AltaGas **News Release**

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ALTAGAS ANNOUNCES US$1.135 BILLION ACQUISITION OF NATURAL GAS DISTRIBUTION AND NATURAL GAS STORAGE UTILITIES IN ALASKA AND MICHIGAN AND $350 MILLION BOUGHT DEAL SUBSCRIPTION RECEIPT OFFERING

Calgary, Alberta (February 1, 2012)

AltaGas Ltd. ("AltaGas" or the "Corporation") (TSX: ALA) announced today that it has entered into a definitive agreement (the "Agreement") with Continental Energy Systems LLC ("Continental") to acquire SEMCO Holding Corporation ("SEMCO") for US$1.135 billion, including approximately US$355 million in assumed debt. SEMCO is the sole shareholder of SEMCO Energy, Inc. a privately held regulated public utility company headquartered in Port Huron, Michigan. SEMCO indirectly holds a regulated natural gas distribution utility in Alaska through ENSTAR Natural Gas Company ("ENSTAR") and an interest in a regulated natural gas storage utility in Alaska under construction called Cook Inlet Natural Gas Storage Alaska, LLC ("CINGSA"). SEMCO also indirectly holds a regulated natural gas distribution utility and an interest in an unregulated natural gas storage facility in Michigan.

In connection with the acquisition, AltaGas has agreed to sell, on a bought deal basis, an aggregate of 12,100,000 subscription receipts at a price of $29.00 per subscription receipt for gross proceeds of approximately $350 million (approximately $403 million if the 15 percent over-allotment option is exercised in full). The subscription receipts will be offered through a syndicate of investment dealers co-led by BMO Capital Markets, RBC Capital Markets and TD Securities Inc.

"AltaGas' vision is to be a leading North American energy infrastructure company. This acquisition continues the successful execution of our growth strategy," said David Cornhill, Chairman and CEO of AltaGas. "These assets come with strong management teams and employees who 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 look forward to welcoming the SEMCO management teams and employees to AltaGas. We have a long history of operating natural gas utilities, and we will continue to deliver safe and reliable service to our customers. This acquisition establishes a significant foothold in the U.S. in areas with strong growth potential that are near existing AltaGas assets and operations. We are focused on creating shareholder value for the long term and this transaction adds stable, regulated, long-life cash flow," said Mr. Cornhill.

The proposed transaction is expected to be accretive to earnings and cash flow per share by more than 10 percent, and is expected to add approximately US$130 million in incremental EBITDA, in 2013, the first full year of ownership. The implied transaction multiple is 8.7 times 2013 EBITDA.

The acquisition of SEMCO adds approximately 570 employees and includes full management and operations teams in Alaska and Michigan. Each SEMCO natural gas distribution utility is a stand-alone turn-key operation with its own billing system, call centers, accounting, IT and HR functions.

"In addition to the $350 million bought deal subscription receipt offering announced today, we are also pleased to announce we have obtained commitments for a new US$300 million credit facility, which will further increase our liquidity and provide financing certainty for this acquisition," Mr. Cornhill added. "We remain committed to our investment grade credit rating and will continue to be financially disciplined in how we finance our growth over the long-term."

Investment Highlights

Strategic Fit

- Fits with AltaGas' vision of being one of North America's leading energy infrastructure companies, and aligns with AltaGas' strategy of growing by adding stable, regulated, long life assets;
- Consistent with AltaGas' strategy to grow in the northern U.S. and establishes a significant foothold in areas with growth potential and in proximity to assets and

operations AltaGas owns today;

- Significantly increases natural gas distribution rate base by approximately US$725 million and allows AltaGas to continue to add customers as natural gas continues to be more competitively priced compared to other fuels used for space heating; and
- Upon closing, AltaGas' utility business, on a pro forma basis, is expected to be approximately 40 percent of consolidated EBITDA until 2014, when the 195 MW Forrest Kerr run-of-river power project in British Columbia is scheduled to come into commercial operation. At that time, based on AltaGas' current plans, cash flows from the Power, Utility and Gas businesses are expected to be more equally weighted.

Stable Regulated Cash Flows

- In 2013, approximately two-thirds of AltaGas' consolidated annualized EBITDA is expected to come from regulated or long-term contracted assets;
- The acquisition provides stable, regulated, cash flows to further support both AltaGas' dividend and capital growth projects in the United States and Canada;
- Approximately 99 percent of SEMCO revenues are derived from regulated natural gas distribution and storage utilities; and
- No direct natural gas cost exposure due to pass-through mechanisms at both SEMCO natural gas distribution utilities.

