

AltaGas Ltd.
2011 Annual Meeting of Shareholders
April 20, 2011

DENNIS DAWSON: I would like to welcome all of you today to the annual meeting of AltaGas Ltd., both those here today in person and those listening to our webcast. My name is Dennis Dawson; I'm AltaGas' Vice President General Counsel and Corporate Secretary. Mr. David Cornhill, Chairman and Chief Executive Officer of AltaGas will act as chairman of the meeting and Mr. Cornhill has requested that I administer the formal part of these proceedings as well as act as secretary at the meeting. Mr. Cornhill will then make his presentation following that.

So I'll now call the formal part of the Annual Meeting of the Shareholders of AltaGas Ltd. to order. Connor Doyle and Robin Hall of Computer Share Trust Company of Canada will act as the scrutineers. For your information and in order to expedite the meeting I've asked certain shareholders to make certain motions at the appropriate times. Voting on all motions shall be by show of hands for each person present and entitled to vote shall have one vote unless for any reason the vote, based on the number of votes attached to outstanding shares entitled to be voted at the meeting as requested or required, in which case a poll will be conducted, individual votes shall be recorded and totalled in favour or against will be tallied by the scrutineers. I have before me a true copy of the notice of the annual meeting of shareholders of AltaGas Ltd. together with a statutory declaration of Computer Share Trust Company of Canada have for the mailing of the notice of annual meeting together with the management information circular and the form of proxy for the shareholders. The statutory declaration indicates that all documents were mailed within the time periods required by applicable legislation. I have filed a statutory declaration with the minutes of the meeting. I have received a report of the scrutineers with respect to attendance at the meeting which report states that there are 43,980,562 shares present and therefore I declare that quorum is present for the annual meeting of the shareholders of AltaGas Ltd. and that the meeting is duly called and properly constituted for the transaction of business. I direct that the scrutineers report on attendance be next to the minutes of the meeting.

So the first item of business is the presentation by the directors of AltaGas Ltd. of their annual report to shareholders which reports consists of the consolidated financial statements of AltaGas Ltd. for the fiscal year end of December 31, 2010 and the auditor's report thereon. The consolidated financial statements, the auditor's report and management discussion and analysis with respect thereto are included in AltaGas Annual Report that has been mailed to shareholders a record on March 22, 2011. There are extra copies of the annual report available to shareholders on request and there are some at the back of the room. In addition to the report, with respect to the business of AltaGas will be provided after the conclusion of the formal part of the meeting if there is any discussion regarding AltaGas's consolidated financial statements.

The next item of business is to consider the nominees standing for election as Directors of AltaGas Ltd. The Board of Directors of AltaGas has fixed the number of directors to be elected at the meeting at eight. I declare the meeting open for nominations for the persons to be elected as Directors of AltaGas Ltd. and ask Greg Aarssen to place the names of the persons nominated by management of AltaGas before the meeting.

GREG AARSSSEN: Thank you, Mr. Secretary. I nominate David Cornhill, Allan Edgeworth, Hugh Fergusson, Daryl Gilbert, Robert Hodgins, Myron Kanik, David Mackie, and Neil McCrank.

DENNIS DAWSON: Thank you Greg. All of the nominees have filed a consent to act as a director of AltaGas Ltd. Are there any further nominations?

I declare the nominations closed. Could I please have motion that the persons nominated be the nominees for the directors of AltaGas Ltd?

RESPONDENT: I will make that motion.

RESPONDENT: I second the motion.

DENNIS DAWSON: Thank you, Randy. Thank you, Greg. You've heard the motion. The motion is now open for discussion.

All those in favour of the motion, please raise your hand.

Opposed, if any, either to the entire site of directors or any particular director.

I declare the motion carried and I declare that the persons nominated be appointed as the directors of AltaGas Ltd.

