents	**9,154**	(1,007)
Cash and cash equivalents, beginning of period	**13,226**	11,685
Cash and cash equivalents, end of period	**$ 22,380**	$ 10,678

See accompanying notes to the Consolidated Financial Statements.

Selected Notes to the Consolidated Financial Statements

(unaudited)

(Tabular amounts in thousands of Canadian dollars unless otherwise indicated.)

1. BASIS OF PRESENTATION

The interim Consolidated Financial Statements of AltaGas Income Trust (the Trust) include the accounts of the Trust and all of its wholly owned subsidiaries, and its proportionate interests in various partnerships and joint ventures.

The interim Consolidated Financial Statements have been prepared by management in accordance with Canadian generally accepted accounting principles (GAAP). The accounting policies applied are consistent with those outlined in the Trust's annual Consolidated Financial Statements for the year ended December 31, 2006, except as described below in notes 2 and 3. These interim Consolidated Financial Statements do not include all disclosures required in the annual financial statements and should be read in conjunction with the 2006 audited Consolidated Financial Statements included in the Trust's Annual Report.

2. CHANGES IN ACCOUNTING POLICIES

Changes for 2007

Effective January 1, 2007, the Trust adopted the new CICA Handbook accounting requirements for Section 3855 “Financial Instruments – Recognition and Measurement”, Section 3865 “Hedges”, Section 3861 “Financial Instruments – Disclosure and Presentation”, Section 1530 “Comprehensive Income”, Section 3251 “Equity” and Section 1506 “Accounting Changes”. In accordance with the transitional provisions for these new standards, these policies were adopted prospectively without restatement of prior periods.

Accounting Changes

This Section prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. The adoption of this standard did not have a material impact on the interim Consolidated Financial Statements of the Trust.

Financial Instruments

All financial instruments, including derivatives, are included on the balance sheet initially at fair value. The financial assets are classified as held for trading, held to maturity, loans and receivables, or available for sale. Financial liabilities are classified as held for trading or other financial liabilities. Subsequent measurement is determined by classification.

Held for trading financial assets and liabilities are entered into with the intention of generating a profit and consist of swaps, options and forwards. These financial instruments are initially accounted for at their fair value and changes to fair value are recorded in income. Held to maturity financial assets are accounted for at their amortized cost using the effective interest method. The Trust did not have any held to maturity financial instruments at March 31, 2007. Loans and receivables are accounted for at their amortized cost using the effective interest method. The available for sale classification includes non-derivative financial assets that are designated as available for sale or are not included in the other three classifications. Available for sale instruments are initially accounted for at their fair value and changes to fair value are recorded through Other comprehensive income. Income earned from these investments is included in Revenue.

Other financial liabilities not classified as held for trading are accounted for at their amortized cost, using the effective interest method.

Derivatives embedded in other financial instruments or contracts (the host instrument) are recorded as separate derivatives and are measured at fair value if the economic characteristics of the embedded derivative are not closely related to the host instrument, the terms of the embedded derivative are the same as those of a stand-alone derivative and the total contract is not held for trading or accounted for at fair value. Changes in fair value are included in income. All derivatives, other than those that meet the expected purchase, sale or usage requirements exception, are carried on the balance sheet at fair value. The Trust used January 1, 2003 as the transition date for identifying embedded derivatives. The Trust did not identify any embedded derivatives requiring bifurcation.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. Effective January 1, 2007 the Trust reclassified $1.1 million of unamortized deferred financing costs from Other current assets and Long-term investments and other assets to Long-term debt as a result of adopting the new standards. The reclassification of transaction costs has no impact on earnings. Effective January 1, 2007 the Trust began amortizing these costs using the effective interest rate method. Previously, these costs were amortized on a straight-line basis over the life of the debt.

Hedges

The new standard specifies the circumstances under which hedge accounting is permissible, how hedge accounting may be performed and where the impacts should be recorded. The standard introduces three specific types of hedging relationships: fair value hedges, cash flow hedges and hedges of a net investment in self-sustaining foreign operations.

