AltaGas

NEWS RELEASE
ALTAGAS LTD. REPORTS 2014 FOURTH QUARTER AND YEAR END RESULTS

Calgary, Alberta (February 26, 2015)

Highlights

- A record $546 million in normalized EBITDA in 2014;
- A record $472 million in normalized funds from operations in 2014, a 17 percent increase over 2013;
- Increased annual dividend by 16 percent to $1.77 in May 2014;
- Completed 195 MW Forrest Kerr and 16 MW Volcano Creek hydroelectric projects in 2014;
- Acquired Blythe II and Blythe III projects to potentially triple AltaGas' generating capacity in California;
- Commenced LPG exports to Asia; and
- Gained partial ownership and control of the Douglas Channel LNG export project.

AltaGas Ltd. ("AltaGas") (TSX:ALA) today reported normalized EBITDA in 2014 increased $37 million to $546 million, compared to 2013. Normalized funds from operations increased 17 percent to $472 million ($3.72 per share) for 2014, compared to $402 million ($3.47 per share) in 2013. Normalized net income was $165 million ($1.30 per share) in 2014, compared to $176 million ($1.51 per share) in 2013.

"AltaGas significantly grew its competitive position as a leading North American energy infrastructure company in 2014," said David Cornhill, Chairman and CEO of AltaGas. "We built a competitive service offering across the midstream value chain, from wellhead to export markets, delivering LPG to the global marketplace for the first time through exports to Asia. We also developed a strategic alliance with a significant producer in the Montney to provide access to Asian markets for WCSB natural gas. Finally, we completed our Forrest Kerr and Volcano Creek projects, significantly increasing our long-life, low-risk energy infrastructure which provides stable cash flow."

For the year, AltaGas achieved record cash flow. The increase in cash flow was driven by strong performance in the Gas and Utilities segments, distributions from Petrogas, and contribution from Forrest Kerr. Cash flow was partially impacted by lower contribution from the Alberta power assets.

Earnings for the year were also driven by strong performance in the Gas and Utilities segments. AltaGas realized increased volumes from Gas assets, positive earnings contribution from Petrogas and continued rate base and customer growth at Utilities. Earnings also benefited from favorable foreign exchange rates on U.S. business results. However, earnings were impacted by lower Alberta power results and from Forrest Kerr partly due to the delay in the Northwest Transmission Line and slower ramp up than expected.

For fourth quarter 2014, normalized EBITDA was $155 million, compared to $153 million in fourth quarter 2013. Normalized funds from operations were $156 million ($1.17 per share) in fourth quarter 2014, compared to $123 million ($1.01 per share) in fourth quarter 2013. Normalized net income was $48 million ($0.36 per share) in fourth quarter 2014, compared to $60 million ($0.49 per share) in fourth quarter 2013.

Cash flow in fourth quarter 2014 increased compared to fourth quarter 2013 due to strong performance in the Gas and Utilities segments, distributions from Petrogas, and the cash contribution from Forrest Kerr.

Earnings in the fourth quarter were also driven by strong contributions from AltaGas' Gas and Utilities segments and an income tax recovery. Earnings were impacted by lower Power results.

In 2015, the company expects to benefit from a full year of Forrest Kerr and Volcano Creek, a partial year of McLymont Creek, the investment in Petrogas, and other growth projects coming into service. Two thirds of AltaGas' business consists of regulated Utilities and highly contracted power generation. The other third is AltaGas' Gas business which is also highly contracted. AltaGas maintains financial strength and flexibility, an investment grade credit rating, and ready access to capital markets. Coming into 2015, AltaGas had approximately $420 million in cash and $1.7 billion available on its credit facilities.

“We are well positioned for 2015 and we have business diversity and financial strength to weather the weaker economic environment,” said Cornhill. “2015 will be another exciting year as we see our first full year of operations from Forrest Kerr and Volcano, commission our McLymont Creek project, start construction of Townsend, and continue to advance our energy exports."

Net income applicable to common shares for 2014 was $96 million ($0.75 per share) compared to $182 million ($1.56 per share) for 2013. Net income applicable to common shares for 2014 was normalized for after-tax amounts related to provisions taken for certain assets, impact from the sale of non-core assets, unrealized gain or loss on mark-to-market adjustments, realized and unrealized losses on long-term investments, costs associated with the early redemption of MTNs, transaction costs related to acquisitions and development costs incurred for the energy export projects. Net income applicable to common shares for 2013 was normalized for similar extraordinary items as in 2014, excluding the costs associated with the early redemption of MTNs. Results in 2013 were also normalized for the impact of statutory tax rate changes.

On a GAAP basis, net income applicable to common shares was $10 million ($0.08 per share) in fourth quarter 2014, compared to $53 million ($0.44 per share) for same period 2013. Net income applicable to common shares for the fourth quarter 2014 includes the impact of a $70 million pre-tax provision taken for certain gas processing assets.

Project Updates

McLymont Creek

At the 66 MW McLymont Creek project, construction of the 7-kilometre intake access road is complete and intake construction is underway. Excavation of the McLymont power portal has been completed. Construction of the powerhouse is advancing ahead of schedule and installation of the turbines is underway. The project is expected to be in service in mid-2015.

LNG Export Business

AltaGas continues to progress on its liquefied natural gas (LNG) export initiatives. On January 28, 2015, AltaGas Idemitsu Joint Venture Limited Partnership (AIJVLP), EDF Trading Limited and EXMAR NV (the “Consortium”) announced that it has full ownership and control of the Douglas Channel LNG project as a result of the Plan of Arrangement completed under the Companies' Creditors Arrangement Act proceeding. All useful assets of the former Douglas Channel LNG project were transferred to the Consortium and all creditor claims have been settled. The Consortium has executed long-term lease agreements with the Haisla Nation regarding land and tenure and with Pacific Northern Gas Ltd. for long-term pipeline capacity to supply gas to the project. The project will have a nameplate capacity of 0.55 million tonnes per annum. The Consortium targets a final investment decision in fourth quarter 2015 and commercial operations in 2018.

LPG Export Business

AltaGas has also significantly advanced its liquefied petroleum gas (LPG) export initiatives. In 2014, AIJVLP completed the acquisition of two-thirds of Petrogas, which provides key infrastructure, supply logistics, and marketing expertise required to pursue LPG exports. LPG exports to Asia began in 2014 through Petrogas' Ferndale facility. The number of shipments from the Ferndale facility is expected to ramp up over the next several years to approximately 30,000 Bbls/d.

Through AIJVLP, AltaGas is also developing a greenfield LPG terminal on the west coast of Canada. Site evaluation studies are being conducted and expected to be completed in 2015. Terminal sites and refrigeration technology are being evaluated. AIJVLP is in discussions with key stakeholders to determine project timing, and with market participants to develop sales and logistics agreements.

Monthly Common Share Dividend and Quarterly Preferred Share Dividends

- The Board of Directors approved a dividend of $0.1475 per common share. The dividend will be paid on April 15, 2015, to common shareholders of record on March 25, 2015. The ex-dividend date is March 23, 2015. This dividend is an eligible dividend for Canadian income tax purposes;
- The Board of Directors approved a dividend of $0.3125 per share for the period commencing January 31, 2015 and ending March 31, 2015, on AltaGas' outstanding Series A Preferred Shares. The dividend will be paid on March 31, 2015 to shareholders of record on March 17, 2015. The ex-dividend date is March 13, 2015;
- The Board of Directors approved a dividend of US$0.275 per share for the period commencing January 1, 2015 and ending March 31, 2015, on AltaGas' outstanding Series C Preferred Shares. The dividend will be paid on March 31, 2015 to shareholders of record on March 17, 2015. The ex-dividend date is March 13, 2015; and
- The Board of Directors also approved a dividend of $0.3125 per share for the period commencing January 1, 2015, and ending March 31, 2015, on AltaGas' outstanding Series E Preferred Shares. The dividend will be paid on March 31, 2015 to shareholders of record on March 17, 2015. The ex-dividend date is March 13, 2015.
- The Board of Directors also approved a dividend of $0.296875 per share for the period commencing January 1, 2015, and ending March 31, 2015, on AltaGas' outstanding Series G Preferred Shares. The dividend will be paid on March 31, 2015 to shareholders of record on March 17, 2015. The ex-dividend date is March 13, 2015.

