



NEWS RELEASE

ALTAGAS REPORTS THIRD QUARTER RESULTS

Calgary, Alberta (October 28, 2010) – AltaGas Ltd. (AltaGas) (TSX: ALA) today reported net income applicable to common shares for the three months ended September 30, 2010 of \$6.0 million (\$0.07 per share). Adjusting for the impact of mark-to-market accounting net income in third quarter 2010 was \$16.4 million (\$0.20 per share).

Earnings before interest, taxes, depreciation and amortization (EBITDA) adjusted for the impact of mark-to-market accounting was \$56.8 million (\$0.70 per share) in third quarter 2010 compared to \$55.8 million (\$0.70 per unit) in the same period last year. Funds from operations for the three months ended September 30, 2010 were \$41.5 million (\$0.51 per share) compared to \$50.5 million (\$0.64 per unit) for the same period last year.

“Our diversified business strategy continues to produce stable earnings and cash flow in the face of weak commodity prices in some parts of our business,” said David Cornhill, Chairman and Chief Executive Officer of AltaGas. “We continue to make progress optimizing our business and growing our company. We commenced construction on Forrest Kerr and completed a number of gas and power construction projects this quarter that will contribute to long-term growth and cash flow generation.”

THIRD QUARTER HIGHLIGHTS:

Operating income adjusted for mark-to-market accounting was \$35.5 million in third quarter 2010 compared to \$37.7 million in the same quarter last year. The Gas Segment reported higher operating income primarily due to the addition of the natural gas distribution business in fourth quarter 2009, higher realized frac spreads in the extraction business and lower amortization. The Power Segment reported lower operating income primarily due to continued weaker power markets in Alberta, but benefited from no outage at Sundance B unlike the prior year and the addition of Bear Mountain Wind Park. Adjusting for the impact of mark-to-market accounting Corporate costs in the third quarter 2010 remained flat compared to the same quarter last year.

On a cash flow basis, funds from operations for the three months ended September 30, 2010 was \$41.5 million (\$0.51 per share) compared to \$50.5 million (\$0.64 per unit) in the third quarter 2009. The decrease in funds from operations is primarily due to lower power prices. AltaGas' hedging strategy has helped to stabilize cash flows and offset the impact of the decline in power prices. Funds from operations are also affected by the seasonality of the natural gas distribution business. Strong first and fourth quarter earnings are due to the majority of natural gas deliveries occurring during the winter heating season followed by lower contributions in the shoulder seasons during the second and third quarters.

Preferred Share Financing

AltaGas announced on August 19, 2010 it had completed a public offering of 8,000,000 Cumulative Redeemable Five-Year Rate Reset Preferred Shares, Series A (the “Series A Preferred Shares”) at a price of \$25 per Series A Preferred Share (the “Offering”). The Offering resulted in gross proceeds of \$200 million.

Net proceeds from the Offering were used to reduce outstanding indebtedness under AltaGas' credit facilities, thereby strengthening AltaGas' balance sheet and providing the financial flexibility to support construction activities related to the Forrest Kerr Project and other capital growth projects.

“We have completed approximately \$1 billion dollars in finance initiatives this year, including our very successful preferred share issue in August. When combined with our sustainable cash flow, dividend reinvestment program and strong balance sheet we are well positioned to fund our \$1.2 billion current committed capital program in a cost effective manner”, said David Cornhill. “We will continue a prudent financing strategy as we pursue our goal of securing over \$2 billion of organic growth in the next five years.”

Growth Highlights

During the third quarter 2010, AltaGas made progress on several projects in support of its planned \$2 billion of organic growth in the next five years. Notable developments include:

- Construction of the 13 MW gas-fired cogeneration facility at the Harmattan complex was completed on time and under budget. The project is now in the commissioning phase and is expected to commence operations in fourth quarter 2010. The facility will provide steam required to process natural gas at the Harmattan complex as well as produce electricity for on-site consumption with excess low cost generation sold in the Alberta market.
- Construction commenced on the Forrest Kerr run-of-river hydro project. During the third quarter 2010 road, bridge and camp work started in support of tunneling activities. Tunneling activities are scheduled to commence in first quarter 2011.
- 20 Mmcf/d expansion at the Pouce Coupe gas processing facility located in the Montney resource play area was completed at the end of the third quarter 2010. A portion of the expanded capacity has been contracted to a producer under a take-or-pay contract.
- 5 Mmcf/d expansion at the Acme gas processing facility was completed in third quarter 2010. The facility will serve increased producer activity in the Horseshoe Canyon coalbed methane formation. An additional expansion of 5 Mmcf/d is anticipated to occur in 2011.
- Harmattan Co-stream Project public hearing was completed by the ERCB on September 3, 2010. A decision is expected in fourth quarter 2010. The project, as currently designed, is expected to cost in the range of \$100 to \$120 million.
- Heritage Gas Ltd. completed a \$17 million natural gas distribution pipeline project to Bedford, Nova Scotia. The pipeline provides the foundation for further expansion into the growing communities in the Halifax Regional Municipality over the next several years.

