

ALTAGAS REPORTS SECOND QUARTER RESULTS; 195 MW FORREST KERR FACILITY GENERATING POWER

Calgary, Alberta (July 31, 2014)

Highlights

- Normalized net income of \$26.8 million and normalized EBITDA of \$107.4 million;
- 27 percent increase in normalized funds from operations to \$105.8 million;
- Forrest Kerr generating power on time and budget;
- Received regulatory approval on Harmattan Cogeneration III project; and
- Acquired the Blythe II Energy Project, advancing the opportunity to double the 507 MW Blythe facility.

AltaGas Ltd. ("AltaGas") (TSX:ALA) today reported second quarter normalized net income of \$26.8 million (\$0.22 per share), compared to \$35.5 million (\$0.30 per share) in the same period 2013. Normalized EBITDA was \$107.3 million for the second quarter 2014, compared to \$106.2 million for the same period 2013. Normalized funds from operations were \$105.8 million (\$0.86 per share) for the second quarter 2014, compared to \$83.1 million (\$0.71 per share) for the same period 2013.

"We continue to deliver solid earnings and cash flow and have hit record financial results on a trailing twelve month basis," said David Cornhill, Chairman and CEO of AltaGas. "We expect growth in earnings and cash flow to continue with Forrest Kerr now in service and Volcano expected to come online soon. Bringing these facilities on with 60-year contracts demonstrates the successful execution of our strategy to grow our business with high quality assets that deliver long-term stable cash flows."

In the second quarter, earnings were driven primarily by the partial ownership of Petrogas, higher natural gas volumes processed, higher frac spreads, contributions from the Blythe facility and higher rate base at the Utilities. Earnings in the quarter were negatively impacted by significantly weaker power prices in Alberta and warmer weather affecting the US utilities, compared to the second quarter 2013. In the second quarter, funds from operations were strong as a result of receiving approximately \$28 million in dividends from AltaGas' investment in Petrogas.

On a GAAP basis, net income applicable to common shares was \$28.9 million (\$0.23 per share) for the three months ended June 30, 2014, compared to \$35.9 million (\$0.31 per share) for the same period 2013.

In the second quarter, AltaGas acquired the Blythe Energy II project for US\$8.5 million. The project, renamed the Sonoran Energy Project, is a fully permitted, shovel ready project located adjacent to the existing 507 MW Blythe facility in California. AltaGas expects to respond to anticipated upcoming Request for Proposals by the end of 2014, with the potential to double the size of the existing Blythe facility.

For the six months ended June 30, 2014, normalized net income increased 10 percent to \$100.5 million compared to \$91.1 million for the same period in 2013. In both periods, normalized earnings per share were \$0.82. Normalized funds from operations increased to \$235.7 million (\$1.92 per share), compared to \$199.2 million (\$1.78 per share) for the same period in 2013.

On a GAAP basis, net income applicable to common shares was \$68.8 million (\$0.56 per share) for the six months ended June 30, 2014, compared to \$85.0 million (\$0.76 per share) for the same period 2013. Net income applicable to common shares for the six months ended June 30, 2014 includes an after-tax gain of \$8.9 million from the sale of assets, offset by a non-cash after-tax provision of \$28.7 million related to assets from the acquisition of Taylor NGL Limited Partnership in 2008, a non-cash after-tax provision of \$8.1 million related to a number of small hydro power assets under development that are in a sales process, mark-to-market accounting and the cost of early redemption of medium-term notes.

Northwest Run-of-River Projects

On July 30, 2014, AltaGas announced that it has brought into service its 195 MW Forrest Kerr run-of-river hydro project. Commissioning of the powerhouse systems and high voltage switchyard were completed in July and the facility is tied-in and delivering power to the Northwest Transmission Line. Over the next four to six weeks a number of online electrical and system functional checks will be performed during which time generation is expected to fluctuate. AltaGas expects final project commercial operations to be achieved by the end of Q3 2014.

At the 16 MW Volcano Creek project, construction continues to pace ahead of schedule. The penstock excavation and switchyard work continues. Installation of the turbine generators is complete and assembly of the powerhouse is well underway. The project is on track to be in service shortly.

At the 66 MW McLymont Creek project, construction of the powerhouse foundation is advancing. Excavation of the 2,800 meter power tunnel is approximately 80 percent complete. The project is expected to be in service in mid-2015.