As part of its asset and liability management, the Trust uses derivatives for hedging positions to reduce its exposure to commodity price and interest rate risk. The Trust designates certain derivatives as hedges and prepares documentation at the inception of the hedging contract. The Trust performs an assessment at inception and during the term of the contract to determine if the derivative used as a hedge is effective in offsetting the risks in the values or cash flows of the hedged financial instrument. All derivatives are initially recorded at fair value and adjusted to fair value at each reporting date.

The Trust uses cash flow hedges to reduce its exposure to fluctuations in interest rates and changes in commodity prices. The effective portion of changes in the value of cash flow hedges is recognized in Other comprehensive income. Ineffective portions and amounts excluded from effectiveness testing of hedges are included in income in the same financial category as the underlying transaction. Gains or losses from cash flow hedges that have been included in Accumulated other comprehensive income are included in Net income when the underlying transaction has occurred or becomes probable of not occurring. The maximum length of time the Trust is hedging its exposure to variability in future cash flows is 10.75 years.

Comprehensive Income and Equity

The Trust’s financial statements include a Consolidated Statement of Comprehensive Income and Accumulated Other Comprehensive Income which consists of earnings and the effective portion of changes in unrealized gains and losses related to available for sale assets and cash flow hedges. In addition, as required by Section 3251, the Trust now presents separately in its Unitholders’ Equity note the changes for each of its components of Unitholders’ Equity. A new component, Accumulated other comprehensive income, and a one-time transition adjustment have been added to the Trust’s Unitholders’ Equity as a result of the implementation of this new standard. (See note 5.)

Net Effect of Accounting Policy Changes

The net effect to the Trust's financial statements at January 1, 2007 resulting from the above-mentioned changes in accounting policies is as follows:

Balance Sheet Account Affected		Increase (Decrease)
Current assets - Risk management	$	59,866
Other current assets		(451)
Non-current assets - Risk management		47,942
Long-term investments and other assets		(793)
Current liabilities - Risk management		69,618
Long-term debt		(1,082)
Long-term liabilities - Risk management		48,359
Future income tax liability		(7,450)
Unitholders' equity - Transition amount on adoption of new standards, net of tax		(247)
Unitholders' equity - Accumulated Other Comprehensive Income, net of tax		(2,634)

The unrealized gains and losses included in the Transition amount and in Accumulated other comprehensive income were recorded net of income tax recoveries of $4.6 million and $2.9 million, respectively.

Future Accounting Changes

Section 1535 Capital Disclosures

Effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2007, the new CICA Handbook Section 1535 “Capital Disclosures” requires the disclosure of qualitative and quantitative information about the Trust’s objectives, policies and processes for managing capital. This new section is effective for the Trust beginning January 1, 2008.

Section 3862 Financial Instruments – Disclosures and Section 3863 – Financial Instruments – Presentation

Effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2007, the new CICA Handbook Sections 3862 and 3863 will replace Section 3861 to prescribe the requirements for presentation and disclosure of financial instruments. The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments on the entity’s financial position and performance, the nature and extent of risks arising from financial instruments, and how the entity manages those risks. The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. These new sections are effective for the Trust beginning January 1, 2008.

International Financial Reporting Standards (IFRS)

In 2006, the Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect financial reporting requirements in Canada. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected 5-year transitional period. While AltaGas has begun assessing the adoption of IFRS for 2011, the financial impact of the transition to IFRS cannot be reasonably estimated at this time.

3. UPDATE TO SUMMARY OF ACCOUNTING POLICIES

As a result of the Trust's adoption of the new financial instrument accounting standards, the Trust has updated the following significant accounting policies.