CONSOLIDATED FINANCIAL REVIEW

Years ended December 31 *($ millions)*	Three months ended December 31 **2014**	2013	Years ended December 31 **2014**	2013
Revenue	**667**	581	**2,406**	2,043
Net revenue[(1)]	**285**	265	**1,019**	960
Normalized operating income[(1)]	**105**	112	**366**	353
Normalized EBITDA[(1)]	**155**	153	**546**	509
Net income applicable to common shares	**10**	53	**96**	182
Normalized net income[(1)]	**48**	60	**165**	176
Total assets	**8,413**	7,284	**8,413**	7,284
Total long-term liabilities	**4,074**	3,727	**4,074**	3,727
Net additions to property, plant and equipment	**183**	223	**605**	1,145
Dividends declared[(2)]	**59**	47	**215**	174
Cash flows				
Normalized funds from operations[(1)]	**156**	123	**472**	402

($ per share, except shares outstanding)	Three months ended December 31 **2014**	2013	Years ended December 31 **2014**	2013
Normalized EBITDA[(1)]	**1.16**	1.26	**4.31**	4.38
Net income - basic	**0.08**	0.44	**0.75**	1.56
Net income - diluted	**0.08**	0.43	**0.74**	1.52
Normalized net income[(1)]	**0.36**	0.49	**1.30**	1.51
Dividends declared[(2)]	**0.44**	0.38	**1.69**	1.50
Cash flows				
Normalized funds from operations[(1)]	**1.17**	1.01	**3.72**	3.47
Shares outstanding - basic (millions)				
During the period[(3)]	**134**	122	**127**	116
End of period	**134**	122	**134**	122

(1) *Non-GAAP financial measure.*

(2) *Dividends declared per common share per month of $0.12 beginning September 10, 2012, $0.125 beginning April 24, 2013, $0.1275 beginning July 31, 2013 and $0.1475 beginning on May 26, 2014.*

(3) *Weighted average.*

CONFERENCE CALL AND WEBCAST DETAILS:

AltaGas will hold a conference call today at 9:00 a.m. MT (11:00 a.m. ET) to discuss 2014 fourth quarter and year end financial results, progress on construction projects and other corporate developments.

Members of the media, investment community and other interested parties may dial (416) 340-8527 or call toll free at 1-866-852-2121. There is no passcode. Please note that the conference call will also be webcast. To listen, please go to http://www.altagas.ca/investors/presentations_and_events. The webcast will be archived for one year.

Shortly after the conclusion of the call, a replay will be available by dialing (905) 694-9451 or 1-800-408-3053. The passcode is 8426115. The replay will expire at midnight (Eastern) on March 5, 2015.

AltaGas is an energy infrastructure business with a focus on natural gas, power and regulated utilities. AltaGas creates value by acquiring, growing and optimizing its energy infrastructure, including a focus on clean energy sources. For more information visit: www.altagas.ca

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FORWARD-LOOKING INFORMATION

The audited consolidated annual financial statements and annual Management's Discussion and Analysis (MD&A), which contain additional notes and disclosures, are expected to be filed with SEDAR on or about March 4, 2015, at which time a press release to that effect will be issued. The material will also be available on the AltaGas (AltaGas or the Corporation) website on that same day (www.altagas.ca).

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 AltaGas or an affiliate of AltaGas, are intended to identify forward-looking statements. In particular, this news release contains forward-looking statements with respect to, among others things, business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results. Specifically, such forward-looking statements are set forth under: "2015 Outlook" and "Growth Capital".

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 AltaGas' 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, changes in tax legislation, general economic conditions and other factors set out in AltaGas' public disclosure documents.

Many factors could cause AltaGas' or any of its business segments' actual results, performance or achievements to vary from those described in this news release, including without limitation those listed above as well as the assumptions upon which they are based proving incorrect. 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 this news release herein should not be unduly relied upon. These statements speak only as of the date of this news release. AltaGas does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this news release are expressly qualified as cautionary statements.

Financial outlook information contained in this news release about prospective results of operations, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this news release should not be used for the purposes other than for which it is disclosed herein.

Additional information relating to AltaGas can be found on its website at www.altagas.ca. The continuous disclosure materials of AltaGas, including its annual MD&A and Consolidated Financial Statements, Annual Information Form, Information Circular and Proxy Statement, material change reports and press releases, are also available through AltaGas' website or directly through the SEDAR system at www.sedar.com.

CONSOLIDATED FINANCIAL REVIEW

Three Months Ended December 31

Normalized net income was $48 million ($0.36 per share) for fourth quarter 2014, compared to $60 million ($0.49 per share) reported for same quarter 2013. Fourth quarter results reflect the challenging conditions faced in the Power segment as well as increased financing costs related to new assets in service and prefunding initiatives in the second half of the year.

The decrease in normalized net income was primarily a result of lower contribution from Alberta power assets, higher interest expense and preferred share dividends, and lower contribution from Blythe. Forrest Kerr entered service in August 2014 resulting in a negative impact to fourth quarter earnings as a result of full depreciation and interest costs recorded during the ramp up period. The decrease was partially offset by the contributions from the Gas, Utilities, and Corporate segments.

Net income applicable to common shares for fourth quarter 2014 was $10 million ($0.08 per share), compared to $53 million ($0.44 per share) for same quarter 2013. Net income applicable to common shares for fourth quarter 2014 was normalized for after-tax amounts related to provisions taken for certain gas assets, the impact from the sale of non-core assets, unrealized gain on mark-to-market adjustments, realized and unrealized losses on long-term investments, transaction costs related to acquisitions, costs associated with the early redemption of medium-term notes (MTNs), and development costs incurred for the energy export projects. Results in fourth quarter 2013 were normalized for similar extraordinary items as in fourth quarter 2014, excluding the costs associated with the early redemption of MTNs.

Normalized funds from operations for fourth quarter 2014 increased 27 percent to $156 million ($1.17 per share), compared to $123 million ($1.01 per share) for same quarter 2013. Normalized EBITDA for fourth quarter 2014 was $155 million, compared to $153 million for same quarter 2013. Cash flow increased primarily as a result of the growth in the Gas and Utilities segments, distributions from Petrogas, as well as lower administrative expenses, which together, were able to more than offset the lower contribution from the Alberta power assets and the higher interest expense.

Normalized operating income for fourth quarter 2014 was $105 million, compared to $112 million for same quarter 2013. Normalized operating results were driven by the same factors as described above related to normalized net income excluding interest expense, preferred share dividends and income taxes.

Operating and administrative expense for fourth quarter 2014 was $114 million, compared to $118 million for same quarter 2013. Amortization expense for fourth quarter 2014 increased to $47 million, compared to $40 million for same quarter 2013, mainly due to the asset growth of the Corporation. A $70 million provision was taken in fourth quarter 2014 for certain non-productive gas processing assets, compared to a provision of $3 million related to certain power assets under development that was recorded in same quarter 2013.

Interest expense for fourth quarter 2014 was $35 million, compared to $27 million for same quarter 2013. Interest expense in fourth quarter 2014 increased due to a higher average debt balance of $3,374 million (fourth quarter 2013 - $3,331 million) as a result of the Corporation's growth, lower capitalized interest of $3 million (fourth quarter 2013 - $9 million) due to Forrest Kerr and Volcano coming into service, and an increase in the average borrowing rate to 4.4 percent, compared to 4.3 percent in same quarter 2013.

AltaGas recorded an income tax recovery of $5 million for fourth quarter 2014, compared to income tax expense of $15 million for same quarter 2013. Income tax expense decreased primarily due to lower taxable earnings driven by the provisions recorded in 2014 for long-lived assets. The decrease in income tax expense was partially offset by the tax expense adjustment associated with the 2013 adjustments to deferred tax liabilities, effect of capital gains on asset dispositions, and the higher tax expense related to financial instruments.

FULL YEAR 2014

Normalized net income was $165 million ($1.30 per share) for 2014 compared to $176 million ($1.51 per share) reported for 2013. Normalized net income decreased compared to 2013 primarily due to lower contribution from Alberta power assets, higher compensation costs, preferred share dividends, interest costs, and lower contribution from Energy Services.

The Northwest Projects were brought into service in second half of 2014 resulting in a negative impact to earnings as a result of full depreciation and interest costs recorded during the ramp up period of the facilities. Partially offsetting the significant decline in contributions from power assets were the higher contributions from Gas assets due to increased volumes at some key processing facilities and higher NGL sales, the earnings contributions from Petrogas and Blythe, favorable foreign exchange rates on U.S. business results, and continued rate base and customer growth and colder weather at the utilities.

Net income applicable to common shares for 2014 was $96 million ($0.75 per share) compared to $182 million ($1.56 per share) for 2013. Net income applicable to common shares for 2014 was normalized for after-tax amounts related to provisions taken for certain assets, impact from the sale of non-core assets, unrealized gain or loss on mark-to-market adjustments, realized and unrealized losses on long-term investments, costs associated with the early redemption of MTNs, transaction costs related to acquisitions and development costs incurred for the energy export projects. Net income applicable to common shares for 2013 was normalized for similar extraordinary items as in 2014, excluding the costs associated with the early redemption of MTNs. Results in 2013 were also normalized for the impact of statutory tax rate changes.

Normalized funds from operations for 2014 increased 17 percent to $472 million ($3.72 per share), compared to $402 million ($3.47 per share) for 2013. Normalized EBITDA for 2014 increased 7 percent to $546 million compared to $509 million for 2013. The increase in cash flow was a result of higher contributions from the Gas and Utilities segments, and the addition of Forrest Kerr, partially offset by lower results from Alberta power assets.

Normalized operating income for 2014 was $366 million, compared to $353 million for 2013. Normalized operating results were driven by the same factors as described above related to normalized net income excluding interest expense, preferred share dividends and income taxes.

