



NEWS RELEASE

ALTAGAS UTILITY GROUP INC. FILES AMENDED AND RESTATED PRELIMINARY PROSPECTUS

NOT FOR DISTRIBUTION IN THE U.S. OR TO U.S. NEWSWIRE SERVICES

Calgary, Alberta (October 21, 2005) – AltaGas Utility Group Inc. (the Corporation) and AltaGas Income Trust (the Trust) (TSX: ALA.UN) announce that the Corporation has filed and been receipted for an amended and restated preliminary prospectus with the securities regulatory authorities in all of the provinces of Canada relating to the spin-out of the Trust's natural gas distribution business and the Corporation's initial public offering of its common shares. This spin-out was first announced on May 25, 2005. The amended and restated preliminary prospectus updates the preliminary prospectus filed on August 29, 2005 to incorporate the financial results for the period ending June 30, 2005.

Upon completion of the offering, the Corporation will be a publicly traded holding company owning indirect interests in three companies, AltaGas Utilities Inc., Heritage Gas Limited and Inuvik Gas Ltd., each operating natural gas distribution utilities in Canada.

The closing of the transactions is expected to occur in mid-November 2005 and is subject to all applicable regulatory and exchange approvals.

The securities offered have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws. Accordingly, they may not be offered or sold within the United States except pursuant to registration under the 1933 Act and applicable state securities laws or pursuant to an exemption from registration therefrom.

A copy of the amended preliminary prospectus relating to the offering may be obtained from Clarus Securities Inc., 130 King St. West, Suite 3640, Toronto, ON M5X 1A9 (tel.: 416-343-2775) or at www.sedar.com.

The Trust's 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 news release, the words "expect", "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 Income Trust with Canadian securities regulators. AltaGas Utility Group Inc. and the Trust disclaim any intention or obligation to update or revise any forward-looking information whether as a result of new information or future events.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy the securities in any jurisdiction.

For further information contact:

Media
Dennis Dawson
(403) 691-7534
dennis.dawson@altagas.ca

Investment Community
Stephanie Labowka-Poulin
(403) 691-7136
stephanie.labowka-poulin@altagas.ca

Website: www.altagas.ca
Investor Relations
1-877-691-7199
investor.relations@altagas.ca