Revenue recognition

In the Field Gathering and Processing segment and transmission business, revenue is recorded as the services are rendered. In the extraction business, Power Generation and Energy Services segments, revenue is recognized at the time the product or service is delivered. Realized gains and losses from risk management activities related to commodity prices are recognized in the related segment revenues when the related sale occurs or when the underlying financial asset or financial liability is removed from the balance sheet. Unrealized gains and losses in respect of fair value changes to the Trust's risk management activities are recorded as revenue based on the related mark-to-market calculations at the end of the reporting period in the Corporate segment.

Transaction costs related to financial instruments

Transaction costs related to the acquisition of held for trading financial assets and liabilities and the Trust's revolving operating credit facility are expensed as incurred. For financial instruments classified as other than held for trading, transaction costs attributable to the acquisition or issue of the financial asset or liability are added to the initial carrying amount of the financial instrument and recognized in earnings using the effective interest method.

Recognition date

AltaGas uses settlement date for transactions. Any difference in value between the trade and settlement date for third-party transactions will be recognized on the balance sheet and in Net income or in Other comprehensive income as appropriate.

Designation of available for sale financial assets

Available for sale financial assets are investments in equity instruments that are not classified as held for trading, held to maturity, or loans and receivables, and that management intends to hold indefinitely. Available for sale assets are measured at fair value. The changes in fair value are recorded in Other comprehensive income until the asset is removed from the balance sheet. Available for sale assets are included in the Long-term investments and other assets classification.

Effective interest method

The Trust uses the effective interest method to calculate the amortized cost of a financial asset or liability and to allocate the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated cash flows associated with the instrument over the expected life of the financial instrument, or where appropriate a shorter period, to the net carrying amount of the financial asset or liability.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

In the course of normal operations the Trust purchases and sells natural gas and power commodities and issues short and long-term debt. The Trust uses derivative instruments to reduce exposure to fluctuations in commodity prices, interest rates and foreign currency exchange rates that arise from these activities. The Trust does not make use of derivative instruments for speculative purposes.

At March 31, 2007 all derivatives, other than those that meet the expected purchase, sale or usage requirements exception, were carried on the balance sheet at fair value. The fair value of power and natural gas derivatives was calculated using estimated forward prices for the relevant period. The calculation of fair value of the interest rate derivatives used quoted market rates.

At March 31, 2007 the fair value of the Trust's assets and liabilities relating to risk management activities was as follows:

Summary of Fair Values	**Current**	**Long-Term**	**Total**
Financial assets			
Held for trading	$ 63,187	$ 69,896	$ 133,083
Available for sale	-	361	361
Loans and receivables	125,461	925	126,386
	188,648	71,182	259,830
Cash flow hedges	1,755	5,972	7,727
	$ 190,403	$ 77,154	$ 267,557
Financial liabilities			
Held for trading	$ 63,488	$ 74,278	$ 137,766
Other financial liabilities	104,551	247,477	352,028
	168,039	321,755	489,794
Cash flow hedges	11,397	107	11,504
	$ 179,436	$ 321,862	$ 501,298

The adoption of the new financial instrument standards resulted in a decrease in the Trust’s net income for the three months ended March 31, 2007 of $0.5 million ($0.01 per unit basic and diluted) relating to the movements in held for trading financial instruments.

As described in note 2, held for trading financial instruments are recorded on the balance sheet at fair value with the offsetting entry in the Corporate segment as Unrealized gains and losses on risk management. During the three-month period ended March 31, 2007, $0.1 million of unrealized gain was recognized.

The available for sale assets, included in the balance sheet captions Long-term investments and other assets, are recognized at fair value with the offsetting entry, net of tax, in Other comprehensive income. Between January 1, 2007 and March 31, 2007 the change in fair value, net of tax, increased by $16,947.

As a part of the hedging program, the Trust uses certain derivative financial instruments to manage risks. For the quarter ended March 31, 2007 after-tax unrealized gains of $0.3 million were recorded in Other comprehensive income for the effective portion of the cash flow hedges, and after-tax unrealized gain of $0.2 million were reclassified to net income. Of the $2.4 million loss deferred in Accumulated other comprehensive income at March 31, 2007, $8.2 million is expected to be reclassified to net income in the next 12 months because the long-term amounts deferred in Other comprehensive income are comprised of unrealized gains.

