



NEWS RELEASE

ALTAGAS INCOME TRUST ANNOUNCES TRUST UNIT OFFERING

Calgary, Alberta (May 27, 2004) -- AltaGas Income Trust ("AltaGas") (TSE:ALA.UN) announced today that it has filed a preliminary short form prospectus with the securities commissions in each of the provinces of Canada with respect to the issue of Trust Units. AltaGas intends to raise approximately \$75 million from the offering which is anticipated to close during the week of June 7, 2004. The syndicate of Underwriters is lead by RBC Capital Markets and Clarus Securities Inc., and includes BMO Nesbitt Burns Inc., Scotia Capital Inc., CIBC World Markets Inc., National Bank Financial Inc., Canaccord Capital Corporation and Peters & Co. Limited. AltaGas has also granted the Underwriters an over-allotment option to purchase up to an additional 10 percent of the issue, exercisable, in whole or in part, within 30 days following the date of closing.

The net proceeds attributable to the sale of Trust Units will be used to reduce bank indebtedness, which may be redrawn and used for general corporate purposes including AltaGas' ongoing capital program, the funding of the Edmonton Ethane Extraction Plant acquisition announced on March 18, 2004 and future acquisitions.

Commenting on the offering, David W. Cornhill, Chairman and Chief Executive Officer of AltaGas Ltd., administrator of AltaGas, said, "This unit offering, our first since our conversion into an income trust on May 1, 2004, will reduce our debt to total capitalization ratio to within our new target range of 45 to 50 percent. With a considerably stronger balance sheet and predictable, long term cash flows generated by our diversified asset base we will continue to be positioned to take advantage of attractive investment opportunities as they arise."

AltaGas Income Trust will commence monthly distributions on June 15, 2004 to holders of Trust Units and Exchangeable Securities of record on May 25, 2004. The amount of the distribution on that date will be \$0.15 for each Trust Unit and each Exchangeable Security. It is expected that purchasers of Trust Units under this offering will be eligible to receive the anticipated July 15, 2004 distribution.

Enbridge Inc. (Enbridge) is not participating in this offering of Trust Units. Upon completion of the offering Enbridge is expected to hold a fully diluted ownership interest of approximately 36 percent.

AltaGas announced yesterday that it has executed a letter of intent to purchase the business of PremStar Energy Canada Ltd. and its subsidiaries ECNG Inc. and Energistics Group Inc. for approximately \$22.0 million payable by way of 993,789 Trust Units issued from AltaGas Income Trust treasury plus approximately \$1.2 million cash. The transaction is conditional on the execution of a purchase and sale agreement, which is expected to occur prior to July 1, 2004.

AltaGas moves energy from its source to the end user, adding value through the process. The Trust has assets totaling almost \$950 million and a market capitalization of approximately \$900 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.

This news release does not constitute an offer to sell securities, nor is it a solicitation of an offer to buy securities, in any jurisdiction. All sales will be made through registered securities dealers in jurisdictions where the offering has been qualified for distribution. The Trust Units offered are not, and will not be, registered under the securities laws of the United States of America, nor any State thereof and may not be sold in the United States of America absent registration in the United States or the availability of an exemption from such registration.

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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