The next item of business is the consideration of the appointment of auditors of AltaGas and the authorization of AltaGas Ltd. to fix the remuneration of the auditors. Could I please have a motion to appoint Ernst & Young LLP as the auditors of AltaGas Ltd. until the next annual meeting of the shareholders or until a successor is appointed and that remuneration of such auditors be fixed by AltaGas Ltd

RESPONDENT: I would make that motion, Mr. Chairman.

RESPONDENT: I second the motion.

DENNIS DAWSON: Thank you, Debbie. Thank you, Brad. You've heard the motion. The motion is now open for discussion.

All those in favour of the motion please raise your hand.

Opposed, if any.

I declare the motion carried.

Is there any further business to come before the meeting? As there is no further business, I would like to call for a motion terminating the meeting.

RESPONDENT: I will make that motion, Mr. Chairman.

RESPONDENT: I will second that motion.

DENNIS DAWSON: Thank you, Kent. Thank you, Patricia. All those in favour of the motion, please raise your hand.

I declare the motion carried and the formal part of the meeting at an end in record time.

I'd like to take this opportunity to introduce the AltaGas Directors in attendance this afternoon if they would please stand for just a moment: Myron Kanik, Allan Edgeworth, Hugh Fergusson, Daryl Gilbert, Robert Hodgins, and Neil McCrank. Thank you gentlemen and of course David Cornhill, Chairman and Chief Executive Officer who will now make his presentation and a question and answer session will follow that. Thank you.

DAVID CORNHILL: Thank you. Actually, Dennis was supposed to do this forward looking, so read it and any questions ask corporate council.

Good afternoon, everyone. I would like to thank you for attending our 2011 Annual Meeting.

AltaGas is a diversified energy infrastructure company with over \$3 billion of enterprise value and we have just had our seventeenth birthday. This slide shows where we have operations and where we have development projects.

We've segmented our business into three business units headed by presidents of the company. Each business; the gas business, we process and transport about 2 Bcf/d. We have NGL fractionation capacity of 60,000 Bbls/d and currently provide frac services for about 34,000 Bbls/d. We produce about 39,000 Bbls/d of NGL and we'll have increased the production by 25% in 2012. Our power business has 305 MW of power generation capacity in place and we have projects under construction to increase that capacity by 40%. Our utility business serves 75,000 customers and we see customer growth between 2-3,000 customers per year. We plan to invest \$200 million in our utility business over the next five years.

This slide shows performance through the time that we were at trust. For 2011, we expect funds from operation to be north of \$200 million and EBITDA to be over \$250 million. We also expect 2011 operating and net income to be at or above 2010 levels.

This chart is a little busy but what it shows is North American gas demand forecasts out to 2020, performance of the Western Canadian, sedimentary basin, and where our assets fit within that basin. We see strong growth in gas demand. We believe the growth will be driven by general economic growth, power generation, and transportation. There's also a very strong potential of significant volume growth of natural gas in the Western Canadian Basin and you're hearing a number of those stories now. We are well positioned to capture this growth, and I'd like to highlight three key growth projects on our gas business in some slides to follow.

We also like to show what we've done and talk about what we expect to do in 2011. So you'll see this for each of our businesses and what we plan to accomplish in 2011. The Harmattan Co-Streaming, which is about \$130 million project, received ERCB approval to construct those facilities. We will remove ethane and NGL's from a stream of about 250 Mmcf/d of gas. This was no small task. I think it was under

regulatory review for about four and a half to five years, so we are very pleased to move that forward. We've expanded our Pouce Coupe plants to just under 20 million a day as our capacity Acme, Ante Creek as well. As well, we announced the Gordondale project, which was under pinned by a long term processing arrangement with EnCana. We also acquired Groundbirch and added it to our storage project development.

Harmattan Co-Stream project is just located northwest of Calgary. This project is underway and we expect construction to be completed by the end of first quarter of next year. As I said, we expect to increase extraction of NGL's production by approximately 25% or 13,000 Bbls/d. And we have signed with NOVA Chemical a twenty year cost of service agreement to underpin this project. We expect EBIDTA north of \$20 million on this project.