Effective January 1, 2007 the Trust began offsetting long-term debt transaction costs against the associated debt and began amortizing these costs using the effective interest method. Previously these costs were amortized on a straight-line basis over the life of the debt instrument to which they pertained. There was no material effect on the Trust’s financial statements as a result of this change in policy. In first quarter 2007 the charge to Net income for the amortization of transaction costs using the effective interest method was immaterial. The effective interest rate for the medium-term notes issued in 2005 and 2007 is 4.57 percent and 5.11 percent, respectively.

Commodity Price Risk Management

Natural Gas

The Trust purchases and sells natural gas to its customers. The fixed price and market price contracts for both the purchase and sale of natural gas extend to 2011.

At March 31, 2007 the Trust had the following contracts outstanding:

			Notional volume (GJ)			
Derivative Instruments	Fixed price (per GJ)[1]	Period (months)	Sales	Purchases		Fair value
Commodity forward	$2.16 to $10.37	1 to 45	123,079,990	-	$	(85,175)
Commodity forward	$2.16 to $10.37	1 to 45	-	123,079,990	$	80,485

[1] *Certain of the contracts are indexed and as such a price range is not provided.*

For the three-month period ended March 31, 2007 an after-tax gain of $0.2 million was recognized from the Trust's natural gas risk management activities.

Power

Under the Power Purchase Arrangements, AltaGas has an obligation to buy power at agreed terms and prices to December 31, 2020. The Trust sells the power to the Alberta Electric System Operator at market prices and uses swaps and collars to fix the prices over time on a portion of the volumes. AltaGas' strategy is to lock in margins to provide predictable earnings. Certain contracts met the expected purchase, sale or usage requirements exception and have not been included in risk management assets or liabilities. At March 31, 2007 the Trust had no intention to terminate any contracts prior to maturity.

At March 31, 2007 the Trust had the following contracts outstanding:

			Notional volume (MWh)			
Derivative Instruments	Fixed price (per MWh)	Period (months)	Sales	Purchases		Fair value
Commodity forward	$52.50 to $69.50	1 to 12	10,968	-	$	(51)
Commodity forward	$55.50 to $64.70	1 to 12	-	10,968	$	89

For the three-month period ended March 31, 2007 the Trust's power risk management activities from financial contracts not included in the hedging program had an unrealized loss of $5,006.

At March 31, 2007 the Trust had the following commodity swaps and collars outstanding:

			Notional volume (MWh)			
Derivative Instruments	Fixed price (per MWh)	Period (months)	Sales	Purchases		Fair value
Swaps and collars	$65.00 to $80.00	3 to 21	1,724,736	-	$	(11,504)
Swaps and collars	$56.50 to $65.00	3 to 129	-	448,448	$	7,416

During the current quarter the contracts included in the hedging program resulted in an unrealized gain of $4.4 million, $3.0 million net of tax, deferred in Other comprehensive income.

Foreign Exchange Risk Management

To manage the risk of fluctuating cash flows due to variations in foreign exchange rates, the Trust enters into foreign exchange forward contracts. At March 31, 2007 the Trust's foreign exchange risk management activities had an unrealized loss of $0.2 million and a fair market value position of $0.1 million.

Interest Rate Risk Management

To hedge against the effect of future interest rate movements, the Trust enters into interest rate swap agreements to fix the interest rate on a portion of its bankers' acceptances issued under credit facilities. In January 2007 the Trust unwound certain of these interest rate swaps as a result of the issue of $100 million of medium-term notes. The Trust recorded a gain of $0.4 million relating to this action. The remaining interest rate swaps have an average remaining term of 10 to 23 months and a weighted average interest rate of 3.56 percent. For the three-month period ended March 31, 2007 the Trust's interest rate risk management activities resulted in an unrealized gain of $0.3 million. These swaps had a fair market value position of $0.3 million at quarter-end.

