



NEWS RELEASE

ALTAGAS SELLS STAKE IN IKHIL JOINT VENTURE TO ALTAGAS UTILITY GROUP INC. FOR \$9 MILLION

Calgary, Alberta (August 1, 2007) – AltaGas Income Trust (AltaGas or the Trust) (TSX: ALA.UN) today announced it has signed an agreement to sell its 33.3335 percent interest in the Ikhil Joint Venture to AltaGas Utility Group Inc. (Utility Group) for \$9 million.

The Ikhil Joint Venture owns two natural gas wells in the Ikhil gas field located approximately 50 kilometres northwest of Inuvik in the Northwest Territories. It is the sole source of supply for Inuvik Gas Limited, one of three natural gas distribution systems owned by Utility Group. The wells produce an average of approximately 1.5 Mmcf/d of sweet dry gas into a field processing facility that cools the gas and delivers it to the town of Inuvik through a 6-inch pipeline, both owned by the Joint Venture.

“The sale of our interest in the Ikhil Joint Venture to AltaGas Utility Group Inc. completes our current divestiture plan of non-core production assets,” said David Cornhill, Chairman, President and CEO of the Trust. “The proceeds from the sale of the Trust’s interest in the Ikhil Joint Venture and the sale of the Cedar assets will reduce debt by more than \$20 million.”

No gain or loss is expected to result from the sale, which is effective July 1, 2007 and is subject to normal regulatory approvals.

AltaGas Income Trust owns approximately 27 percent of AltaGas Utility Group Inc., which trades on the Toronto Stock Exchange under the symbol AUI.

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.

This news release contains forward-looking statements. When used in this news release, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Trust or an affiliate of the Trust, are intended to identify forward-looking statements. In particular, this news release contains forward-looking statements with respect to, among other 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, 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 news release, including without limitation those listed above. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should

assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this news release as intended, planned, anticipated, believed, sought, proposed, estimated or expected, and such forward-looking statements included in, or incorporated by reference in this news release, should not be unduly relied upon. Such statements speak only as of the date of this news release. The Trust does not intend, and does not assume any obligation, to update these forward-looking statements. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

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