



ALTAGAS LTD.

Notice of Meeting

and

Management Information Circular

for the

ANNUAL and SPECIAL MEETING of SHAREHOLDERS

to be held on April 20, 2016

Dated March 11, 2016



ALTAGAS LTD.

March 11, 2016

Dear Shareholder:

Please accept this as my personal invitation for you to attend the annual and special meeting of the shareholders of AltaGas Ltd. ("**AltaGas**") to be held on Wednesday, April 20, 2016 at 3:30 p.m. (Calgary time) at The Calgary Petroleum Club, 319 – 5 Avenue SW, Calgary, Alberta.

The Notice of Meeting and Management Information Circular attached to this letter provide details as to the formal business items to be considered at the meeting, as well as information on AltaGas' director and executive compensation and approach to governance. In addition to the formal business items, we will be presenting an overview of AltaGas' results for the financial year ended December 31, 2015 and discussing AltaGas' strategy for the future. The meeting is also an opportunity for you to meet the board of directors and senior executives of AltaGas.

If you are unable to attend the meeting in person, we encourage you to complete the enclosed form of proxy or, if applicable, voting instruction form and return it within the time frames indicated so that your vote is counted at the meeting. If you are unable to attend the meeting in person, you may also listen to a live webcast, which will be available on AltaGas' website at www.altagas.ca commencing at 3:30 p.m. (Calgary time) on Wednesday, April 20, 2016; however you will not be able to vote or otherwise participate in the meeting via the webcast.

Information concerning AltaGas' consolidated financial and operational performance for the financial year ended December 31, 2015 is presented in the 2015 annual report. Further information is available on AltaGas' website at www.altagas.ca and on SEDAR at www.sedar.com.

I appreciate your continued support of AltaGas and look forward to seeing you at the meeting.

Yours truly,

ALTAGAS LTD.

"David W. Cornhill"

David W. Cornhill

Chairman and Chief Executive Officer



ALTAGAS LTD.

NOTICE OF THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON APRIL 20, 2016

NOTICE IS HEREBY GIVEN that the annual and special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Shares**") of AltaGas Ltd. ("**AltaGas**") will be held at The Calgary Petroleum Club, 319 – 5th Avenue SW, Calgary, Alberta, Wednesday, April 20, 2016 at 3:30 p.m. (Calgary time) for the following purposes:

1. to receive the annual report of the directors of AltaGas to the Shareholders and the consolidated financial statements of AltaGas for the year ended December 31, 2015 and the auditors' report thereon;
2. to consider the nominees standing for election as directors and to elect ten directors of AltaGas;
3. to appoint Ernst & Young LLP as auditors of AltaGas and to authorize the directors of AltaGas to fix Ernst & Young LLP's remuneration in that capacity;
4. to vote, in an advisory, non-binding capacity, on a resolution to accept AltaGas' approach to executive compensation;
5. to approve all unallocated options to acquire Shares of AltaGas pursuant to AltaGas' stock option plan dated July 1, 2010;
6. to confirm By-Law No. 2 of AltaGas, which sets advance notice requirements for director nominations; and
7. to transact such other business as may properly be brought before the Meeting or any adjournment(s) thereof.

Information relating to the matters to be brought before the Meeting is set forth in the Management Information Circular of AltaGas dated March 11, 2016 which accompanies this notice and which is expressly made a part of this notice.

DATED at Calgary, Alberta, as of the 11th day of March, 2016.

BY ORDER OF THE BOARD OF DIRECTORS of
ALTAGAS LTD.

"David W. Cornhill"

David W. Cornhill
Chairman and Chief Executive Officer

Shareholders of record at the close of business on March 4, 2016 (the "Record Date") will receive notice of, and be entitled to attend and vote at, the Meeting. No Shareholder who becomes a Shareholder after the Record Date will be entitled to attend or vote at the Meeting.

A Shareholder who is unable to attend the Meeting in person is requested to complete and sign the enclosed form of proxy and to deliver it to Computershare Investor Services Inc. ("Computershare") (i) by mail to Proxy Department, 135 West Beaver Creek Road, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5, (ii) by hand delivery to 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or (iii) by facsimile to 416-263-9524 or 1-866-249-7775. A Shareholder may also vote using the internet at www.investorvote.com or telephone at 1-866-732-VOTE (8683). In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 3:30 p.m. (Calgary time) on the second business day before the date of the Meeting or any adjournment(s) thereof or be deposited with the Chairman of the Meeting prior to its commencement.

Each Shareholder vote is very important to AltaGas. Any Shareholder having questions or concerns with respect to voting his or her Shares, after reviewing the accompanying Management Information Circular, should contact AltaGas' registrar and transfer agent, Computershare, at:

North America: 1-800-564-6253

Other locations: 1-514-982-7555

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ALTAGAS LTD.

