



NEWS RELEASE

ALTAGAS INCOME TRUST ANNOUNCES PREMIUM DISTRIBUTION™, DISTRIBUTION REINVESTMENT AND OPTIONAL UNIT PURCHASE PLANS

Calgary, Alberta, May 20, 2004 – AltaGas Income Trust (“AltaGas” or the “Trust”) is pleased to announce that it has adopted a Premium Distribution™, Distribution Reinvestment and Optional Unit Purchase Plan (“trust unitholder plan”) for holders (“trust unitholders”) of the trust units (“trust units”) of AltaGas Income Trust and a Premium Distribution™, Distribution Reinvestment and Optional Unit Purchase Plan (“limited partnership unitholder plan”) for holders (“limited partnership unitholders”) of Class B limited partnership units (“exchangeable units”) of either AltaGas Holding Limited Partnership No. 1 or AltaGas Holding Limited Partnership No. 2 (collectively, the “AltaGas LPs”).

Trust unitholders and limited partnership unitholders (collectively, the “unitholders”) of record on May 25, 2004 may now elect to participate in the trust unitholder plan or the limited partnership unitholder plan (collectively, the “Plans”), as applicable, commencing with the monthly cash distribution or cash payment payable on June 15, 2004. To participate in the applicable Plan, eligible registered unitholders must deliver the appropriate properly completed and signed authorization forms provided by the Trust for such purpose to Computershare Trust Company of Canada no later than 3:00 p.m. (Calgary Time) on the business day immediately preceding a distribution record date in order for the cash distribution or cash payment to which such record date relates to be reinvested or invested, as the case may be, under the applicable Plan.

Beneficial owners of trust units or exchangeable units (i.e. owners of trust units or exchangeable units that are held through a nominee such as a broker or custodian) who wish to participate in the applicable Plan should contact their broker, investment dealer, financial institution or other nominee who hold their trust units or exchangeable units to provide instructions regarding their participation in the applicable Plan.

Participation in the Plans is subject to proration in certain events.

Premium Distribution™ Component of the Plans

The Plans provide an opportunity for eligible unitholders to elect, under the Premium Distribution™ component, to direct that cash distributions paid by AltaGas in respect of their existing trust units be reinvested or cash payments made by the AltaGas LPs in respect of their exchangeable units be invested in new trust units at 95% of the average market price (as defined in the applicable Plan) of a trust unit on the applicable distribution date and to exchange such new trust units for a premium cash distribution equal to 102% of the cash distribution or cash payment that such unitholders would have otherwise been entitled to receive on such distribution payment date. Canaccord Capital Corporation will act as plan broker under the Premium Distribution™ component of both Plans. Currently, unitholders who are “control persons” under securities legislation are not eligible to participate in the Premium Distribution™ component of either Plan.

Distribution Reinvestment Component of the Plans

The Plans will also enable eligible unitholders to direct cash distributions paid by AltaGas in respect of their existing trust units be reinvested or cash payments made by the AltaGas LPs in respect of their exchangeable units be invested in additional trust units at 95% of the average market price of a trust unit on the applicable distribution date. Additional trust units purchased under either Plan will be credited to an account for the unitholder in accordance with the Plans.

Optional Cash Payment Component of the Plans

The Plans also allow unitholders who participate in either the Premium Distribution™ component or the distribution reinvestment component of the applicable Plan to purchase new trust units from the treasury of AltaGas at the average market price in minimum amounts of \$1,000 per remittance and maximum aggregate amounts of \$100,000 per month, all subject to an overall annual limit of trust units that may be purchased in this manner under both Plans of 2% of the outstanding trust units.

Generally, no commissions, service charges or brokerage fees will be payable by unitholders who participate in the Plans, but unitholders should make enquiries with their broker, investment dealer or financial institution through which their trust units or exchangeable units are held as to any policies of such party that would result in any charges, fees or commissions being payable under the applicable Plan.

AltaGas reserves the right to determine how much new equity is available under the Plans on any particular distribution date. Accordingly, participation may be pro-rated in certain circumstances.

Please note that registered and beneficial owners of trust units and registered and beneficial owners of exchangeable units who are not resident in Canada are not eligible to participate in the applicable Plan.

Participation in the applicable Plan does not relieve unitholders of any liability for taxes that may be payable on cash distributions or cash payments. Unitholders should consult their tax advisors concerning the tax implications of their participation in the applicable Plan having regard to their particular circumstances.

Unitholders are encouraged to carefully read the complete text of the applicable Plan before making any decisions regarding their participation in such Plan.

The full text of the Plans, an accompanying series of questions and answers, authorization forms and cash payment forms will be mailed to registered trust unitholders of AltaGas and registered limited partnership unitholders of the AltaGas LPs. Copies of these materials will also be made available on AltaGas' website at www.altagas.ca under the heading "DRIP".

AltaGas moves energy from its source to the end user, adding value through the process. The Trust has over \$900 million of assets and a market capitalization of approximately \$850 million. Its steadily expanding asset base today includes natural gas gathering and processing facilities, interests in ethane and natural gas liquids extraction plants, and transmission pipelines. AltaGas distributes natural gas to Alberta customers through AltaGas Utilities Inc., to customers in the Northwest Territories through the Ikhil Gas Project and distributes gas in Nova Scotia through its interest in Heritage Gas Limited. The Trust provides energy services to customers, including marketing of natural gas and natural gas liquids and sale of power from its power purchase based arrangements.

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

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

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