Energy Exports

AltaGas continues to advance its Liquefied Petroleum Gas (LPG) export initiative. AltaGas is now operating Petrogas' Ferndale facility in the State of Washington. Capacity at the Ferndale facility is expected to ramp up to 30,000 Bbls/d over the next several years.

AltaGas Idemitsu Joint Venture Limited Partnership (AIJVLP) continues to make progress on building an LPG export business off Canada's west coast for an additional 30,000 Bbls/d. AIJVLP has been in active negotiations for potential site locations and a site feasibility study is underway.

In addition to LPG, AIJVLP continues to work with various parties to support the Companies' Creditors Arrangement Act (CCAA) Plan of Arrangement proceedings for the Douglas Channel LNG project. AIJVLP continues to develop definitive agreements and stakeholders are expected to vote on the CCAA plan of arrangement following filing of the plan with the court. The CCAA court deadline to reach definitive agreements is August 1, 2014.

Monthly Common Share Dividend and Quarterly Preferred Share Dividend

- The Board of Directors approved the August 2014 dividend of \$0.1475 per common share. The dividend will be paid on September 15, 2014, to common shareholders of record on August 25, 2014. The ex-dividend date is August 21, 2014. 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 July 1, 2014 and ending September 30, 2014, on AltaGas' outstanding Series A Preferred Shares. The dividend will be paid on September 30, 2014 to shareholders of record on September 17, 2014. The ex-dividend date is September 15, 2014;
- The Board of Directors approved a dividend of US\$0.275 per share for the period commencing July 1, 2014 and ending September 30, 2014, on AltaGas' outstanding Series C Preferred Shares. The dividend will be paid on September 30, 2014 to shareholders of record on September 17, 2014. The ex-dividend date is September 15, 2014;
- The Board of Directors also approved a dividend of \$0.3125 per share for the period commencing July 1, 2014, and ending September 30, 2014, on AltaGas' outstanding Series E Preferred Shares. The dividend will be paid on September 30, 2014 to shareholders of record on September 17, 2014. The ex-dividend date is September 15, 2014; and
- The Board of Directors also approved a dividend of \$0.2896 per share for the period commencing July 3, 2014, and ending September 30, 2014, on AltaGas' outstanding Series G Preferred Shares. The dividend will be paid on September 30, 2014 to shareholders of record on September 17, 2014. The ex-dividend date is September 15, 2014.

CONSOLIDATED FINANCIAL REVIEW

<i>(unaudited)</i>	Three months ended		Six months ended	
	June 30		June 30	
<i>(\$ millions)</i>	2014	2013	2014	2013
Revenue	471.2	458.6	1,295.0	1,072.1
Net revenue ⁽¹⁾	219.9	211.8	516.5	449.1
Normalized operating income ⁽¹⁾	64.5	68.0	201.6	177.2
Normalized EBITDA ⁽¹⁾	107.3	106.2	286.7	252.1
Net income applicable to common shares	28.9	35.9	68.8	85.0
Normalized net income ⁽¹⁾	26.8	35.5	100.5	91.1
Total assets	7,197.4	6,704.3	7,197.4	6,704.3
Total long-term liabilities	3,799.8	3,598.9	3,799.8	3,598.9
Net additions to property, plant and equipment	68.0	715.8	221.7	835.5
Dividends declared ⁽²⁾	52.1	43.8	99.1	81.8
Cash flows				
Normalized funds from operations ⁽¹⁾	105.8	83.1	235.7	199.2

	Three months ended		Six months ended	
	June 30		June 30	
<i>(\$ per share, except shares outstanding)</i>	2014	2013	2014	2013
Normalized EBITDA ⁽¹⁾	0.87	0.90	2.33	2.26
Net income - basic	0.23	0.31	0.56	0.76
Net income - diluted	0.23	0.30	0.55	0.74
Normalized net income ⁽¹⁾	0.22	0.30	0.82	0.82
Dividends declared ⁽²⁾	0.42	0.37	0.81	0.73
Cash flows				
Normalized funds from operations ⁽¹⁾	0.86	0.71	1.92	1.78
Shares outstanding - basic (millions)				
During the period ⁽³⁾	123.3	117.7	122.9	111.7
End of period	123.6	118.4	123.6	118.4

⁽¹⁾ Non-GAAP financial measure; see discussion in Non-GAAP Financial Measures section of the second quarter 2014 MD&A.

⁽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 second quarter financial results, progress on construction projects and other corporate developments.

Members of the media, investment communities 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 8670145. The replay expires at midnight (Eastern) on August 7, 2014.

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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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.