



NEWS RELEASE

ALTAGAS INCOME TRUST ANNOUNCES CLOSING OF SPIN-OUT OF NATURAL GAS DISTRIBUTION BUSINESS

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Calgary, Alberta (November 17, 2005) – AltaGas Income Trust (AltaGas or the Trust) (TSX: ALA.UN) today announced that it has completed the spin-out of its natural gas distribution segment into AltaGas Utility Group Inc. (Utility Group). The common shares of Utility Group commenced trading on the Toronto Stock Exchange at market opening today under the symbol AUI.

Utility Group owns indirect interests in three companies, AltaGas Utilities Inc., Heritage Gas Limited and Inuvik Gas Ltd., each operating natural gas distribution utilities in Canada. The Trust holds 2,184,000 common shares, or approximately 27 percent of Utility Group's total issued and outstanding common shares.

David Cornhill, Chairman, President and CEO of AltaGas Income Trust said, "This is an exciting day for AltaGas and our unitholders. We believe that AltaGas Utility Group Inc. will be an excellent addition to the investment marketplace and will enhance value for AltaGas' existing unitholders and Utility Group shareholders."

As announced on November 14, 2005, holders of trust units (Trust Units) of the Trust (Unitholders) and holders (LP Unitholders) of exchangeable partnership units (Partnership Units) of AltaGas Holding Limited Partnership No. 1 (AltaGas LP #1) will receive one common share of Utility Group for each 13.9592 Trust Units or Partnership Units held on the November 14, 2005 record date. Fractional shares will not be distributed and the number of common shares of Utility Group distributed to each holder of record will be rounded down to the next lowest number of common shares.

Registered Unitholders and LP Unitholders of record will receive a share certificate for common shares of Utility Group in the mail. Common shares distributed to non-registered Unitholders will be credited to their investment accounts. Non-resident Unitholders will be subject to withholding taxes as a result of the distribution of Utility Group common shares. Further information can be found under the heading "Distribution" in the section entitled "Plan of Distribution" in the final prospectus filed by Utility Group on November 4, 2005 and available at www.sedar.com.

Coincident with the spin-out, Utility Group completed its initial public offering of 390,000 common shares at a price of \$7.50 per share for gross proceeds of approximately \$2.9 million. AltaGas LP #1 also concurrently completed a secondary offering of 1,716,000 common shares of Utility Group at the same price of \$7.50 per share for gross proceeds to AltaGas LP #1 of approximately \$12.9 million.

The underwriting syndicate for Utility Group's initial public offering and AltaGas LP#1's secondary offering was co-led by Clarus Securities Inc. and RBC Capital Markets and included BMO Nesbitt Burns Inc.,

National Bank Financial Inc. and Scotia Capital Inc. Utility Group and AltaGas LP#1 have each granted the underwriters an over-allotment option exercisable for a period of 30 days following closing for an additional 15 percent of the treasury offering and the secondary offering, respectively. If the over-allotment options are exercised in full, the Trust's holding will be reduced to approximately 23 percent.

Clarus Securities Inc. was also retained as financial advisor by AltaGas Income Trust and AltaGas Utility Group Inc. with respect to the spin-out of Utility Group.

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 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 and processing, extraction of ethane and natural gas liquids, transmission, wholesale sale of power from its gas-fired generation and power purchase-based arrangements, 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 Capped Income Trust Index and the S&P/TSX Capped Energy Trust Index.

When used in this news 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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