



NEWS RELEASE

ALTAGAS PROVIDES GUIDANCE ON SPIN-OUT

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Calgary, Alberta (October 26, 2005) – AltaGas Income Trust (the Trust) (TSX: ALA.UN) announced today that, further to the amended and restated preliminary prospectus relating to the spin-out of the Trust's natural gas distribution business and AltaGas Utility Group Inc.'s (AltaGas Utility Group) initial public offering filed on October 21, 2005, the Trust expects that at the closing of the transactions contemplated in the prospectus:

- approximately 47 percent of AltaGas Utility Group's shares will have been distributed to holders of record of the Trust's trust units (Trust Units) and AltaGas Holding Limited Partnership No. 1's (AltaGas LP #1) Class B limited partnership units (Class B Units) as a special distribution at a ratio of approximately one AltaGas Utility Group share for every seven Trust Units or Class B Units;
- between 23 and 27 percent of AltaGas Utility Group's shares will have been retained indirectly by the Trust;
- between 26 and 30 percent of AltaGas Utility Group's shares will have been sold to the public through the treasury offering and the secondary offering; and
- net proceeds from the transaction received by the Trust will be used to repay debt.

David Cornhill, Chairman and CEO of AltaGas Income Trust remarked "We are pleased that the spin-out of our natural gas distribution segment is proceeding smoothly. We have received approval from the Alberta Energy and Utilities Board and expect to close in mid-November, subject to remaining regulatory and exchange approvals." He reaffirmed that "The separation of the investment in AltaGas Income Trust into two investments will enhance unitholder value."

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.

AltaGas moves energy from its source to the end-user, adding value through the process. The Trust has consolidated assets totalling over \$1 billion and a market capitalization of approximately \$1.4 billion. 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 Inuvik Gas Ltd. and 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, sale of power from its power purchase based arrangements and, as a leading energy agency business, specializes in the procurement and supply of energy to end-users.

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 news release, the words "anticipate", "estimate", "expect" 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 the Trust with Canadian securities regulators. The Trust 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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