



NEWS RELEASE

ALTAGAS SELLS CEDAR ENERGY PARTNERSHIP

Calgary, Alberta (May 30, 2007) – AltaGas Income Trust (AltaGas or the Trust) (TSX: ALA.UN) today announced it has signed an agreement to sell Cedar Energy Partnership (Cedar Energy) to a private energy company (the purchaser) for approximately \$12 million effective June 1, 2007. In addition, AltaGas will receive 1 million warrants of the purchaser, each of which will allow AltaGas to subscribe for, and purchase, one fully-paid and non-assessable common share in the capital of the purchaser for a three-year term ending June 1, 2010.

“Over the years AltaGas has accumulated a portfolio of oil and natural gas production assets in connection with larger field gathering and processing facility acquisitions. The assets were held and produced primarily to supply a long-term natural gas sales contract. In late 2006 AltaGas secured third-party supply to this long-term gas commitment, thereby eliminating the need for these production assets,” said David Cornhill, Chairman, President and CEO of AltaGas. “The sale of these non-core oil and gas production assets will allow AltaGas to focus more on its core natural gas and power businesses.”

The assets owned by Cedar Energy comprise oil and natural gas reserves located throughout Alberta and in the Weyburn area of southeast Saskatchewan. These assets produce approximately 400 barrels of oil equivalent per day, which constitutes approximately 85 percent of the Trust's oil and gas production business. The remainder of the Trust's oil and gas portfolio is an interest in the Ikhil Joint Venture in the Northwest Territories.

The sale of Cedar Energy is expected to modestly increase net income, providing approximately \$0.01 per unit on an annual basis. The sale of Cedar Energy will also result in a one-time gain of approximately \$1.5 million. The sale is subject to normal regulatory approvals.

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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