Operating and administrative expense for 2014 was $451 million, compared to $431 million for 2013. The increase was primarily due to asset growth of the Corporation as well as increased activity to support growth initiatives. Amortization expense for 2014 was $173 million compared to $152 million for 2013 mainly due to asset growth of the Corporation. Amortization and accretion expenses of $9 million were recorded for the Northwest Projects in 2014. In 2014, $119 million of pre-tax provisions for long-lived assets were recorded, compared to $23 million in 2013. Of these provisions, $70 million were taken for certain non-productive gas processing assets and $38 million for transmission pipeline assets as a result of a purchase option to be exercised by the customer in 2017.

Interest expense for 2014 was $111 million compared to $102 million for 2013. Interest expense increased due to a higher average debt balance of $3,262 million for 2014, compared to $2,966 million for 2013 as a result of the growth of the Corporation, as well as slightly lower capitalized interest of $30 million in 2014, compared to $31 million in 2013. The increase in interest expense was partially offset by a lower average borrowing rate of 4.3 percent in 2014 (2013 - 4.5 percent). In 2014, interest expense no longer being capitalized related to the Northwest Projects was $14 million.

AltaGas recorded income tax expense of $19 million for 2014 compared to $40 million for 2013. Income tax expense decreased due to lower taxable earnings in the year driven by provisions taken for long-lived assets and tax on a capital gain realized in 2013. The decrease in income tax expense was partially offset by unrealized gains on financial instruments in the year and the impact of adjustments in deferred tax estimates recorded in 2013.

2015 OUTLOOK

AltaGas' diversified portfolio of energy infrastructure assets are well positioned to weather commodity and economic cycles. Two thirds of AltaGas' business consists of regulated utilities and highly contracted power generation. The other third is AltaGas' Gas business which is also highly contracted with take-or-pay and cost-of-service contracts. The Power and Utilities segments are expected to report higher earnings and the Gas segment is expected to remain nearly flat to 2014 after adjusting for the impact of the turnarounds at Harmattan and Younger and assuming frac spreads recover in the latter half of 2015.

AltaGas expects to deliver earnings and cash flow growth in 2015 compared to 2014 as a result of the contribution from the Northwest hydro projects, the investment in Petrogas, growth in rate base and customers at the utilities, several other growth projects coming into service, and a weaker Canadian dollar. These increases are expected to be offset by the impact of lower power prices in Alberta as well as lower frac spreads if the lower commodity price environment should persist for all of 2015. Based on the current price environment, AltaGas expects that over 90 percent of overall EBITDA will be driven by its portfolio of long-life assets underpinned by long-term, take-or-pay and cost-of-service contracts and regulated earnings. In 2015 AltaGas expects to report higher financing costs related to new assets in service, higher income taxes and the impact of turnarounds at Younger and Harmattan.

First quarter 2015 earnings are expected to be lower than same period 2014. While there is an uplift from the impact of the weaker Canadian dollar on our U.S. business results, our first quarter 2015 is also expected to be impacted by normal seasonality of the Utilities and the Northwest projects, and a planned turnaround at Forrest Kerr, as well as lower frac and Alberta power prices. Normalized funds from operations are expected to be roughly flat to first quarter 2014.

Activity in AltaGas' Gas business is expected to be driven by the continued development in the Montney basin as well as the abundant supply and relatively low natural gas price environment in North America. Given the near term momentum of development in the world class Montney play, AltaGas expects growing demand for processing infrastructure in the area as natural gas supply increases. Surplus natural gas and natural gas liquids (NGL) in western Canada will necessitate energy exports to potentially mitigate the low regional price environment. AltaGas is uniquely positioned to deliver higher netbacks to producers by providing a competitive service offering across the energy value chain and by connecting producers to the highest value markets, including Asia.

While the current pace of development in the Montney is strong, if the significantly decreased oil and regional NGL prices experienced in late 2014 and early 2015 are sustained, growth opportunities for processing infrastructure could be delayed. To the extent there are delays, AltaGas has the potential to redeploy its growth capital into additional attractive investment opportunities across its diversified Power and Utility businesses.

Management estimates an average of 6,500 Bbls/d will be exposed to frac spread in 2015. For 2015, AltaGas has hedged approximately 50 percent of the estimated 6,500 Bbls/d exposed to frac spread at an average price of approximately $27/Bbl before deducting extraction premiums.

In the Power segment, earnings are expected to be driven by the full year contribution from Forrest Kerr and Volcano Creek, the partial year contribution from McLymont Creek, optimization of power assets including increased volumes generated at Sundance, and higher contribution from the US power business due to continued growth and development opportunities. The earnings and cash flows from Forrest Kerr and Volcano Creek are expected to be seasonally stronger beginning in the second quarter through early in the fourth quarter and seasonally weaker in the first quarter based on normal water flow patterns. AltaGas expects to mitigate the impact of downward pressure on Alberta power prices in 2015 through its hedging strategy.

AltaGas has hedged approximately 55 percent of volumes exposed to Alberta power prices for first quarter 2015 at an average price of approximately $59/MWh. Overall for 2015, AltaGas has hedged approximately 25 percent of volumes exposed to Alberta power prices at an average price of approximately $59/MWh. AltaGas expects to continue to hedge its exposure to Alberta Power prices throughout 2015 at prices lower than 2014 hedged prices if current forward curves persist throughout 2015.

In the Utilities segment, AltaGas expects to continue to benefit from the normal seasonally strong first and fourth quarters due to the winter heating season. The utilities are expected to report increased earnings in 2015 driven by increased customer and rate base growth. Earnings at all of the utilities except PNG are affected by the weather in their franchise areas, with colder weather generally benefitting earnings. If the weather varies from the previous year, earnings at the utilities would be affected. If the US dollar continues to appreciate, the earnings from the U.S. utilities will benefit accordingly in 2015. Some of this benefit is offset by higher US dollar-denominated interest.

GROWTH CAPITAL

Based on projects currently under review, development or construction, AltaGas expects capital expenditures in the range of $550 million to $650 million for 2015. The Corporation continues to focus on enhancing productivity and streamlining businesses, including the disposition of smaller non-core assets.

AltaGas' committed capital program is fully funded through internally-generated cash flow, the DRIP, and available bank lines. As at December 31, 2014, the Corporation had approximately $1.7 billion available on its credit facilities as well as cash on hand and short-term investments of $421 million primarily from the equity issuance and MTN offering completed in third quarter 2014.

Northwest Projects

The Northwest Projects consist of three run-of-river hydroelectric projects in northwestern British Columbia: 195 MW Forrest Kerr, 16 MW Volcano Creek and 66 MW McLymont Creek. The 277 MW Northwest Projects are contracted with 60-year EPAs with BC Hydro fully indexed to the CPI, as well as Impact Benefit Agreements with the Tahltan First Nation. The Forrest Kerr and Volcano Creek projects both entered service in 2014.

McLymont Creek

At the 66 MW McLymont Creek project, construction of the 7-kilometre intake access road is complete and intake construction is underway. Excavation of the McLymont power portal has been completed. Construction of the powerhouse is advancing ahead of schedule and installation of the turbines is underway. The project is expected to be in service in mid-2015.

Townsend Gas Processing Facility

On August 19, 2014 AltaGas and Painted Pony entered into a 15-year strategic alliance for the development of processing infrastructure and marketing services for natural gas and NGL. In the first phase of the strategic alliance, a 198 Mmcf/d shallow-cut gas processing facility, known as the Townsend Facility, will be constructed and operated by AltaGas, of which Painted Pony will reserve the right to a minimum of 150 Mmcf/d of firm capacity. The Townsend Facility will be located approximately 100 kilometers north of Fort St. John and 20 kilometers southeast of AltaGas' Blair Creek facility and is estimated to cost $325 to $350 million. Subject to regulatory approvals, construction of the Townsend facility is expected to commence in 2015 and is expected to be available by mid-2016, in advance of Painted Pony's production requirements.

Alton Natural Gas Storage Project

AltaGas has commenced work on the Alton Natural Gas Storage project, with up to 10 Bcf of natural gas storage, located near Truro, Nova Scotia. Drilling of the wells and construction at the cavern and river sites are complete. AltaGas has entered into a long-term storage agreement with Heritage Gas Limited (Heritage Gas) for the first phase, which is subject to regulatory approval by the Nova Scotia Utility and Review Board. The issuance of permits by the Nova Scotia Government's Department of Environment to commence brining has been delayed. AltaGas continues to work with the regulatory agencies to obtain the remaining permits, expected in 2015.

AltaGas Idemitsu Joint Venture Limited Partnership (AIJVLP)

On January 29, 2013, AltaGas signed an agreement with Idemitsu Kosan Co., Ltd. (Idemitsu) to form AIJVLP. AltaGas and Idemitsu each own, through subsidiaries, a 50 percent interest in AIJVLP. AIJVLP is pursuing opportunities to develop liquefaction infrastructure to meet the growing demand for natural gas in Asia. AIJVLP is also pursuing opportunities to develop a LPG export business, including logistics, plant refrigeration and storage facilities.

<u>LPG Export Business</u>

On March 1, 2014, AIJVLP completed the acquisition of two-thirds of Petrogas. Petrogas is a privately-held leading North American integrated midstream company. Petrogas' extensive logistics network provides key infrastructure as well as supply logistics and marketing expertise required to pursue LPG export opportunities.