This is quite a checkerboard but this is a map of the land positions of major producers in the Gordondale area. And in this area where the new Gordondale plant is we see some 1.8 TCF of gas we've identified as the reserves in the area. And I can tell you when we are talking to producers they see a lot more gas than this capture area for our Gordondale plants.

The Gordondale plant will be 120 Mmcf/d deep cut facility supported by long term processing agreement with EnCana. There are two phases to this project. Phase One is the Gordondale project that is underway and we'll add about 15 million a day of processing volume in Q3 to our Pouce Coupe plant and that is the Henderson Pipeline. Phase Two of the project is in the regulatory process right now and we expect construction to begin in the fourth quarter of this year. Total capital for this project is \$235 million.

This is an additional area just south of our Younger facility in British Columbia. And we announced late last year that we are building, with our partners, 250 Mmcf/d pipeline to bring liquid rich gas from Montney area, located south of the Younger

plant. With this pipeline, we expect to have access to over 2 TCF of gas there. The Younger facility is the only extraction plant in British Columbia and it has total licence capacity of about 1 BCF a day.

This shows a picture of our Younger facility. We own 57% of this facility and it also has full frac capability produces spec product to the local market in North-East BC. We expect to see processing throughput to increase by 15% or to 630 Mmcf/d by year end, as a result of our pipeline as well as new volumes coming on. This increase as a result also of the pipeline project but also a result of debottlenecking that we will be doing when we have turn around late June of this year.

The power business shows forecasts of generation growth expected in North America and the type of generation especially focussed on natural gas and renewables where AltaGas is focussed. We see strong electrical demand growth in North America to meet the demand growth we see focus on generation as clean power primarily focused on natural gas fire generation and renewables.

We also had a very busy year in our power business in 2010. We currently have, as I said, 503 MW of power generation capacity in place. In 2012, we'll add about 20 MW of capacity from a gas fired cogen and waste heat recovery. The waste heat recovery project has a 20-year EPA with BC Hydro. Our first 195 MW hydro project will come on-stream in 2014. You look at the accomplishments: at Forrest Kerr we announced a 60-year EPA with BC Hydro, signed all agreements and completed the engineering for that project in 2010. We have begun construction. McLymont & Volcano, two additional projects, about 80 MW, we're actively working, negotiating on contracts for those. We completed the Harmattan Cogen which is a 15 MW gas-fired generation at our Harmattan plant. Sparwood, we received a 20-year EPA with BC Hydro. Bear Mountain, we operated for our first complete year of operation and we moved forward significantly on Walker Ridge entering into environmental impact assessment and move that project forward significantly. As you can see, the power business had a busy 2010.

I want to talk a little bit about Forrest Kerr and this is a premier project of the company. We have mobilized the camp March 1. We began portal excavation and begun blasting there. It has a very attractive capacity factor and we'll show a forty-year graph shortly. What we're expecting here is a double digit after tax return on this project. The total project's cost is about \$700 million but the construction cost is \$580 million. And we expect to have 90% of this capital fixed by the end of 2012 and I believe 75% fixed by the end of 2011. And it will be in service by mid-14. I just had to say that for someone who is listening.

This is our 40-year hydrology data and as you can see, there's a dark line. And that's the maximum water we take out of the river. And when you look at the variability of this curve over the 40-years, it's about 2%. And we've never seen the maximum capacity less than 700 m³/s so we have lots of surplus water in this river from our run of rivers. So it's a very reliable between May and October, it will be running at capacity. And that's when we produce a vast majority of our electricity. So we are very confident with the capacity factor, 55%, which is high for run of river.