Credit Risk on Financial Instruments

Credit risk results from the possibility that a counterparty to a derivative in which the Trust has an unrealized gain fails to perform according to the terms of the contract.

Credit exposure is minimized by entering into transactions with creditworthy counterparties in accordance with established credit policies and practices. At March 31, 2007 AltaGas did not have a significant concentration of credit risk with any single counterparty to financial instruments.

5. UNITHOLDERS' EQUITY

	March 31 2007	December 31 2006
Unitholders' capital *(note 6)*	**$ 476,220**	$ 463,750
Contributed surplus	**3,497**	3,322
Accumulated earnings	**426,198**	401,618
Accumulated dividends	**(41,114)**	(41,114)
Accumulated unitholders' distributions declared[1]	**(301,400)**	(272,464)
Distributions of common shares of AltaGas Utility Group Inc.	**(25,696)**	(25,696)
Transition adjustment resulting from adopting new financial instruments accounting standards *(note 2)*	**(247)**	-
Accumulated other comprehensive loss *(notes 2 and 4)*	**(2,353)**	-
	$ 535,105	$ 529,416

[1] *Accumulated distributions paid by the Trust as at March 31, 2007 were $291.7 million (as at December 31, 2006 - $262.9 million).*

6. UNITHOLDERS' CAPITAL

Trust Units Issued and Outstanding	Number of units	Amount
December 31, 2006	54,313,552	$ 451,795
Units issued for cash on exercise of options	500	8
Units issued under DRIP[(1)]	505,307	12,462
Units issued for exchangeable units	11,389	65
March 31, 2007	**54,830,748**	**464,330**
Exchangeable Units Issued and Outstanding		
December 31, 2006 issued by AltaGas Holding Limited Partnership No. 1	2,088,814	11,955
AltaGas Holding Limited Partnership No. 1 units redeemed for Trust units	(11,389)	(65)
March 31, 2007	**2,077,425**	**11,890**
Total Trust Units and Exchangeable Units at March 31, 2007	**56,908,173**	**$ 476,220**

(1) Premium Distribution™, Distribution Reinvestment and Optional Unit Purchase Plan.

The Trust has a unit option plan under which employees and directors are eligible to receive grants. At March 31, 2007 10 percent of units outstanding were reserved for issuance under the plan. To March 31, 2007 options granted under the plan generally had a term of 10 years to expiry and vested no longer than over a four-year period.

At March 31, 2007 outstanding options were exercisable at various dates to the year 2017 (December 31, 2006 - 2016). Options outstanding under the plan have a weighted average exercise price of $26.86 (December 31, 2006 - $27.23) and a weighted average remaining term of 9.18 years (December 31, 2006 - 9.23 years). At March 31, 2007 the unexpensed fair value of unit option compensation cost associated with future periods was $1.1 million (December 31, 2006 - $0.9 million).

The following table summarizes the information about the Trust's unit options:

	Options outstanding	
	Number of options	Weighted average exercise price
Unit options outstanding December 31, 2006	923,550	$ 27.23
Granted	242,500	25.64
Exercised	(500)	15.14
Cancelled	(20,000)	28.84
Unit options outstanding at March 31, 2007	**1,145,550**	**$ 26.86**
Exercisable at March 31, 2007	**150,525**	**$ 22.46**

A summary of the plan as at March 31, 2007:

	Options Outstanding			Options Exercisable	
Range of Exercise Price on Options	Number outstanding at March 31, 2007	Weighted average exercise price	Weighted average remaining contractual life (years)	Number exercisable at March 31, 2007	Weighted average exercise price
$5.00 - $7.00	9,500	$ 6.15	3.18	9,500	$ 6.15
$7.01 - $15.50	28,500	10.26	5.91	28,500	10.26
$15.01 - $25.08	116,500	24.14	8.05	27,900	24.15
$25.09 - $29.15	991,000	27.86	9.46	84,625	27.85
	1,145,500	**$ 26.86**	**9.18**	**150,525**	**$ 22.46**