On May 1, 2014 Petrogas acquired the Ferndale LPG export terminal located in the State of Washington. The facility is expected to increase the number of LPG shipments from the Ferndale facility resulting in a ramp up over the next several years to approximately 30,000 Bbls/d. Tank inspections were completed in late 2014. The facility has been re-configured to handle propane. First propane shipments are expected in first half 2015.

Through AIJVLP, AltaGas is also developing a greenfield LPG terminal on the west coast of Canada and is currently conducting site evaluation studies, which are expected to be completed in 2015. Terminal sites and refrigeration technology are being evaluated. AIJVLP is currently in discussions with key stakeholders to determine project timing, and with market participants to develop sales and logistics agreements.

<u>LNG Export Business</u>

In addition to pursuing LPG export initiatives through AIJVLP, AltaGas and Idemitsu formed the Douglas Channel LNG Consortium, which includes EDFT and EXMAR, to support the plan of arrangement under the Companies' Creditors Arrangement Act (CCAA) proceedings for the Douglas Channel LNG project. The Douglas Channel LNG project, is a proposed barge-based LNG export facility on the west bank of the Douglas Channel in Kitimat, British Columbia with a nameplate capacity of 0.55 million tonnes of liquified natural gas (LNG) per annum. On January 28, 2015, the Consortium announced that it had obtained full ownership and control of the Douglas Channel LNG project as a result of the statutory plan of arrangement completed under the CCAA proceedings. All of the useful assets of the former project have been transferred to the Consortium and all creditor claims have been settled. The Consortium has executed long-term lease agreements with the Haisla Nation regarding land and water tenure and with Pacific Northern Gas Ltd. (PNG) for long-term pipeline capacity to supply gas to the project. The Consortium is targeting a final investment decision (FID) by the end of 2015 and commercial operation in 2018.

In addition, AIJVLP continues to evaluate the development of a second LNG export facility. On April 16, 2014, Triton LNG, a wholly-owned subsidiary of AIJVLP, received NEB approval to export up to 2.3 million tonnes per annum of LNG. The LNG export projects are subject to further consultations and regulatory approvals, final investment decisions and facility constructions.

Pacific Northern Gas Ltd. Pipeline Looping Project (PLP)

PNG continues to proceed with the development of the potential expansion on its natural gas transmission line. PNG has signed Transportation Reservation Agreements (TRAs) with two parties to support the PNG expansion project. The TRAs provide for cost recovery of development costs related to the PLP and are backstopped by letters of credit provided by the counterparties. On July 24, 2013, the British Columbia Environmental Assessment Office (BCEAO) issued an order accepting PNG's PLP into the environmental assessment process following PNG's filing of its project description.

On March 31, 2014, the BCEAO issued the approved Application Information Requirements (AIR), which specifies the required information in an application for environmental assessment certificate. Under the approved environmental assessment process, PNG has up to three years to provide the required information. PNG is continuing its consultation activities while undertaking the field studies necessary to address the AIR.

Sonoran Energy Project (Blythe II) and Blythe III

In second quarter 2014, AltaGas paid US$9 million to acquire the shovel-ready Blythe II project, adjacent to the existing AltaGas Blythe facility located near the California-Arizona border. In fourth quarter 2014, AltaGas commenced the permitting and preliminary engineering of the project and began early discussions with major equipment suppliers. AltaGas also acquired 76 acres of land north of the current Blythe facility for the development of a second expansion (Blythe III). The development of both projects could potentially triple AltaGas' current generating capacity in California over the long-term.

Harmattan Cogeneration III

AltaGas is expanding its cogeneration fleet at Harmattan to 45 MW. In first quarter 2014, AltaGas began engineering and procured the combustion turbine for the new 15 MW Cogeneration III to meet the increased power demand at Harmattan and increase sales to the Alberta power market. Construction is well underway. Pilings and major foundations are complete and the combustion turbine and heat recovery steam generator have been installed. Cogeneration III is on schedule and budget and is expected to be in service in first half 2015 with a total project cost estimated at $40 million.

Regional LNG

AltaGas is developing a small scale LNG production facility in Dawson Creek, British Columbia. Capital cost of the Regional LNG project is estimated to be approximately $35 million. In fourth quarter 2014, permitting, engineering work and preliminary ground work commenced and the purchase orders for major equipment were completed. This LNG production facility is expected to displace diesel fuel in both the commercial and residential markets in the area. As market demand for LNG to displace diesel fuel further develops, expansion of the business may occur in British Columbia and other regions.

U.S. Power Assets Acquisition

On January 8, 2015 AltaGas completed the acquisition of three western U.S. gas-fired power assets with a total generation capacity of 164 MW. All three assets are currently contracted under PPAs with local creditworthy utilities, and generate stable cash flows. The acquisition is consistent with AltaGas' strategy of capitalizing on the demand for clean energy sources such as natural gas, growing and diversifying the power portfolio by increasing AltaGas' presence in the California and Colorado power markets, providing low-risk, fully contracted cash flows, and providing the potential for future organic growth opportunities via repowering of the sites.

RESULTS OF OPERATIONS BY REPORTING SEGMENT

Normalized Operating Income [1]	Three months ended December 31		Years ended December 31	
($ millions)	**2014**	2013	**2014**	2013
Gas	**$ 41**	$ 39	**$ 167**	$ 113
Power	**16**	30	**65**	123
Utilities	**57**	55	**166**	150
Sub-total: Operating Segments	**114**	124	**398**	386
Corporate	**(9)**	(12)	**(32)**	(33)
	$ 105	$ 112	**$ 366**	$ 353

(1) *Non-GAAP financial measure.*

GAS

OPERATING STATISTICS	Three months ended December 31		Years ended December 31	
	2014	2013	**2014**	2013
Total inlet gas processed (Mmcf/d)[1]	**1,551**	1,454	**1,512**	1,361
Extraction ethane volumes (Bbls/d)[1] [2]	**37,811**	34,115	**34,999**	32,695
Extraction NGL volumes (Bbls/d)[1] [2]	**38,392**	34,074	**37,777**	31,086
Total extraction volumes (Bbls/d)[1] [2]	**76,203**	68,189	**72,776**	63,781
Frac spread - realized ($/Bbl)[1] [3]	**20.44**	25.04	**22.83**	24.96
Frac spread - average spot price ($/Bbl)[1] [4]	**15.32**	32.38	**24.64**	27.15

(1) *Average for the period.*

(2) *Includes Harmattan NGL processed on behalf of customers.*

(3) *Realized frac spread or NGL margin, expressed in dollars per barrel of NGL, is derived from sales recorded by the segment during the period for frac exposed volumes plus the settlement value of frac hedges settled in the period less extraction premiums, divided by the total frac exposed volumes produced during the period.*

(4) *Average spot frac spread or NGL margin, expressed in dollars per barrel of NGL, are indicative of the average sales price that AltaGas receives for propane, butane and condensate less extraction premiums, divided by the respective frac exposed volumes for the period.*

In fourth quarter 2014, total inlet gas processed increased by 97 Mmcf/d, average ethane volumes produced increased by 3,696 Bbls/d and NGL volumes produced increased by 4,318 Bbls/d, compared to same quarter 2013. On an annualized basis, total inlet gas processed increased by 151 Mmcf/d, average ethane volumes produced increased by 2,304 Bbls/d and NGL volumes produced increased by 6,691 Bbls/d, compared to 2013.

The higher total inlet gas processed in 2014 was primarily driven by higher Harmattan Co-stream volumes, higher Younger volumes primarily from increased inlet volumes on the Septimus line, higher Gordondale and Blair Creek volumes from increased producer drilling, and higher volumes processed at Empress. The increase in total inlet gas processed in 2014 was partially offset by the sale of Ante Creek and declines in dry gas areas. Higher ethane volumes were due to increased volumes at Harmattan Co-stream and Empress. Higher NGL volumes were due to increased inlet volumes at Younger, Harmattan Co-stream, and Gordondale.

Three Months Ended December 31

The Gas segment reported normalized operating income of $41 million in fourth quarter 2014 compared to $39 million in same quarter 2013. The increase was mainly a result of higher volumes processed at the Harmattan, Gordondale, Blair Creek, and Younger facilities. This increase was partially offset by the sale of ECNG Energy L.P. (ECNG) in 2013, higher operating expenses and a lower earnings contribution from Petrogas.

The Gas segment reported an operating loss of $29 million in fourth quarter 2014, compared to operating income of $39 million in same quarter 2013. Results were due to the items described above as well as the impact of the $70 million pre-tax provision taken for certain non-productive gas processing assets located in dry gas areas that have been in decline over the past several years. Results for fourth quarter 2013 included a $4 million pre-tax gain from the sale of ECNG, and $3 million of AIJVLP development costs.

During fourth quarter 2014, AltaGas hedged 72 percent of frac exposed production at an average price of approximately $26/Bbl before deducting extraction premiums. During fourth quarter 2013, AltaGas hedged 83 percent of frac exposed production at an average price of approximately $27/Bbl before deducting extraction premiums. The average indicative spot NGL frac spread for fourth quarter 2014 was approximately $15/Bbl, compared to approximately $32/Bbl in same quarter 2013.

