



NEWS RELEASE

ALTAGAS LTD. TO ACQUIRE PACIFIC NORTHERN GAS LTD.

Calgary, Alberta (October 31, 2011) – AltaGas Ltd. (“AltaGas” or the “Corporation”) (TSX: ALA) announced today that it has entered into a definitive agreement (the “Agreement”) with Pacific Northern Gas Ltd. (“PNG”) pursuant to which AltaGas will indirectly acquire all of the issued and outstanding common shares of PNG (“PNG Shares”) for \$36.75 cash per PNG Share pursuant to a statutory plan of arrangement under the *Business Corporation Act* (British Columbia).

“PNG is an outstanding strategic fit for AltaGas,” said David Cornhill, Chairman and CEO of AltaGas. “PNG’s management team and employees have a strong track record of delivering safe and reliable service to their customers and have excellent relationships with the communities in which they operate. We are pleased to welcome all PNG employees to our team. AltaGas has a long history of operating natural gas utilities across Canada and we will continue to deliver safe and reliable service to our customers.”

The offer represents a 20 percent premium based on the \$30.50 closing price of PNG Shares on October 28, 2011 and a 28 percent premium based on the volume weighted average trading price for the 20 prior trading days. The transaction is valued at approximately Cdn \$230 million, including assumed debt expected to approximate \$85 million and \$5 million preferred shares. The transaction values the regulated rate base of approximately \$174 million at approximately 1.2 times. The regulated assets earn an allowed rate of return of approximately 10.1 percent with a weighted average equity thickness of approximately 44 percent. The acquisition is expected to be immediately accretive to earnings and cash flow. The estimated \$140 million cash required to close the transaction will be funded by existing credit facilities and cash on hand.

The acquisition of PNG is consistent with AltaGas’ strategy of building one of Canada’s leading energy infrastructure companies underpinned by low-risk, long life assets. The transaction will result in a 50 percent increase in AltaGas’ regulated rate base to over \$500 million and increase customers from 75,000 to more than 110,000. Increased natural gas exploration taking place in areas such as the Montney and Horn River and increased industrial activity in northern BC are expected to result in rate base and customer growth as areas such as Dawson Creek and Fort St. John see increased economic activity. There is also significant geographic alignment with other key AltaGas assets such as the Bear Mountain Wind Park and the Younger facility, BC’s only natural gas liquids extraction plant.

PNG’s run-of-river assets also fit well with AltaGas’ renewable strategy. AltaGas expects to complete construction of three of its run-of-river projects by 2016. The first, 195 MW Forrest Kerr project is expected to be in service in July 2014. The McLymont Creek and Volcano Creek projects with approximately 82 MW in total are expected to be in service in mid-2015 and mid-2016 respectively.

Growing North American natural gas supply and continued attractive natural gas prices in Asian markets continue to support growth of an LNG industry in western Canada. PNG's Western system is well positioned to capitalize on the growing demand for additional pipeline capacity along the Summit Lake to Kitimat/Prince Rupert corridor.

The Board of Directors of AltaGas has unanimously approved the Agreement. Likewise, the Board of Directors of PNG unanimously approved the Agreement and concluded that the transaction is in the best interest of PNG and the PNG shareholders. PNG's largest shareholder and PNG's directors and senior officers, who collectively own or exercise control or direction over approximately 25 percent of PNG's shares on a fully diluted basis, have agreed to support the transaction and vote their PNG Shares in favour of the transaction.

Transaction Details

The proposed transaction is subject to approval of at least two-thirds of the votes cast at a special meeting of PNG shareholders expected to be held on or about December 12, 2011, and by a majority of the 'minority' shareholders voting at such meeting, followed by and subject to the approval of the Supreme Court of British Columbia. Pursuant to the terms of the Agreement, the proposed transaction is also subject to a number of other customary conditions, including regulatory approval by the British Columbia Utilities Commission. If all shareholder, court and regulatory approvals are obtained, the transaction is expected to close on or about December 16, 2011. The management information circular for the special meeting is expected to be mailed to PNG shareholders in mid-November 2011.

The terms of the Agreement prohibit PNG, among other things, from initiating, soliciting or knowingly taking any action to encourage or facilitate an acquisition proposal from a third party, and provide AltaGas the opportunity to match any competing unsolicited proposals. Under certain specified circumstances, such as where PNG enters into a definitive agreement with respect to a superior proposal, a termination fee of \$5 million is payable by PNG to AltaGas.

Scotia Waterous Inc. is acting as financial advisors to AltaGas with respect to the transaction. Stikeman Elliott LLP is acting as legal advisors to AltaGas.

About Pacific Northern Gas

Headquartered in Vancouver, British Columbia, PNG (TSX: PNG/PNG.PR.A) owns and operates natural gas transmission and distribution systems. PNG's western transmission line extends from the Spectra Energy gas transmission system north of Prince George to tidewater at Kitimat and Prince Rupert, and provides service to 12 communities and a number of industrial facilities. In the northeast, PNG's subsidiary Pacific Northern Gas (N.E.) Ltd. provides gas distribution service in the Dawson Creek, Fort St. John and Tumbler Ridge areas. Further information is available on PNG's website at: www.png.ca.

About AltaGas Ltd.

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 renewable energy sources.

AltaGas' regulated utilities serve end-users in Alberta, Nova Scotia and Inuvik, Northwest Territories. The Utility business is comprised of 100 percent interests in AltaGas Utilities Inc. (AUI), the Alberta utility business and Heritage Gas, the Nova Scotia utility business, a one-third interest in Inuvik Gas Ltd. (Inuvik Gas) and a 33.3335 percent interest in the Ikhil Joint Venture (Ikhil). For more information visit: 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 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.

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