	Three months ended March 31	
Units outstanding [(1)]	**2007**	2006
Weighted average number of units - basic	**56,659,961**	54,810,866
Effect of dilutive stock options	**33,319**	108,819
Weighted average number of units - diluted	**56,693,280**	54,919,685

[(1)] *Includes exchangeable units.*

In 2004 AltaGas implemented a unit-based compensation plan which awards phantom units to certain employees. The phantom units are valued on distributions declared and the trading price of the Trust's units. The units vest on a graded vesting schedule. The compensation expense recorded in first quarter 2007 in respect of this plan was $1.6 million (first quarter 2006 - $1.7 million). At March 31, 2007 the unexpensed fair value of unit-based compensation costs associated with future periods was $9.4 million (December 31, 2006 - $9.9 million).

7. NET CHANGE IN NON-CASH WORKING CAPITAL

The net change in the following non-cash working capital items increased (decreased) cash flows from operations as follows:

	Three months ended March 31	
	2007	2006
Accounts receivable	**$ 32,229**	$ 59,295
Inventory	**(50)**	23
Other current assets	**6,778**	(755)
Accounts payable and accrued liabilities	**(30,698)**	(74,220)
Customer deposits	**(104)**	(2,460)
Deferred revenue	**198**	-
Other current liabilities	**(5,593)**	(4,914)
	2,760	(23,031)
Less decrease in capital costs payable	**5,239**	7,740
Net change in non-working capital related to operations	**$ 7,999**	$ (15,291)

The following cash payments have been included in the determination of earnings:

	Three months ended March 31	
	2007	2006
Interest paid	**$ 3,083**	$ 3,358
Income taxes paid	**$ 81**	$ 46

8. PENSION PLANS AND RETIREMENT BENEFITS

The net pension expense by plan for the period was as follows:

	Three months ended March 31 2007	2006
Defined Contribution Plan	**$ 382**	$ 322
Defined Benefit Plan	**3**	3
Supplemental Executive Retirement Plan	**258**	-
	$ 643	$ 325

9. RELATED PARTY TRANSACTIONS

In the normal course of business, the Trust and its affiliates transact with related parties. These transactions are recorded at their exchange amounts.

	Three months ended March 31 2007	2006
Fees for administration, management and other services paid by:		
AltaGas Utility Group Inc. (Utility Group) to the Trust	**$ 8**	$ 8
The Trust to Utility Group	**$ 138**	$ 188
Natural gas sales by the Trust to subsidiaries of Utility Group	**$ 38,916**	$ 38,306
Fees for operating services paid by a Utility Group subsidiary to the Trust	**$ 66**	$ 46
Transportation services provided by a Utility Group subsidiary to the Trust	**$ 124**	$ 143
Office space and furniture rental payments made by the Trust to a corporation owned by an employee	**$ 21**	$ 20

The resulting amounts due from and to related parties are non-interest bearing and are related to transaction in the normal course of business.

Included in accounts receivable at March 31, 2007 was $13.0 million (March 31, 2006 - $11.5 million) due to the Trust from related parties. Included in accounts payable at March 31, 2007 was $0.1 million (March 31, 2006 - $0.8 million) due from the Trust to related parties.

10. SEGMENTED INFORMATION

AltaGas is an integrated energy trust with a portfolio of assets and services used to move energy from the source to the end-user. Transactions among the reporting segments are recorded at fair value. The following describes the Trust's five reporting segments:

Field Gathering and Processing – natural gas gathering lines and processing facilities;
Extraction and Transmission – ethane and natural gas liquids extraction plants and natural gas and condensate transmission pipelines;
Power Generation – coal-fired and gas-fired power output under power purchase arrangements and other agreements;
Energy Services – energy management and gas services for natural gas and electricity, and oil and natural gas production; and
Corporate – the costs of providing corporate services and general corporate overhead, investments in public and private entities, corporate assets and the effects of changes in the fair value of risk management assets and liabilities.