Full Year Results 2014

The Gas segment reported a 48 percent increase in normalized operating income to $167 million for 2014, compared to $113 million in 2013. The increase was primarily a result of the contribution from increased volumes processed at Harmattan, Gordondale, Blair Creek, and Younger, combined with higher contribution from sales of NGL, in addition to the earnings contribution from Petrogas. The increase was partially offset by higher costs to fulfill firm delivery commitments from operational curtailments of natural gas storage, higher pipeline rebalancing costs, lower C&I customers, higher operating expenses related to turnarounds at various gas facilities and lower earnings contribution from transportation volumes.

The Gas segment reported operating income of $69 million for 2014, compared to $96 million in 2013. Results for 2014 included the impact of a $70 million pre-tax provision taken for certain non-productive gas processing assets and a $38 million pre-tax provision taken for Ethylene Delivery Systems (EDS) and Joffre Feedstock Pipeline (JFP) transmission pipeline assets, partially offset by the pre-tax gain from the sale of the Ante Creek facility. Also included in 2014 are $2 million of AIJVLP development costs. Results for 2013 included the $16 million provision taken for certain non-core assets, the $4 million pre-tax gain from the sale of ECNG Energy L.P. (ECNG), $3 million of AIJVLP development costs, and $1 million of transaction costs related to acquisitions.

For the year ended December 31, 2014, AltaGas hedged 68 percent of frac exposed production at an average price of approximately $26/Bbl before deducting extraction premiums. For the year ended December 31, 2013, AltaGas hedged 70 percent of frac exposed production at an average price of approximately $27/Bbl before deducting extraction premiums. The average indicative spot NGL frac spread in 2014 was approximately $25/Bbl compared to approximately $27/Bbl in 2013.

POWER

OPERATING STATISTICS	Three months ended December 31		Years ended December 31	
	2014	2013	**2014**	2013
Volume of power sold (GWh) [1]	**1,457**	1,327	**5,169**	4,458
Average price realized on the sale of power ($/MWh) [2]	**63.77**	65.22	**65.97**	76.82
Alberta Power Pool average spot price ($/MWh)	**30.47**	48.59	**49.42**	80.19

(1) *Power sold from Sundance B is disclosed as volumes based on target availability and not volumes delivered.*

(2) *Price received excludes Blythe as it earns fixed capacity payments under its power purchase tolling agreement with Southern California Edison Company (SCE).*

During fourth quarter 2014, volume of power sold increased by 130 GWh compared to same quarter 2013. Volumes sold during fourth quarter 2014 comprised of 1,249 GWh conventional power generation and 208 GWh of renewable power generation, compared to 1,207 GWh conventional power generation and 120 GWh renewable power generation in same quarter 2013. Fourth quarter 2014 delivered volumes from Sundance B units were lower than actual availability.

For the year ended December 31, 2014, volume of power sold increased by 711 GWh compared to 2013. Volumes sold during 2014 comprised of 4,570 GWh conventional power generation and 599 GWh renewable power generation, compared to 4,004 GWh conventional power generation and 454 GWh renewable power generation in 2013. The increase in power generated was primarily due to the Blythe acquisition in May 2013 and the contribution from Forrest Kerr coming into service in August 2014. For the year ended December 31, 2014, Blythe and Forrest Kerr generated 1,663 and 152 GWh of power, respectively. In 2014, delivered volumes were lower than actual availability at the Sundance B units.

Three Months Ended December 31

The Power segment reported normalized operating income of $16 million for fourth quarter 2014, compared to $30 million for same quarter 2013. Normalized operating income decreased primarily as a result of lower contributions from Alberta power assets, partially offset by the contribution from Forrest Kerr.

Operating income in the Power segment was $43 million in fourth quarter 2014, compared to $26 million in same quarter 2013. Results were due to the items described above and also included a $27 million pre-tax gain on the sale of power assets. Also included in fourth quarter 2014 are $1 million of transaction costs related to acquisitions. Results in fourth quarter 2013 included a $3 million pre-tax provision taken for certain power assets under development.

In fourth quarter 2014, AltaGas was 57 percent hedged in Alberta at an average price of $61/MWh. In fourth quarter 2013, AltaGas was 60 percent hedged at an average price of $65/MWh.

Full Year Results 2014

For the year ended December 31, 2014, the Power segment reported normalized operating income of $65 million compared to $123 million for same period 2013. Normalized operating income decreased primarily as a result of a 38 percent decrease in Alberta Power Pool spot prices, lower generation from Alberta power assets, and increased administrative expenses. The decrease was partially offset by the contribution from Forrest Kerr, despite delays in the Northwest Transmission Line (NTL), and unforeseen weather and river conditions causing a slower ramp up of the facility during the second half of 2014. The decrease was also offset by the contribution from Blythe, despite a planned major turnaround from March 1 to April 15, 2014, and the impact of favorable foreign exchange on U.S. business results.

Operating income in the Power segment was $80 million in 2014, compared to $117 million in 2013. Operating income for 2014 includes the impact of a $27 million pre-tax gain on the sale of power assets and an $11 million pre-tax provision taken for a number of small hydro power development projects in British Columbia. Also included in 2014 are $1 million of transaction costs related to acquisitions. Results for 2013 included a $3 million pre-tax provision taken for a number of small wind power development projects and $2 million of transaction costs related to acquisitions.

For the year ended December 31, 2014, AltaGas was 55 percent hedged in Alberta at an average price of $64/MWh. In 2013, AltaGas was 62 percent hedged at an average price of $66/MWh.

UTILITIES

OPERATING STATISTICS	Three months ended December 31		Years ended December 31	
	2014	2013	**2014**	2013
Canadian utilities				
Natural gas deliveries - end-use (PJ)[(1)]	**10.6**	10.8	**32.7**	30.4
Natural gas deliveries - transportation (PJ)[(1)]	**1.4**	1.5	**5.6**	5.8
US utilities				
Natural gas deliveries - end-use (Bcf)[(1)]	**23.1**	23.9	**72.3**	70.1
Natural gas deliveries - transportation (Bcf)[(1)]	**11.7**	10.9	**41.0**	41.4
Service sites [(2)]	**562,746**	555,198	**562,746**	555,198
Degree day variance from normal - AUI (%) [(3)]	**(3.1)**	11.2	**2.3**	0.5
Degree day variance from normal - Heritage Gas (%) [(3)]	**(8.4)**	9.4	**(0.2)**	1.3
Degree day variance from normal - SEMCO Gas (%) [(4)]	**5.1**	11.3	**16.1**	9.0
Degree day variance from normal - ENSTAR (%) [(4)]	**(10.5)**	(1.3)	**(9.0)**	(1.0)

(1) *Petajoule (PJ) is one million gigajoules. Bcf is one billion cubic feet.*

(2) *Service sites reflect all of the service sites of AUI, PNG, Heritage Gas and U.S. utilities, including transportation and non-regulated business lines.*

(3) *A degree day for AUI and Heritage Gas is the cumulative extent to which the daily mean temperature falls below 15 degrees Celsius at AUI and 18 degrees Celsius at Heritage Gas. Normal degree days are based on a 20-year rolling average. Positive variances from normal lead to increased delivery volumes from normal expectations. Degree day variances do not materially affect the results of PNG as the BCUC has approved a rate stabilization mechanism for its residential and small commercial customers.*

(4) *A degree day for U.S. utilities is a measure of coldness determined daily as the number of degrees the average temperature during the day in question is below 65 degrees Fahrenheit. Degree days for a particular period are determined by adding the degree days incurred during each day of the period. Normal degree days for a particular period are the average of degree days during the prior 15 years for SEMCO Gas and during the prior 10 years for ENSTAR.*

Three Months Ended December 31

The Utilities segment reported operating income of $57 million for fourth quarter 2014, compared to $55 million for same quarter 2013. Results were higher due to continued customer and rate base growth and favourable foreign exchange on U.S. business results. The increase in normalized operating income was offset by warmer weather experienced compared to same quarter last year.

Full Year Results 2014

For the year ended December 31, 2014, the Utilities segment reported an 11 percent increase in normalized operating income to $166 million compared to $150 million for 2013. The increase was mainly due to customer and rate base growth, favorable foreign exchange on the U.S. business results, and colder weather.

The Utilities segment reported operating income of $166 million for the year ended December 31, 2014 compared to $184 million for 2013. Results were due to the items described above as well as the $38 million pre-tax gain on the sale of Pacific Trail Pipelines Limited Partnership, partially offset by the $3 million provision taken for assets in Inuvik, both recorded in third quarter 2013.

CORPORATE

Three Months Ended December 31

In the Corporate segment, normalized operating loss for fourth quarter 2014 was $9 million, compared to $12 million in same quarter 2013. The lower normalized operating loss was due to lower administrative expenses and higher interest income.

The operating loss in the Corporate segment was $25 million for fourth quarter 2014, compared to $16 million for same quarter 2013. The increase in loss was mainly due to the costs associated with the early redemption of MTNs, partially offset by higher interest income, lower administrative expenses, and by the unrealized mark-to-market adjustments.

