



## NEWS RELEASE

### ALTAGAS REPORTS RECORD EARNINGS FOR FIRST QUARTER

**Calgary, Alberta (April 26, 2012)** – AltaGas Ltd. (AltaGas) (TSX: ALA) (TSX: ALA.PR.A) (TSX: ALA.R) today reported net income applicable to common shares of \$41.3 million (\$0.46 per share) for the three months ended March 31, 2012, compared to \$26.7 million (\$0.32 per share) for the same period 2011. Normalized net income applicable to common shares was \$40.2 million (\$0.45 per share) for the three months ended March 31, 2012, compared to \$34.6 million (\$0.42 per share) for the same period 2011. Normalized EBITDA for the three months ended March 31, 2012, was \$92.5 million, compared to \$81.8 million for the same period 2011. Normalized funds from operations were \$75.5 million (\$0.84 per share) for the three months ended March 31, 2012, compared to \$61.5 million (\$0.74 per share) for the same period 2011.

“This quarter we delivered record earnings, underscoring the stability and strength of our assets and the effectiveness of our business strategy. We reported over 12 percent higher operating income of \$76.4 million from our business segments this quarter compared to \$68.5 million in first quarter last year,” said David Cornhill, Chairman and CEO of AltaGas. “Again, our diversified portfolio, contracting and hedging strategies and regulated assets contributed to a solid quarter. Strong volumes and continued strong frac spreads in our Gas business, higher hedged power generation at higher prices and low gas prices mitigated the impact of weaker power spot prices in Alberta. The Utility business benefited from the addition of Pacific Northern Gas, our new utility in British Columbia, as well as rate base growth in Alberta and Nova Scotia.”

AltaGas has significant capital projects underway, with several new and expanded assets being commissioned in the latter half of this year. The Harmattan Co-stream Project, which will use 250 Mmcf/d of existing spare capacity is expected to be in service early third quarter 2012. An expansion at the Blair Creek facility is expected to add approximately 50 Mmcf/d of processing capacity and commence operation in third quarter. Construction of the Gordondale gas plant, a 120 Mmcf/d deep-cut facility, is well underway and expected to be in service in late 2012. AltaGas initiated several new pipeline projects for total cost of approximately \$40 million also expected to be in service in late 2012. In Power, the 70 MWs of new generation assets in 2012 include gas-fired plants in Alberta at two of its gas plant sites, waste heat recovery in British Columbia and renewable generation in the United States.

AltaGas’ most significant addition in 2012 is the pending acquisition of SEMCO Holding Corporation (SEMCO). On February 1, 2012, AltaGas announced the acquisition of SEMCO for US\$1.135 billion including the assumption of US\$355 million debt. The addition of SEMCO will add approximately US\$725 million in rate base and is expected to be accretive to earnings and cash flow per share by more than 10 percent and add approximately \$130 million in incremental EBITDA, in 2013, the first full year of ownership. In 2013, approximately two thirds of AltaGas’ cash flow is expected to come from long-term contracted or regulated assets compared to 29 percent in 2011. Closing is subject to regulatory approval and is expected in third quarter 2012. The applications to the Michigan Public Service Commission and the Regulatory Commission of Alaska for approval of the transaction have been submitted, with hearings set for May in both proceedings.

“The year ahead will be busy, with almost \$500 million in new gas assets, \$90 million in new power assets, the acquisition of SEMCO and rate base growth at the Canadian utilities. These additions are expected to add over \$200 million in EBITDA on an annualized basis,” said Cornhill, “we will see significant growth in our diversified energy infrastructure portfolio which is expected to deliver superior economic returns by growing cash flow and earnings to support sustainable dividend growth and continued capital investment.”

Construction at the 195 MW Forrest Kerr site is progressing ahead of schedule and on budget. Excavation of the power tunnel is underway, all other tunnels are completed and the power house excavation is 54 percent completed. In addition, significant work has been completed on the intake structure. As at March 31, 2012, 90 percent of project costs have been contractually committed. The environmental applications for the 66 MW McLymont Creek and the 16 MW Volcano Creek projects are in progress. Detailed engineering for McLymont Creek and Volcano Creek is on track to be completed prior to commencement of construction planned to start in second quarter this year. The McLymont Creek and Volcano Creek projects are expected to be in service in late 2015.

### **Financial Highlights<sup>(1)</sup>**

Effective January 1, 2012, AltaGas follows United States Generally Accepted Accounting Principles (US GAAP). All prior comparative information has been restated to US GAAP.