The following tables show the composition by segment:

For the three months ended March 31, 2007	Field Gathering and Processing	Extraction and Transmission	Power Generation	Energy Services	Corporate	Intersegment elimination	Total
Revenue	**$ 33,230**	**$ 37,321**	**$ 44,293**	**$ 335,584**	**$ 1,961**	**$ (24,386)**	**$ 428,003**
Unrealized gains (losses) on risk management	**-**	**-**	**-**	**-**	**62**	**-**	**62**
Cost of sales	**(1,619)**	**(21,494)**	**(19,833)**	**(329,540)**	**-**	**23,713**	**(348,773)**
Operating and administrative	**(20,893)**	**(5,346)**	**(455)**	**(4,279)**	**(7,761)**	**673**	**(38,061)**
Amortization	**(6,520)**	**(2,001)**	**(1,861)**	**(1,242)**	**(568)**	**-**	**(12,192)**
Operating income	**$ 4,198**	**$ 8,480**	**$ 22,144**	**$ 523**	**$ (6,306)**	**-**	**$ 29,039**
Operating income before unrealized gains (losses) on risk management	**$ 4,198**	**$ 8,480**	**$ 22,144**	**$ 523**	**$ (6,368)**	**-**	**$ 28,977**
Net additions (reductions) to:							
Capital assets	**$ 1,961**	**$ 2,105**	**-**	**$ 538**	**$ 594**	**-**	**$ 5,198**
Energy services arrangements, contracts and relationships	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Long-term investments and other assets	**-**	**-**	**$ 154**	**-**	**$ 72**	**-**	**$ 226**
Goodwill	**$ 215**	**$ 18,045**	**-**	**-**	**-**	**-**	**$ 18,260**
Segment assets	**$ 528,054**	**$ 239,208**	**$ 120,930**	**$ 126,197**	**$ 199,555**	**-**	**$ 1,213,944**

For the three months ended March 31, 2006	Field Gathering and Processing	Extraction and Transmission	Power Generation	Energy Services	Corporate	Intersegment elimination	Total
Revenue	$ 34,513	$ 36,143	$ 51,679	$ 273,051	$ 2,041	$ (19,689)	$ 377,738
Cost of sales	(2,619)	(21,695)	(26,780)	(266,945)	-	19,400	(298,639)
Operating and administrative	(19,279)	(4,213)	(318)	(4,414)	(5,082)	289	(33,017)
Amortization	(5,724)	(1,918)	(1,825)	(1,093)	(556)	-	(11,116)
Operating income	$ 6,891	$ 8,317	$ 22,756	$ 599	$ (3,597)	-	$ 34,966
Net additions (reductions) to:							
Capital assets	$ 14,662	$ 431	$ 1,245	$ 207	$ 505	-	$ 17,050
Energy services arrangements, contracts and relationships	-	-	-	$ 17	-	-	$ 17
Long-term investments and other assets	-	-	-	-	$ 1,144	-	$ 1,144
Goodwill	$ 815	$ 18,045	-	-	-	-	$ 18,860
Segment assets	$ 481,864	$ 234,627	$ 118,210	$ 129,273	$ 49,572	-	$ 1,013,546

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current financial statement presentation.

12. SUBSEQUENT EVENTS

On April 10, 2007 AltaGas announced the construction of a new natural gas pipeline from the Noel region of British Columbia to its Pouce Coupe gas processing facility in northwest Alberta. In addition, AltaGas will add 90 Mmcf/d of sour gas processing capability to the Pouce Coupe facility. The projects are expected to cost approximately $90 million in total and, subject to provincial and federal regulatory approvals, to be in service in mid-2008.

On April 24, 2007 AltaGas announced the acquisition of an additional 14.4 MW of power generation capacity, comprised of six 2.4 MW Superior gas-fired units, which will be installed in the southern Alberta locations with access to natural gas supply and the electricity transmission system. The new peaking generation is expected to cost approximately $8 million, including installation, and be in service by the end of 2007.