This is a schematic of our construction. If you look on the left side of the graph, it is the intake area and there are some pictures later on that will show this where we have an inflatable Weir, where the Forrest Kerr and the Iskut River join together. We have an inlet there where we take the water out into a tunnel about ten metres by ten metres in a D-shape and it will run approximately 3 km's down in a fall of about 130 metres when it returns back into the Iskut River. Also you can see on the left hand side where the camp facilities are and where the surge and access tunnels are being dug as we speak. And the black square down there where the circle is where the underground powerhouse is and that will be about 130 metres under grade. As I said, we have about 5 km's of tunnelling to do. We have a camp in place for over 400 people. We're carrying out bridge upgrade work right now and we currently have about 75 workers at this camp.

This is a picture of the inlet, and if you look at the left hand side, it's the Iskut River coming in. From the bottom of the picture is the Forrest Kerr River flowing out to the top of the river – top of the picture – is the Iskut River. And to the left you can see the clearing area and that's where the intake area will be going into the power tunnel. So, we've worked on clearing there and begin work, some additional work, this spring.

Just a picture of drilling activity, overview of the access tunnel area; I think the key thing, we've done a lot of geotech here. We have consistent rock formation mainly volcanic. We don't see any significant fault line and we have multiple access points to carry out the tunnelling so we can see good productivity. In addition, we expect to see about 12 metres of tunnelling per day.

This is a picture of one of the bridges that we're retrofitting. We have five. I think we've done two and working on the third right now. As you can see, we take some heavy loads so we're strengthening all the bridges and adding guard rails to enhance safety. I just think this is called the Alexander Bridge over the Volcano Creek. So it's one of the early bridges that we're putting in place.

This is the aerial view of the camp for 400 people. In the closest to me bottom side are the utilities – propane, water treatment, things like that. As you move up, there are four areas for residence, where the workers are staying. And then we move to cafeteria and then office. You look at the top of the picture, generation happens there. You can also see some prefab work that we have already done for the bridges and that are currently on site. So, this will house at peak about 400 people.

This just gives you another quick overview of the location of the camp. If you look at the camp location and you move left, that's where the inlet access tunnel is as well as you can see north going up the picture is the access road that takes you out to Bob Quinn. So, just a good overview; the river will be farther to the left here.

To summarize what we plan to see happen in 2011 on the power side: we see the McLymont-Volcano run over 80 MW. We expect those on in 2015-2016. Negotiations are underway. Permitting, engineering is underway and total capital will be \$300 million. We're adding another cogen facility at Harmattan: 15 MW cogen in-service late Q1 early Q2, 2012 and estimated cost about \$24 million. Sparwood waste heat recovery in the Crowsnest Pass, Q1 2012; 6 MW backed with EPA and about \$13 million; so a lot of activity and growth happening on the power side of our business.

I'll talk a little bit about our utility business. Utility business comprises most of half a billion dollars or about 17% of the total assets of the company. We have investments in Inuvik, Nova Scotia, and Alberta. And this adds with our Vancouver office, we can clearly say we are company that goes from sea to sea to sea. We expect to see significant growth in our Alberta and Nova Scotia utilities over the next five years and I'll talk a little bit more about it in future slides.

Utilities also had a busy year; growing rate base by 15% and reaching 75,000 customers. The utility in Leduc expanded its head office for the first time since the building was built in 1978. We also acquired the remaining 75% of Heritage Gas that we didn't own in late 2009; integrated it into the company in 2010; and we're pleased to welcome 55 employees of Heritage Gas to the AltaGas family and they're working in Dartmouth. We also saw significant investment in Heritage and some major construction projects - we'll highlight a little later but - \$30 million of new system added and some customers that you'd know: Mount St. Vincent and Dalhousie University came on-stream this year, and Dal is our largest customer on this system.

In Alberta we plan to invest some \$127 million over the next five years compared to about \$100 million over the last five years. Growth is to serve new customers in the Leduc-Edmonton area primarily; as well as our system ages, we'll focus on shifting to enhancing safety and reliability. We have a number of assets like steel mains that

were put in the 50's, pipe replacement needs to be done as well as metre station upgrades. Our 2010 and 12 program is currently in front of the regulator for general rate application. We expect to receive approval in 2012.