Extensive Opportunities for Growth

- Significant historical customer growth at ENSTAR with a 2.5 percent compound annual growth rate over the past ten years;
- Potential to expand CINGSA from currently contemplated 11 Bcf of working natural gas capacity to estimated reservoir potential of 18 Bcf of working natural gas capacity;

- Growth projects available in Alaska including various system enhancements and expansions; and

- Opportunity to benefit from economic recovery in the state of Michigan and particularly the local economies that SEMCO serves.

Significant Positive Financial Impact

- The proposed transaction is expected to be accretive to earnings and cash flow per share by more than 10 percent, and is expected to add approximately US$130 million in incremental EBITDA, in 2013, the first full year of ownership;

- Strengthens AltaGas' business profile with a significant increase in expected cash flow stability; and

- Results in continued conservative payout as a percentage of funds from operations. AltaGas will continue to monitor its dividend payout ratio as a percentage of funds from operations and net income. Dividend growth is expected to be modest until 2014 when the 195 MW Forrest Kerr run-of-river power project in British Columbia is expected to come into service. AltaGas expects to continue to deliver strong returns to shareholders in the form of dividend growth and potential capital appreciation.

Acquisition Funding

- Cash to close of approximately US$780 million, is expected to be provided from a combination of equity and debt; specifically: (i) the net proceeds from the subscription receipt offering described in more detail later; (ii) a new US$300 million unsecured credit facility; (iii) the Corporation's existing $1 billion in senior unsecured credit facilities currently in place; and (iv) future debt and preferred share financings.

- The Corporation will continue to maintain its strong balance sheet and financial discipline and is committed to maintaining its investment grade credit rating.

Transaction closing

The transaction is subject to customary approvals including regulatory approvals from the Michigan Public Service Commission ("MPSC"), the Regulatory Commission of Alaska ("RCA") and expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The regulatory process is expected to take approximately six months and the acquisition is expected to close in the third quarter, 2012.

Description of Key Assets

Alaska Assets

- SEMCO's Alaska natural gas distribution utility, ENSTAR, has an approved regulated rate of return on equity of 12.55 percent on prescribed equity of 51.40 percent on a rate base of approximately US$200 million;

- ENSTAR serves 132,000 primarily residential customers and is the largest natural gas distributor in Alaska through approximately 414 miles of natural gas transmission pipelines and 2,800 miles of natural gas distribution mains in the Anchorage and Cook Inlet area;

- ENSTAR has experienced 2.5 percent compounded annual growth over the past 10 years in customer and net plant growth. Growth is expected to continue as Alaska continues to benefit from the significant activity in the natural resource sector;

- CINGSA, is a regulated natural gas storage utility in which SEMCO owns a 65 percent interest. The facility is expected to be in service in second quarter, 2012. Upon completion, CINGSA is anticipated to have an initial capacity of 11 Bcf of natural gas, with potential future expansion to 18 Bcf of natural gas;

- CINGSA has an approved regulated rate of return on equity of 12.55 percent on prescribed equity of 50 percent upon completion of construction in 2012. SEMCO's share of rate base is approximately US$100 million; and

- The addition of natural gas storage capacity through CINGSA is expected to allow

ENSTAR to cost effectively meet the needs of its customers during peak usage in the winter months.

Michigan Assets

- The Michigan natural gas distribution utility has an approved regulated rate of return on equity of 10.35 percent on prescribed equity of 50 percent on a rate base of approximately US$425 million;
- SEMCO's Michigan natural gas distribution utility delivers natural gas to approximately 286,000 customers through approximately 150 miles of natural gas transmission pipelines and 5,866 miles of natural gas distribution mains in Southern Michigan and Michigan's Upper Peninsula;
- The Michigan regulated rate base includes five natural gas storage facilities with 4.9 Bcf in capacity;
- SEMCO also owns a 50 percent interest in a 12.8 Bcf non-regulated natural gas storage facility;
- SEMCO's largely residential 286,000 customer base has remained stable through the recent economic downturn and is anticipated to have stable growth of approximately 1 to 2 percent over the long term as the Michigan economy, and in particular the local economies in SEMCO's service areas improve;
- SEMCO's Michigan utility has experienced consistent net plant growth of approximately 2 percent compounded annually over the last 10 years and rate base is anticipated to continue to grow at a similar rate in the near term;
- Customer conversions from alternative fuel sources to natural gas have increased in the recent past and are expected to continue in light of low natural gas prices relative to the cost of alternative fuel sources; and
- There is potential for new customer growth driven by industrial and commercial

activities in Michigan.