Full Year Results 2014

Normalized operating loss for the year ended December 31, 2014 was $32 million, compared to $33 million in 2013. The lower normalized operating loss was primarily due to higher interest income and lower Corporate depreciation. The decrease in normalized operating income was partially offset by higher administrative expenses due to increased compensation costs.

The operating loss in the Corporate segment was $50 million for the year ended December 31, 2014, compared to $38 million for 2013. The increase in loss was mainly due to the costs associated with the early redemption of MTNs in 2014, partially offset by the unrealized mark-to-market adjustments.

INVESTED CAPITAL

During fourth quarter 2014, AltaGas increased property, plant and equipment, intangible assets, long-term investments and other assets by $194 million, compared to $491 million in same quarter 2013. The net invested capital was $157 million for fourth quarter 2014 compared to $479 million in same quarter 2013.

Invested Capital - Investment Type

					Three months ended **December 31, 2014**
($ millions)	Gas	Power	Utilities	**Corporate**	**Total**
Invested capital:					
Property, plant and equipment	**$ 44**	**$ 58**	**$ 76**	**$ 3**	**$ 181**
Intangible assets	**-**	**-**	**2**	**7**	**9**
Long-term investments	**1**	**-**	**-**	**3**	**4**
	45	**58**	**78**	**13**	**194**
Disposals:					
Property, plant and equipment	**-**	**(37)**	**-**	**-**	**(37)**
Long-term investments	**-**	**-**	**-**	**-**	**-**
Net Invested capital	**$ 45**	**$ 21**	**$ 78**	**$ 13**	**$ 157**

Invested Capital - Investment Type

Three months ended December 31, 2013

($ millions)	Gas	Power	Utilities	Corporate	Total
Invested capital:					
Property, plant and equipment	$ 15	$ 79	$ 52	$ 3	$ 149
Intangible assets	1	-	2	3	6
Long-term investments	336	-	-	-	336
	352	79	54	6	491
Disposals:					
Property, plant and equipment	(12)	-	-	-	(12)
Net Invested capital	$ 340	$ 79	$ 54	$ 6	$ 479

Invested Capital - Investment Type

Year ended December 31, 2014

($ millions)	Gas	Power	Utilities	**Corporate**	**Total**
Invested capital:					
Property, plant and equipment	**$ 91**	**$ 285**	**$ 184**	**$ 7**	**$ 567**
Intangible assets	**-**	**5**	**2**	**20**	**27**
Long-term investments	**7**	**-**	**-**	**53**	**60**
	98	**290**	**186**	**80**	**654**
Disposals:					
Property, plant and equipment	**(27)**	**(37)**	**-**	**-**	**(64)**
Net Invested capital	**$ 71**	**$ 253**	**$ 186**	**$ 80**	**$ 590**

Invested Capital - Investment Type

Year ended December 31, 2013

($ millions)	Gas	Power	Utilities	Corporate	Total
Invested capital:					
Property, plant and equipment	$ 37	$ 878	$ 149	$ 5	$ 1,069
Intangible assets	4	-	6	12	22
Long-term investments	338	-	-	-	338
	379	878	155	17	1,429
Disposals:					
Property, plant and equipment	(15)	-	-	-	(15)
Net Invested capital	$ 364	$ 878	$ 155	$ 17	$ 1,414

Consolidated Balance Sheets
(Unaudited)

As at *($ millions)*	**December 31 2014**	December 31 2013
ASSETS		
Current assets		
Cash and cash equivalents	**$ 371.0**	$ 44.8
Short-term investment	**50.0**	-
Accounts receivable	**352.4**	371.2
Inventory	**155.3**	123.4
Restricted cash holdings from customers	**4.2**	2.7
Regulatory assets	**12.8**	6.0
Risk management assets	**70.8**	35.0
Prepaid expenses and other current assets	**41.9**	33.2
Deferred income taxes	**-**	5.0
	1,058.4	621.3
Property, plant and equipment	**5,337.0**	4,952.5
Intangible assets	**356.9**	195.3
Goodwill	**785.1**	743.1
Regulatory assets	**302.0**	241.2
Risk management assets	**21.1**	12.3
Deferred income taxes	**2.2**	0.8
Restricted cash holdings from customers	**12.2**	12.8
Long-term investments and other assets	**84.6**	25.9
Investments accounted for by equity method	**453.9**	479.1
	$ 8,413.4	$ 7,284.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**$ 343.6**	$ 321.8
Dividends payable	**19.8**	15.6
Short-term debt	**72.4**	84.4
Current portion of long-term debt	**214.4**	209.1
Customer deposits	**34.9**	35.0
Regulatory liabilities	**10.0**	1.8
Risk management liabilities	**43.5**	44.7
Deferred income taxes	**2.1**	0.5
Other current liabilities	**24.4**	14.5
	765.1	727.4
Long-term debt	**3,049.6**	2,952.7
Asset retirement obligations	**70.9**	76.1
Deferred income taxes	**467.2**	442.8
Regulatory liabilities	**136.0**	124.3
Risk management liabilities	**14.7**	7.1
Other long-term liabilities	**204.5**	52.6
Future employee obligations	**131.2**	71.8
	4,839.2	4,454.8

As at ($ millions)	**December 31 2014**	December 31 2013
Shareholders' equity		
Common shares, no par value; unlimited shares authorized; 133.9 million issued and outstanding	**2,759.9**	2,211.4
Preferred shares Series A cumulative redeemable five-year; par value $25; authorized 8 million; 8 million issued and outstanding	**195.9**	194.1
Preferred shares Series C cumulative redeemable five-year; par value US$25; authorized 8 million; 8 million issued and outstanding	**200.6**	200.6
Preferred shares Series E cumulative redeemable five-year; par value $25; authorized 8 million; 8 million issued and outstanding	**195.8**	194.9
Preferred shares Series G cumulative redeemable five-year; par value $25; authorized 8 million; 8 million issued and outstanding	**196.1**	-
Contributed surplus	**14.9**	13.4
Accumulated deficit	**(185.2)**	(62.1)
Accumulated other comprehensive income	**163.1**	39.4
Total shareholders' equity	**3,541.1**	2,791.7
Non-controlling interests	**33.1**	37.8
Total equity	**3,574.2**	2,829.5
	$ 8,413.4	$ 7,284.3

Consolidated Statements of Income

(unaudited)

($ millions except per share amounts)	Three months ended December 31 2014	Three months ended December 31 2013	Year ended December 31 2014	Year ended December 31 2013
REVENUE				
Sales	**$ 217.7**	$ 184.6	**$ 845.3**	$ 747.5
Services	**118.4**	120.8	**489.1**	416.9
Regulated operations	**324.8**	284.9	**1,069.1**	888.9
Other revenue (loss)	**(0.6)**	(7.0)	**(2.3)**	(1.1)
Unrealized gain (loss) on risk management contracts	**6.5**	(2.1)	**4.7**	(9.2)
	666.8	581.2	**2,405.9**	2,043.0
EXPENSES				
Cost of sales, exclusive of items shown separately	**395.0**	335.2	**1,450.9**	1,236.2
Operating and administrative	**114.3**	117.6	**450.6**	430.5
Accretion and amortization	**49.6**	41.3	**180.3**	156.2
Provision on long-lived assets	**69.9**	3.1	**119.1**	22.6
	628.8	497.2	**2,200.9**	1,845.5
Income from equity investments	**0.6**	15.9	**38.6**	112.2
Other income	**12.8**	2.7	**25.4**	41.2
Foreign exchange loss	**(0.1)**	(0.5)	**(0.4)**	(0.3)
Interest expense				
Short-term debt	**0.4**	0.9	**1.4**	2.3
Long-term debt	**34.1**	26.2	**110.0**	99.8
Income before income taxes	**16.8**	75.0	**157.2**	248.5
Income tax expense (recovery)				
Current	**1.4**	3.8	**14.0**	19.8
Deferred	**(6.8)**	10.7	**5.0**	20.3
Net income after taxes	**22.2**	60.5	**138.2**	208.4
Net income applicable to non-controlling interests	**1.9**	2.0	**8.1**	7.3
Net income applicable to controlling interests	**20.3**	58.5	**130.1**	201.1
Preferred share dividends	**9.9**	5.3	**34.5**	19.6
Net income applicable to common shares	**$ 10.4**	$ 53.2	**$ 95.6**	181.5
Net income per common share				
Basic	**$ 0.08**	$ 0.44	**$ 0.75**	1.56
Diluted	**$ 0.08**	$ 0.43	**$ 0.74**	1.52
Weighted average number of common shares outstanding				
Basic	**133.5**	122.0	**126.7**	116.1
Diluted	**135.2**	125.8	**128.6**	119.5

Consolidated Statements of Comprehensive Income

(unaudited)

($ millions)	Three months ended December 31 2014	Three months ended December 31 2013	Year ended December 31 2014	Year ended December 31 2013
Net income after taxes	**$ 22.2**	$ 60.5	**$ 138.2**	$ 208.4
Total other comprehensive income (loss) (net of taxes)	**49.2**	34.8	**123.7**	54.8
Comprehensive income attributable to common shareholders and non-controlling interests (net of tax)	**$ 71.4**	$ 95.3	**$ 261.9**	$ 263.2
Comprehensive income attributable to:				
Non-controlling interests	**$ 1.9**	$ 2.0	**$ 8.1**	$ 7.3
Common shareholders	**69.5**	93.3	**253.8**	255.9
	$ 71.4	$ 95.3	**$ 261.9**	$ 263.2