The utility group also wanted to show that they could do construction. This is a ten inch steel pipe heading northwest to Bedford. And that's a key part of the growth strategy, because what we've seen when operating is that it takes a long time to convert people from oil to gas. If they have an existing furnace, it's hard to tell them to tear out a five year old furnace when it's still good, even though they can save a lot of money using fuel oil. But when we've gotten to new construction, we've had 95-98% penetration rates there. So Bedford is where we see significant box store growth, significant office growth, as well as significant residential growth. And that's a critical part of us moving to Fairview, Clayton Park, Bayer's Lake, and Bedford. As part of this, we were able to provide the gas for the Canadian games so the flame was from Heritage Gas and Canada Games that were in Halifax this winter. The construction entailed 9 km's of 10-inch steel pipe, two district regulated stations, and 25 km's of PE pipelines. This project targets new customers and conversions but more importantly, new construction primarily in Bedford. While most of the capital investment is planned for 2010-2011, ongoing construction expects to bring on new customers by 2015 of 1,600 new customers in the area.

This just shows our expected rate base growth over the next few years. we expect by 2016 to have rate base of \$470 million and that would be an average capital expenditure of \$42 million per year. Capital is going to be split between AltaGas Utility in Leduc, about 65% of the capital spend is through AltaGas Utilities and 35% is through Heritage Gas.

This is what we expect to accomplish in 2011 and we'll be reporting back to how successful we are. So this will be our report card, the management's report card in 2012. Forrest Kerr, we want to complete the access and surge tunnel, start construction of the power-house and intake structure, and have 75% of the costs

contractually fixed. Volcano & McLymont, we expect to complete the agreements and have substantially completed the engineering for those projects. Harmattan Cogen, we expect to complete 40% of the construction, 50% of the capital costs contractually fixed and are just waiting for some large equipment delivery times to finish that project. The Gordondale Plant, we expect to have regulatory approval and have begun construction and expect to have 60% of the capital fixed by the end of the year. Henderson Pipeline, we expect to complete construction and see an incremental 15 Mmcf/d through our Pouce Coupe Gas Plant. The Harmattan Co-Stream, we expect to complete pipeline construction and have the tie ins to the plant completed, 50% of the plant construction as well completed, waiting for major timing of major equipment deliveries and have 60% of the capital costs contractually fixed. We also see a number of debottlenecking expansions in Younger, Alder Flats, and Ante Creek. We expect to grow rate base by 16% in AltaGas Utility and 25% in Heritage Gas. And we expect to maintain our liquidity and strong balance sheet. So as you can see, we expect 2011 to be a busy year and we're very excited about looking forward into '12 & '13.

This shows our plan. In 2010 investor day, we set out a fairly aggressive plan and I'm not sure that many investors believed us. We've made significant strides in taking development projects to construction ready and construction. By 2016, we expect EBITDA generated from our rate regulated and contracted part of our business and our renewable long-term power contracts to be greater than the total EBITDA we generated in the company in 2010. So you can see the growth and see the long-term predictable cash flow that we are moving forward. So we are well on our pace to doubling our EBITDA by 2016.

We have long-term financing in place as well. We also have a billion dollars at bank facilities available and we do have the balance sheet to support our growth.

Over the next six years, we see cash uses of about \$1.8 billion and cash sources of \$2.4 billion. And this shows that we have ample liquidity to build out our current projects.

In closing, I would like to thank the AltaGas team. Through their incredible efforts this year, they've taken us to a good place. Each one of you is responsible for us getting there and thank you very much.

Finally, some of you may have noticed we only had eight directors nominated-elected. One of them has retired, Dennis Fontaine, I was looking to see if he was here. He wasn't sitting over there so when finally I was glad to see him. I'm not sure why we let him retire. He has been with me and the company since September '98 and that point we had just doubled the size of the company when he joined, investing in utilities and started to become – changing from a small field gathering process into the company we are today. He's spent a lot of time with our employees talking to them, mentoring them, and has always been a good friend of mine. I think we first met in '88 when, in a different life, and I just want to recognize him, he is recognized in the annual report and I – it's strange to see a board member retire at 55 and – but he decided to retire and he was a great asset. He was involved in chairing our environment-health – occupation health and safety committee for a number of years and has always been supportive of AltaGas and employees here so I wanted to recognize him and thank you for the 12 years and you should never retire at 55, but sometimes you just have to. So, thank you, Dennis.