Following completion of the transaction, SEMCO and its subsidiaries will continue to have outstanding: (i) US$300 million senior secured bonds maturing April 2020 bearing interest at an annual rate of 5.15 percent; (ii) US$5 million medium term notes bearing interest at an annual rate of 7.03 percent and maturing in November 2013; and (iii) an estimated US$75 million secured loan facility maturing November 2015 related to CINGSA in which SEMCO has a 65 percent interest.

Subscription Receipt Offering

AltaGas has agreed to sell, on a bought deal basis, an aggregate of 12,100,000 subscription receipts at a price of $29.00 per subscription receipt for gross proceeds of approximately $350 million. The subscription receipts will be offered through a syndicate of investment dealers co-led by BMO Capital Markets, RBC Capital Markets and TD Securities Inc. AltaGas has also granted the underwriters an option to purchase, in whole or part, up to an additional 1,815,000 subscription receipts for a price of $29.00 per subscription agreement to cover over-allotments, if any, for a period of 30 days following the closing of the offering. If the over-allotment option is exercised in full, gross proceeds from the offering will be approximately $403 million. Each subscription receipt will entitle the holder thereof to receive, without payment of additional consideration or further action, upon closing of the acquisition and upon satisfaction of certain escrow release conditions, one common share of AltaGas plus an amount equal to the dividends AltaGas declares on the common shares, if any, for record dates which occur during the period from and including the closing date of the offering to but not including the date of issuance of the common shares issuable on the deemed exercise of the subscription receipts, net of any applicable withholding taxes.

The net proceeds from the sale of the subscription receipts will be held by an escrow agent pending, among other things, receipt of all regulatory and government approvals required to finalize the SEMCO acquisition and fulfillment or waiver of all other outstanding conditions precedent to closing the acquisition. In the event such approvals and conditions are not satisfied prior to November 30, 2012 or if the Agreement is terminated prior to such time, or AltaGas advises the underwriters or discloses to the public that it does not intend to proceed with the acquisition of SEMCO, the holders of the subscription receipts will be entitled to receive an amount equal to the full subscription price thereof plus their pro rata share of the interest earned on the escrowed funds, net of any applicable withholding taxes.

The subscription receipts will be offered in all provinces of Canada by way of a short form prospectus. The offering is subject to the receipt of all necessary regulatory and stock exchange approvals. Closing of the offering is expected to occur on or about February 22, 2012.

The subscription receipts have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state securities laws. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the subscription receipts in the United States or any jurisdiction in which such offer, solicitation or sale would be unlawful.

New US$300 Million Revolving Term Credit Facility

AltaGas has also obtained a commitment from three Canadian chartered banks to provide a revolving term credit facility in the amount of US$300 million. This new credit facility will rank equally with AltaGas' senior unsecured obligations and will have a one year term. The new credit facility will contain terms that are customary for bank credit facilities of this nature.

Advisors

BMO Capital Markets is acting as financial advisor and Stikeman Elliott LLP and Dykema Gossett PLLC are acting as legal advisors to AltaGas with respect to the transaction.

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 British Columbia. The Utility business is comprised of AltaGas Utilities Inc. (AUI), the Alberta utility business; Pacific Northern Gas, the British Columbia utility business; and Heritage Gas, the Nova Scotia utility business. AltaGas also owns a one-third interest in a utility which serves customers in the Northwest Territories. 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 and specifically the offering of subscription receipts, including the use of proceeds and anticipated closing date thereof, the acquisition of SEMCO, including the expected closing date thereof, the aggregate cash consideration payable in connection therewith and the anticipated sources of financing thereof, the anticipated benefits of the acquisition of SEMCO, the expected returns and contributions to cash flow therefrom, the anticipated in-service date of CINGSA and the storage capacity thereof and the entrance into, the terms of and the anticipated indebtedness to be incurred under, the new credit facility. 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 inshould 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.

Financial outlook information contained in this press 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 press release should not be used for purposes other than for which it is disclosed herein.

This news release contains references to EBITDA, which does not have a standardized meaning prescribed by Canadian generally accepted accounting principles (GAAP) and may not be comparable to similar measures presented by other entities. Management believes that EBITDA, as a measure of operating profitability, provides additional information that is meaningful regarding AltaGas' operational performance, liquidity and its capacity to fund dividends, capital expenditures and other investing activities. EBITDA provides an indication of the results generated by principal business activities prior to accounting for how these activities are financed, assets are amortized or how the results are taxed. EBITDA is defined as net revenue less operating and administrative expenses, and foreign exchange gains or losses.