Consolidated Accumulated Other Comprehensive Income (Loss) (1)

(unaudited)

($ millions)	Available-for-sale	Cash flow hedges	Defined benefit pension plans	Hedge net investments	Translation foreign operations	Total
Opening balance, January 1, 2014	$ (3.0)	$ (10.4)	$ (5.7)	$ (35.9)	$ 94.4	$ 39.4
Other comprehensive income (loss) before reclassification	(10.5)	23.7	(4.2)	(35.0)	147.9	121.9
Amounts reclassified from other comprehensive income	1.5	-	0.3	-	-	1.8
Net current period other comprehensive income (loss)	$ (9.0)	$ 23.7	$ (3.9)	$ (35.0)	$ 147.9	$ 123.7
Ending balance, December 31, 2014 (2) (3) (4) (5)	**$ (12.0)**	**$ 13.3**	**$ (9.6)**	**$ (70.9)**	**$ 242.3**	**$ 163.1**
Opening balance, January 1, 2013	$ (5.8)	$ (1.0)	$ (10.2)	(2.2)	3.8	$ (15.4)
Other comprehensive income (loss) before reclassification	(0.9)	(10.1)	3.9	(33.7)	90.6	49.8
Amounts reclassified from other comprehensive income	3.7	0.7	0.6	-	-	5.0
Net current period other comprehensive income (loss)	$ 2.8	$ (9.4)	$ 4.5	(33.7)	90.6	$ 54.8
Ending balance, December 31, 2013 (2) (3) (4) (5)	$ (3.0)	$ (10.4)	$ (5.7)	(35.9)	94.4	$ 39.4

(1) *All amounts are net of tax where applicable. Amounts in parenthesis indicate debits.*

(2) *Available-for-sale - net of tax recovery $1.7 million (December 31, 2013 - tax recovery $0.4 million)*

(3) *Cash flow hedges - net of tax expense $4.6 million (December 31, 2013 - $3.4 million).*

(4) *Defined benefit pension plans - net of tax recovery $3.3 million (December 31, 2013 - tax recovery $1.0 million).*

(5) *Hedge net investment - net of tax recovery $10.2 million (December 31, 2013 - tax recovery $5.2 million).*

Consolidated Statements of Equity

(unaudited)

For the years ended December 31 *($ millions)*		**2014**		2013
Common shares				
Balance, beginning of year	**$**	**2,211.4**	$	1,639.9
Shares issued for cash on exercise of options		**24.9**		18.9
Shares issued under DRIP [1]		**70.2**		60.3
Shares issued on private issuance		**-**		100.0
Deferred taxes on share issuance costs		**4.2**		-
Shares issued on public offering		**449.2**		392.3
Balance, end of year		**2,759.9**		2,211.4
Preferred shares				
Balance, beginning of year		**589.6**		394.7
Series A deferred taxes on share issuance costs		**1.8**		-
Series E issued and share issuance costs, net of taxes		**0.9**		194.9
Series G issued and share issuance costs, net of taxes		**196.1**		-
Balance, end of year		**788.4**		589.6
Contributed surplus				
Balance, beginning of year		**13.4**		10.6
Share options expense		**3.7**		4.6
Exercise of share options		**(2.1)**		(1.4)
Forfeiture of share options		**(0.1)**		(0.4)
Balance, end of year		**14.9**		13.4
Accumulated deficit				
Balance, beginning of year		**(62.1)**		(70.0)
Net income applicable to controlling interests		**130.1**		201.1
Reclassification of taxes on share issuance costs		**(4.2)**		-
Common share dividends		**(214.5)**		(173.6)
Preferred share dividends		**(34.5)**		(19.6)
Balance, end of year		**(185.2)**		(62.1)
Accumulated other comprehensive income (loss)				
Balance, beginning of year		**39.4**		(15.4)
Other comprehensive income		**123.7**		54.8
Balance, end of year		**163.1**		39.4
Total shareholders' equity		**3,541.1**		2,791.7
Non-controlling interests				
Balance, beginning of year		**37.8**		40.0
Net income applicable to non-controlling interests		**8.1**		7.3
Distribution by subsidiaries to non-controlling interests		**(12.8)**		(9.5)
Balance, end of year		**33.1**		37.8
Total equity	**$**	**3,574.2**	$	2,829.5

[1] *Dividend Reinvestment and Optional Share Purchase Plan.*

Consolidated Statements of Cash Flows

(unaudited)

	Three months ended December 31		Year ended December 31	
($ millions)	**2014**	2013	**2014**	2013
Cash from operations				
Net income after taxes	**$ 22.2**	$ 60.5	**$ 138.2**	$ 208.4
Items not involving cash:				
Depreciation, depletion and amortization	**46.8**	40.4	**173.4**	152.5
Provision on long-lived assets	**69.9**	3.1	**119.1**	22.6
Accretion of obligations	**2.8**	0.9	**6.9**	3.7
Share-based compensation	**0.8**	1.2	**3.7**	4.2
Deferred income tax expense	**(6.8)**	10.7	**5.0**	20.3
Gain on sale of assets	**(27.0)**	(4.0)	**(38.1)**	(41.5)
Income from equity investments	**(0.6)**	(15.9)	**(38.6)**	(112.2)
Unrealized (gain)/loss on risk management contracts	**(6.5)**	2.1	**(4.7)**	9.2
Realized/unrealized losses on long-term investments	**1.7**	4.3	**1.6**	5.4
Losses from extinguishment of debts	**16.6**	-	**16.6**	-
Other	**0.8**	2.6	**1.9**	5.3
Asset retirement obligations settled	**(1.4)**	(1.0)	**(2.4)**	(1.9)
Distributions from equity investments	**34.6**	16.3	**86.0**	122.4
Changes in operating assets and liabilities:				
Accounts receivable	**(122.2)**	(126.3)	**29.0**	28.0
Inventory	**17.6**	27.0	**(21.0)**	(18.8)
Prepaid expenses and other current assets	**(14.1)**	(6.2)	**(9.3)**	(9.0)
Regulatory assets (current)	**24.0**	(0.5)	**(5.9)**	(1.5)
Accounts payable and accrued liabilities	**31.6**	(34.8)	**(11.5)**	(48.6)
Customer deposits	**(0.1)**	(5.0)	**(2.3)**	(8.3)
Regulatory liabilities (current)	**8.0**	(0.5)	**7.7**	(0.4)
Other current liabilities	**4.2**	1.2	**(1.1)**	2.7
Other operating assets and liabilities	**(2.0)**	(0.6)	**3.5**	23.7
	100.9	(24.5)	**457.7**	366.2
Investing activities				
Change in restricted cash holdings from customers	**(1.2)**	0.3	**(1.3)**	6.1
Acquisition of property, plant and equipment	**(131.5)**	(82.0)	**(519.9)**	(501.1)
Acquisition of intangible assets	**(8.9)**	(5.8)	**(28.7)**	(46.5)
Proceeds from dispositions of assets	**37.3**	11.6	**64.5**	51.0
Contributions to equity investments	**(1.0)**	(4.3)	**(7.7)**	(6.8)
Business acquisitions, net of cash acquired	**(5.0)**	-	**-**	(536.8)
Acquisition of short-term investments	**(50.0)**	-	**(50.0)**	-
Acquisition of equity investment	**5.0**	(230.5)	**5.0**	(230.5)
Acquisition of long-term investments	**(3.0)**	-	**(53.0)**	-
	(158.3)	(310.7)	**(591.1)**	(1,264.6)

For the years ended December 31 *($ millions)*	**2014**	2013	**2014**	2013
Financing activities				
Net issuance of short-term debt	**31.9**	74.0	**(17.6)**	14.6
Issuance of long-term debt, net of debt issuance costs	**301.3**	936.1	**1,348.1**	2,091.7
Repayment of long-term debt	**(323.3)**	(846.0)	**(1,345.7)**	(1,637.5)
Dividends - common shares	**(59.0)**	(46.3)	**(210.3)**	(170.7)
Dividends - preferred shares	**(9.9)**	(4.8)	**(35.0)**	(19.2)
Distributions to non-controlling interest	**(3.4)**	(7.7)	**(12.8)**	(9.5)
Net proceeds from shares issued on exercise of options	**6.8**	3.6	**22.8**	18.9
Net proceeds from issuance of common shares	**20.3**	15.4	**511.8**	447.6
Net proceeds from issuance of preferred shares	**(0.1)**	194.9	**194.4**	194.9
	(35.4)	319.2	**455.7**	930.8
Effect of exchange rate changes on cash and cash equivalents	**1.6**	0.3	**3.9**	0.6
Change in cash and cash equivalents	**(92.8)**	(16.0)	**322.3**	32.4
Cash and cash equivalents, beginning of year	**462.2**	60.5	**44.8**	11.8
Cash and cash equivalents, end of year	**$ 371.0**	$ 44.8	**$ 371.0**	$ 44.8

SEGMENTED INFORMATION

AltaGas owns and operates a portfolio of assets and services used to move energy from the source to the end-user. The following describes the Corporation's four reporting segments:

Gas	– NGL processing and extraction plants; – transmission pipelines to transport natural gas and NGL; – natural gas gathering lines and field processing facilities; – purchase and sale of natural gas and electricity; – natural gas storage facilities; – LNG and LPG development projects; and – equity investment in a North American entity engaged in the marketing, storage, and distribution of NGL, drilling fluids, crude oil, and condensate diluents.
Power	– coal-fired, gas-fired, wind, biomass and run-of-river power output under power purchase agreements, both operational and under construction; and – sale of power to commercial and industrial users in Alberta.
Utilities	– rate-regulated natural gas distribution assets in Michigan, Alaska, Alberta, British Columbia and Nova Scotia; and – rate-regulated natural gas storage in Michigan and Alaska.
Corporate	– the cost of providing corporate services, financing and general corporate overhead, investments in public and private entities, corporate assets, financing other segments and the effects of changes in the fair value of risk management contracts.