[APPLAUSE]

I believe we're in a good place and I believe that as you may see from my insider reporting recently, I believe it's a good place to also invest for the long-term. Thank you for coming today and I'd be happy to answer any questions.

QUESTION AND ANSWER SESSION:

QUESTIONER: Just one question. You were talking about doing 5 km's of tunnelling and wondering [indiscernible]. What do you do with this volume of materials?

DAVID CORNHILL: Well, we have areas we can deposit it so they've been cleared. So we will be trucking and storing. At this point, all of it is non-acidic, and when I get in trouble David Harris will probably correct me, we can also use it for roads. We can put it there if we want to crush it and put it there as well over time. So, we basically store it in piles and it's non-acidic so there are no run-off issues or anything like that.

QUESTIONER: How about fish habitat? What – I imagine your environmental baseline study did deal with that. What process the fish habitat [indiscernible]?

DAVID CORNHILL: There's very little because you have to maintain a certain volume – how much you can take out of the river is defined by maintaining the habitat down the river and you do fish studies and look for any significant issues with fish. In BC also you need to make sure salmon, we do have a physical break from salmon coming up stream so they're not an issue in this area which makes it attractive. The other we have to – and I forget the words now – worry about how, if we have to shut down emergency, that we don't have a wave of water coming down the river. And we have done studies on that as well and actually have the ability of bypass at the base so they will not see any significant rise if we have to shut down because of a transmission issue down: electrical lines come down or something like that. So we've done a lot of impact studies on that as well as maintaining the amount of variability that we can create in any short time. You don't want to strand fish and things like that so the Department of Fisheries have gone through it and we feel quite comfortable with the design now. We have a flexibility to keep it very stable.

QUESTIONER: [indiscernible] Alberta power market a little bit. There has been some real fluctuation in the last few years and [indiscernible].

DAVID CORNHILL: Somewhere between the current price and where we've been over the last two or three – I think you'll see increased volatility. You've seen a couple of changes. The regulator has reduced the ability for the rate regulator to have long term fixed pricing so they've gone to month ahead. So you see more short-term buying of power. You also see 6-700 MW of wind and that wind is mainly in the same area. So you can watch power prices go down and watch power prices go up as the wind comes on and off. You can watch it very – minute by minute you can see it happening. So wind's going to create more volatility in the marketplace; we have seen in December we saw record demand. So generally, the economy is using a lot of power and we saw consistently over 10,000 MW of demand. So I expect more volatility. We're expecting in the marketplace at this point is expecting power prices in the 60 averaging somewhere between 60 and 70 dollars. We're 50% hedged this year at about \$65 and about 25% hedged next year at similar levels. I think that what you'll see as high prices and then low prices and a lot of variability. And with Sundance 1 and 2 out, it's created more volatility and delay in Keyhills 3 is also created – especially in the first, second quarter. Usually second quarter is the weakest quarter. Run off, Pacific Northwest has lots of power, no heating load, and no cooling load so we're expecting in the 60's: \$65 - \$70 range over the next little while. And if you can tell me what gas prices are going to be, I can give you a better answer to that.

Any other questions?

If not, we'll put back on the loop, if anyone wants to come up and look at the construction of our Forrest Kerr, we do have a loop here and I'll ask David Harris who is in major projects, power to be available up here to walk anyone through the loop as well to show what we're doing there. Thank you for coming today, there are AltaGas chocolates. There are water and soft drinks and I already checked out the desserts and cookies and they look very good as well. So thank you very much.

[APPLAUSE]

[PRESENTATION CONCLUDED]