Additional Financial Highlights

- Total assets of \$2.65 billion at September 30, 2010 compared to \$2.24 billion at September 30, 2009.
- AltaGas' debt-to-total capitalization ratio as at September 30, 2010 was 42.3 percent, versus 51.1 percent as at June 30, 2010 and 49.2 percent as at December 31, 2009.
- AltaGas declared dividends for the three months ended September 30, 2010 of \$0.33 per share.

CONFERENCE CALL AND WEBCAST DETAILS:

AltaGas will hold a conference call today at 9:30 a.m. MT (11:30 a.m. ET) to discuss the third quarter 2010 financial and operating results and other general issues and developments.

Members of the investment community, media and other interested parties may dial (416) 340-2216 or call toll free at 1-866-226-1792. No pass code is required. Please note that the conference call will also be webcast. A live audio webcast will also be available at http://www.altagas.ca/investors/presentations_and_webcasts

Shortly after the conclusion of the call, a replay will be accessible at (416) 695-5800 or 1-800-408-3053. The pass code is 1558721. The replay will expire at midnight (ET) on November 5, 2010. The webcast will be archived for one year.

The complete third quarter report for 2010, including Management's Discussion and Analysis and unaudited financial statements, is available on www.altagas.ca in the Investors/Financial Reports section of our website.

CONSOLIDATED FINANCIAL RESULTS (unaudited) (\$ millions)	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2010	2009	2010	2009
Revenue	297.4	291.4	991.9	931.8
Unrealized gains (losses) on risk management	(10.4)	4.4	(1.3)	10.9
Net revenue ⁽¹⁾	102.6	114.7	354.7	341.1
EBITDA ⁽¹⁾	43.5	63.5	171.1	189.5
EBITDA adjusted for mark-to-market accounting ⁽¹⁾	56.8	55.8	177.4	170.6
Operating income ⁽¹⁾	22.2	45.4	104.3	135.4
Operating income adjusted for mark-to-market accounting ⁽¹⁾	35.5	37.7	110.6	116.5
Net income applicable to common shares	6.0	34.7	70.7	109.1
Net income applicable to common shares adjusted for mark-to-market accounting ⁽¹⁾	16.4	28.4	76.1	93.6
Total assets	2,652.7	2,243.4	2,652.7	2,243.4
Total long-term liabilities	1,047.2	846.2	1,047.2	846.2
Net additions to capital assets	49.5	79.5	139.0	164.1
Distributions declared ⁽²⁾	-	43.0	85.4	126.9
Dividends declared ⁽³⁾	27.0	-	27.0	-
Cash flows				
Cash from operations	70.4	43.7	142.2	141.1
Funds from operations ⁽¹⁾	41.5	50.5	137.2	153.6

(\$ per share or unit)	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2010	2009	2010	2009
EBITDA ⁽¹⁾	0.53	0.80	2.10	2.43
EBITDA adjusted for mark-to-market accounting ⁽¹⁾	0.70	0.70	2.18	2.19
Net income - basic	0.07	0.44	0.87	1.40
Net income - diluted	0.07	0.43	0.87	1.39
Net income applicable to common shares adjusted for mark-to-market accounting ⁽¹⁾	0.20	0.36	0.94	1.20
Distributions declared ⁽²⁾	-	0.54	1.05	1.63
Dividends declared ⁽³⁾	0.33	-	0.33	-
Cash flows				
Cash from operations	0.86	0.55	1.75	1.81
Funds from operations ⁽¹⁾	0.51	0.64	1.69	1.97
Shares/units outstanding - basic (millions)				
During the period ⁽⁴⁾	81.7	79.5	81.3	78.0
End of period	81.9	79.8	81.9	79.8

⁽¹⁾ Non-GAAP financial measure; see discussion in Non-GAAP Financial Measures section of this MD&A.

⁽²⁾ Distributions declared of \$0.18 per unit per month during 2009 and for the first six months of 2010.

⁽³⁾ Dividends declared of \$0.11 per share per month during the three months ended September 30, 2010.

⁽⁴⁾ Weighted-average.

Other Information

DEFINITIONS

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

ABOUT ALTAGAS

AltaGas is one of Canada's largest and fastest growing integrated energy infrastructure organizations. AltaGas creates value by growing and optimizing gas and power infrastructure, including a focus on renewable energy sources. For more information visit: www.altagas.ca.

For further information contact:

Investment Community

Myles Dougan
(403) 691-7594
1-877-691-7199
investor.relations@altagas.ca

Media

Adrienne Lovric
(403) 691-9873
adrienne.lovric@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 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 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, general economic conditions and other factors set out in AltaGas' public disclosure documents. Many factors could cause AltaGas' 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. AltaGas 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.