Supplementary Quarterly Financial and Operating Information

($ millions unless otherwise indicated)	**Q1-07**	Q4-06	Q3-06	Q2-06	Q1-06
FINANCIAL HIGHLIGHTS(1)					
Net Revenue(2)					
Field Gathering and Processing	**31.6**	34.4	32.4	31.0	31.9
Extraction and Transmission	**15.8**	15.6	17.9	15.3	14.4
Power Generation	**24.5**	27.8	26.2	20.7	24.9
Energy Services	**6.0**	6.1	6.1	6.4	6.1
Corporate	**2.0**	1.6	0.5	0.2	2.1
Intersegment Elimination	**(0.7)**	(0.9)	(0.7)	(0.8)	(0.3)
	79.3	84.6	82.5	72.8	79.1
EBITDA(2)					
Field Gathering and Processing	**10.7**	13.8	13.3	9.9	12.6
Extraction and Transmission	**10.5**	9.1	12.3	11.3	10.2
Power Generation	**24.0**	27.4	26.0	20.3	24.6
Energy Services	**1.7**	1.5	2.7	1.7	1.7
Corporate	**(5.7)**	(7.3)	(9.2)	(5.8)	(3.0)
	41.2	44.5	45.1	37.4	46.1
Operating Income(2)					
Field Gathering and Processing	**4.2**	7.0	7.5	4.0	6.9
Extraction and Transmission	**8.5**	7.1	10.4	9.4	8.3
Power Generation	**22.1**	25.5	24.1	18.5	22.8
Energy Services	**0.5**	0.2	1.6	0.4	0.6
Corporate	**(6.3)**	(7.8)	(9.9)	(6.3)	(3.6)
	29.0	32.0	33.7	26.0	35.0
OPERATING HIGHLIGHTS					
Field Gathering and Processing					
Capacity (gross Mmcf/d)(3)	**1,021**	1,021	1,021	1,002	1,002
Throughput (gross Mmcf/d)(4)	**552**	549	537	565	570
Capacity utilization (%)(4)	**54**	54	53	56	57
Extraction and Transmission					
Extraction inlet capacity (Mmcf/d)(3)	**554**	554	539	539	539
Extraction volumes (Bbls/d)(4)	**22,622**	20,512	19,880	18,976	19,403
Transmission volumes (Mmcf/d)(4)(5)	**408**	412	388	399	400
Power Generation					
Volume of power sold (thousands of MWh)(4)	**666**	711	669	656	842
Average price received on sale of power ($/MWh)(4)	**66.54**	83.45	72.88	60.26	61.41
Alberta Power Pool average spot price ($/MWh)(4)	**63.62**	116.81	94.87	53.59	56.76
Energy Services					
Energy management service contracts(3)	**1,413**	1,394	1,342	1,289	1,274
Average volumes transacted (GJ/d)(4)	**407,272**	349,218	325,419	322,420	310,767

(1) *Columns may not add due to rounding.*

(2) *Non-GAAP financial measure. See Non-GAAP Financial Measures section of the MD&A.*

(3) *As at period end.*

(4) *Average for the period.*

(5) *Excludes condensate pipeline volumes.*

Other Information

DEFINITIONS

Bbls/d	barrels per day
Bcf	billion cubic feet
GJ	gigajoule
GWh	gigawatt-hour
Mcf	thousand cubic feet
Mmcf/d	million cubic feet per day
MW	megawatt
MWh	megawatt-hour

ABOUT ALTAGAS

AltaGas Income Trust is one of Canada's largest and fastest growing integrated energy infrastructure and services organizations. The Trust creates value by growing and optimizing assets and services across the energy value chain to serve North America's energy demand. Since 1994, AltaGas Income Trust has expanded its business to include natural gas gathering, processing and transmission, extraction of ethane and natural gas liquids, power generation, marketing of natural gas and natural gas liquids, as well as retail energy services to commercial, industrial and institutional end users across Canada.

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

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