- Earnings before interest, taxes, depreciation and amortization (EBITDA) were \$92.5 million for first quarter 2012, compared to \$81.8 million for same quarter 2011.
- Funds from operations were \$75.5 million (\$0.84 per share) for first quarter 2012, up from \$61.5 million (\$0.74 per share) for same quarter 2011.
- Net debt as at March 31, 2012 was \$1,512.5 million, compared to \$944.4 million at March 31, 2011 and \$1,334.2 million at December 31, 2011. AltaGas' debt to total capitalization ratio as at March 31, 2012 was 52.3 percent, versus 43.7 percent at March 31, 2011 and 49.6 percent as at December 31, 2011.
- AltaGas closed a subscription receipts offering for 13,915,000 common shares for gross proceeds of approximately \$403.0 million. The subscription receipts represent the holders' right to receive one common share of AltaGas contingent upon close of the SEMCO acquisition. The net proceeds from the sale of the subscription receipts are held by an escrow agent pending, among other things, receipt of all regulatory and government approvals required to finalize the acquisition of SEMCO and fulfillment or waiver of all other outstanding conditions precedent to closing the acquisition.
- AltaGas extended the term of the \$600 million and \$75 million credit facilities to four years to May 30, 2016.
- AltaGas closed a new US\$300 million unsecured credit facility maturing on March 2, 2013.
- On April 13, 2012 AltaGas issued \$200 million of senior unsecured medium-term notes. The notes carry a coupon rate of 4.07 percent and mature on June 1, 2020.

<sup>(1)</sup> Includes normalized Non-GAAP financial measures. See public disclosures available at [www.altagas.ca](http://www.altagas.ca) or [www.sedar.com](http://www.sedar.com) for definitions

### **IN THE FIRST QUARTER, ALTAGAS:**

- Announced the acquisition of SEMCO for US\$1.135 billion including US\$355 million in assumed debt. SEMCO owns and operates regulated natural gas utilities and natural gas storage in Alaska and Michigan.
- Acquired 35 MW of operating biomass assets and announced an agreement to acquire 14.5 MW of wind generation under construction in the United States.
- Acquired 25 MW of gas-fired peaking generation in Alberta. AltaGas previously had the rights to this capacity through a lease arrangement since 2004.
- Initiated new transmission projects that are expected to cost approximately \$40 million and commence operations in late 2012.

**CONSOLIDATED FINANCIAL RESULTS**

(unaudited) (\$ millions)	2012	Three Months Ended
		March 31 2011 (restated)
Revenue	<b>376.5</b>	384.5
Net revenue <sup>(1)</sup>	<b>167.4</b>	136.2
Normalized operating income <sup>(1)</sup>	<b>69.5</b>	61.1
Normalized EBITDA <sup>(1)</sup>	<b>92.5</b>	81.8
Net income applicable to common shares	<b>41.3</b>	26.7
Normalized net income <sup>(1)</sup>	<b>40.2</b>	34.6
Total assets	<b>3,696.1</b>	2,845.3
Total long-term liabilities	<b>1,918.9</b>	1,282.7
Net additions to property, plant and equipment	<b>147.5</b>	32.7
Dividends declared <sup>(2)</sup>	<b>30.9</b>	27.3
Cash flows		
Normalized funds from operations <sup>(1)</sup>	<b>75.5</b>	61.5
		Three Months Ended
		March 31
(\$ per share)	2012	2011
		(restated)
Normalized EBITDA <sup>(1)</sup>	<b>1.03</b>	0.99
Net income - basic	<b>0.46</b>	0.32
Net income - diluted	<b>0.45</b>	0.32
Normalized net income <sup>(1)</sup>	<b>0.45</b>	0.42
Dividends declared <sup>(2)</sup>	<b>0.345</b>	0.33
Cash flows		
Normalized funds from operations <sup>(1)</sup>	<b>0.84</b>	0.74
Shares outstanding - basic (millions)		
During the period <sup>(3)</sup>	<b>89.5</b>	82.8
End of period	<b>89.8</b>	83.0

<sup>(1)</sup> Non-GAAP financial measure; see discussion in Non-GAAP Financial Measures section of Management's Discussion and Analysis.

<sup>(2)</sup> Dividends declared of \$0.115 per common share per month commencing October 27, 2011.

<sup>(3)</sup> 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 first quarter 2012 financial and operating results and other general issues and developments concerning AltaGas.

Members of the media, investment communities 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. To listen, please go to [http://www.altagas.ca/investors/presentations\\_and\\_webcasts](http://www.altagas.ca/investors/presentations_and_webcasts). 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 6316376. The replay expires at midnight (Eastern) on May 3, 2012.

The complete first quarter report for 2012, including Management's Discussion and Analysis and unaudited financial statements, is available on [www.altagas.ca](http://www.altagas.ca) in the Investors/Financial Reports section of its website.

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 renewable energy sources. For more information visit: [www.altagas.ca](http://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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