The following tables show the composition by segment:

Three months ended December 31, 2014		**Gas**		**Power**		**Utilities**		**Corporate**		**Intersegment Elimination**		**Total**
Revenue	$	**291.7**	$	**104.4**	$	**328.0**	$	**-**	$	**(63.8)**	$	**660.3**
Unrealized gain on risk management		**-**		**-**		**-**		**6.5**		**-**		**6.5**
Cost of sales		**(198.3)**		**(54.7)**		**(204.1)**		**-**		**62.1**		**(395.0)**
Operating and administrative		**(39.5)**		**(16.2)**		**(51.3)**		**(9.0)**		**1.7**		**(114.3)**
Accretion of obligations		**(0.9)**		**(1.9)**		**-**		**-**		**-**		**(2.8)**
Depreciation, depletion and amortization		**(16.6)**		**(12.4)**		**(16.6)**		**(1.2)**		**-**		**(46.8)**
Provision on long lived-assets		**(69.9)**		**-**		**-**		**-**		**-**		**(69.9)**
Income from equity investments		**4.2**		**(4.1)**		**0.5**		**-**		**-**		**0.6**
Other income (expense)		**-**		**27.1**		**0.8**		**(15.1)**		**-**		**12.8**
Foreign exchange gain		**-**		**-**		**-**		**(0.1)**		**-**		**(0.1)**
Interest expense		**-**		**-**		**-**		**(34.5)**		**-**		**(34.5)**
Income (loss) before income taxes	$	**(29.3)**	$	**42.2**	$	**57.3**	$	**(53.4)**	$	**-**	$	**16.8**
Net additions to:												
Property, plant and equipment[(a)]	$	**31.6**	$	**51.8**	$	**92.4**	$	**6.7**		**-**	$	**182.5**
Intangible assets	$	**(1.4)**	$	**1.5**	$	**2.2**	$	**6.2**		**-**	$	**8.5**

Year ended December 31, 2014		**Gas**		**Power**		**Utilities**		**Corporate**		**Intersegment Elimination**		**Total**
Revenue	$	**1,178.8**	$	**388.0**	$	**1,076.9**	$	**-**	$	**(242.5)**	$	**2,401.2**
Unrealized gain on risk management		**-**		**-**		**-**		**4.7**		**-**		**4.7**
Cost of sales		**(789.6)**		**(244.4)**		**(651.6)**		**-**		**234.7**		**(1,450.9)**
Operating and administrative		**(177.1)**		**(52.1)**		**(199.3)**		**(29.9)**		**7.8**		**(450.6)**
Accretion of obligations		**(3.7)**		**(3.1)**		**(0.1)**		**-**		**-**		**(6.9)**
Depreciation, depletion and amortization		**(66.8)**		**(38.9)**		**(64.3)**		**(3.4)**		**-**		**(173.4)**
Provision on long-lived assets		**(108.2)**		**(10.9)**		**-**		**-**		**-**		**(119.1)**
Income from equity investments		**23.6**		**13.8**		**1.2**		**-**		**-**		**38.6**
Other income (expenses)		**12.0**		**27.0**		**3.2**		**(16.8)**		**-**		**25.4**
Foreign exchange loss		**-**		**-**		**-**		**(0.4)**		**-**		**(0.4)**
Interest expense		**-**		**-**		**-**		**(111.4)**		**-**		**(111.4)**
Income (loss) before income taxes	$	**69.0**	$	**79.4**	$	**166.0**	$	**(157.2)**	$	**-**	$	**157.2**
Net additions to:												
Property, plant and equipment[(a)]	$	**48.1**	$	**306.2**	$	**239.9**	$	**10.9**	$	**-**	$	**605.1**
Intangible assets	$	**0.6**	$	**171.6**	$	**3.5**	$	**16.8**	$	**-**	$	**192.5**
As at December 31, 2014:												
Goodwill	$	**161.4**		**-**	$	**623.7**		**-**		**-**	$	**785.1**
Segmented assets	$	**2,284.3**	$	**2,338.1**	$	**3,148.2**	$	**642.8**	$	**-**	$	**8,413.4**

[(a)] *Net additions to property, plant and equipment and long-term investments and other assets may not agree to changes reflected in Consolidated Balance Sheets due to classification of business acquisition and foreign exchange changes on U.S. assets.*

Three months ended December 31, 2013 (unaudited)		Gas		Power		Utilities		Corporate		Intersegment Elimination		Total
Revenue	$	271.7	$	88.4	$	290.3		-	$	(67.1)	$	583.3
Unrealized loss on risk management		-		-		-		(2.1)		-		(2.1)
Cost of sales		(177.7)		(53.3)		(169.1)		-		64.9		(335.2)
Operating and administrative		(45.3)		(11.2)		(52.3)		(11.0)		2.2		(117.6)
Accretion of obligations		(0.9)		-		-		-		-		(0.9)
Depreciation, depletion and amortization		(16.8)		(7.3)		(15.4)		(0.9)		-		(40.4)
Provision on long-lived assets		-		(3.1)		-		-		-		(3.1)
Income from equity investments		1.1		12.5		0.8		1.5		-		15.9
Other income (expenses)		5.6		0.3		1.0		(4.2)		-		2.7
Foreign exchange loss		-		-		-		(0.5)		-		(0.5)
Interest expense		-		-		-		(27.1)		-		(27.1)
Income (loss) before income taxes	$	37.7	$	26.3	$	55.3	$	(44.3)		-	$	75.0
Net additions (reductions) to:												
Property, plant and equipment[(a)]	$	44.5	$	99.4	$	76.5	$	3.0		-	$	223.4
Intangible assets	$	(11)	$	(0.1)	$	2.5	$	2.1		-	$	(6.5)

Year ended December 31, 2013		Gas		Power		Utilities		Corporate		Intersegment Elimination		Total
Revenue	$	1,019.9	$	300.4	$	894.4		-	$	(162.5)	$	2,052.2
Unrealized loss on risk management		-		-		-		(9.2)		-		(9.2)
Cost of sales		(658.1)		(231.8)		(502.5)		-		156.2		(1,236.2)
Operating and administrative		(184.7)		(33.1)		(190.2)		(28.8)		6.3		(430.5)
Accretion of obligations		(3.6)		(0.1)		-		-		-		(3.7)
Depreciation, depletion and amortization		(68.5)		(22.8)		(57.3)		(3.9)		-		(152.5)
Provision on long-lived assets		(15.9)		(3.7)		(3.0)		-		-		(22.6)
Income from equity investments		1.6		108.1		2.5		-		-		112.2
Other income (expenses)		5.6		0.3		40.2		(4.9)		-		41.2
Foreign exchange loss		-		-		-		(0.3)		-		(0.3)
Interest expense		-		-		-		(102.1)		-		(102.1)
Income (loss) before income taxes	$	96.3	$	117.3	$	184.1	$	(149.2)		-	$	248.5
Net additions (reductions) to:												
Property, plant and equipment[(a)]	$	42.1	$	333.8	$	765.4	$	3.3		-	$	1,144.6
Intangible assets	$	(7.0)	$	(0.2)	$	6.5	$	9.2		-	$	8.5
As at December 31, 2013:												
Goodwill	$	161.4		-	$	581.7		-		-	$	743.1
Segmented assets	$	2,454.8	$	1,924.5	$	2,765.9	$	139.1		-	$	7,284.3

[(a)] *Net additions to property, plant and equipment and long-term investments and other assets may not agree to changes reflected in Consolidated Balance Sheets due to classification of business acquisition and foreign exchange changes on U.S. assets.*

Other Information

DEFINITIONS

Bbls/d	barrels per day
Bcf	billion cubic feet
GJ	gigajoule
GWh	gigawatt-hour
kV	kilovolt
Mcf	thousand cubic feet
Mmcf/d	million cubic feet per day
MW	megawatt
MWh	megawatt-hour
PJ	petajoule
MMBTU	million British thermal unit

ABOUT ALTAGAS

AltaGas is an energy infrastructure business with a focus on natural gas, power and regulated utilities. The Corporation creates value by acquiring, growing and optimizing its energy infrastructure, including a focus on clean energy sources. For more information visit: www.altagas.ca.

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