MANAGEMENT INFORMATION CIRCULAR

GENERAL PROXY INFORMATION

Solicitation of Proxies

This management information circular ("Information Circular") is furnished in connection with the solicitation of proxies by management of AltaGas Ltd. ("AltaGas") for use at the annual and special meeting (the "Meeting") of the holders ("Shareholders") of common shares ("Shares") of AltaGas to be held at The Calgary Petroleum Club, 319 – 5th Avenue SW, Calgary, Alberta, on Wednesday, April 20, 2016 at 3:30 p.m. (Calgary time) and at any adjournment(s) thereof for the purposes set out in the accompanying notice of meeting (the "Notice of Meeting"). Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or e-mail by regular employees of AltaGas. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101"), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy-related materials to the beneficial owners of the Shares. The cost of any such solicitation will be borne by AltaGas. Information contained herein is given as of the date hereof unless otherwise specifically stated. AltaGas is not relying on the notice-and-access provisions of NI 54-101 to send proxy-related materials to registered Shareholders or beneficial owners of Shares in connection with the Meeting.

Appointment of Proxy

A Shareholder who is unable to attend the Meeting in person is requested to complete and sign the enclosed form of proxy and to deliver it to Computershare Investor Services Inc. ("**Computershare**") (i) by mail to Proxy Department, 135 West Beaver Creek Road, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5, (ii) by hand delivery to 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or (iii) by facsimile to 416-263-9524 or 1-866-249-7775. A Shareholder may also vote using the internet at www.investorvote.com or telephone at 1-866-732-VOTE (8683). In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 3:30 p.m. (Calgary time) on the second business day before the date of the Meeting or any adjournment(s) thereof or be deposited with the Chairman of the Meeting prior to its commencement. By a resolution of the board of directors of AltaGas (the "**board of directors**"), the record date for the Meeting has been established as March 4, 2016 (the "**Record Date**"). Only Shareholders of record as at the close of business on the Record Date will receive notice of, and be entitled to attend and vote at, the Meeting. A Shareholder of record on the Record Date will be entitled to vote those Shares included in the list of Shareholders entitled to vote at the Meeting prepared as at the Record Date, even though the Shareholder may subsequently dispose of his or her Shares. No Shareholder who has become a Shareholder after the Record Date shall be entitled to attend or vote at the Meeting or any adjournment(s) thereof.

The document appointing a proxy shall be in writing and shall be executed by the Shareholder or his attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

A Shareholder submitting a form of proxy has the right to appoint a person to represent him or her at the Meeting (who need not be a Shareholder) other than the persons designated in the form of proxy furnished by AltaGas. To exercise that right, the name of the Shareholder's appointee should be legibly printed in the blank space provided. In addition, the Shareholder should notify the appointee of his or her appointment, obtain his or her consent to act as appointee and instruct him or her on how the Shareholder's Shares are to be voted.

Shareholders who are not registered Shareholders should refer to "*Notice to Beneficial Holders of Shares*" below.

Revocation of Proxy

A Shareholder who has submitted a form of proxy as directed hereunder may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which that proxy is to be voted, that person may revoke the proxy and vote in person. In addition to the revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or his attorney or authorized agent, or if a registered Shareholder by new proxy that is dated later than the proxy previously submitted, and deposited with Computershare at any time up to 3:30 p.m. (Calgary time) on the last business day before the date of the Meeting, or any adjournment(s) thereof (i) by mail to Proxy Department, 135 West Beaver Creek Road, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5, (ii) by hand delivery to 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or (iii) by facsimile to 416-263-9524 or 1-866-249-7775, or deposited with the Chairman of the Meeting on the day of the Meeting or any adjournment(s) thereof, in either case prior to its commencement, and upon either of those deposits, the proxy is revoked.

Exercise of Discretion by Proxy

The Shares represented by proxy will be voted on any ballot at the Meeting and, where the Shareholder specifies a choice with respect to any matter to be voted upon, those Shares shall be voted on or shall be withheld from voting on any ballot in accordance with the specification so made. **In the absence of any such specification, those Shares will be voted in favour of the proposed resolutions contained herein. The persons appointed under the form of proxy furnished by AltaGas are conferred with discretionary authority with respect to amendments or variations of those matters specified in the proxy and Notice of Meeting and as to other matters which may be properly brought before the Meeting. At the time of mailing of this Information Circular, AltaGas did not know of any such amendment, variation or other matter.**

Notice to Beneficial Holders of Shares

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of the Shareholders do not hold Shares in their own name. Shareholders who do not hold their Shares in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders whose names appear on the records of AltaGas as the registered holders of Shares can be recognized and acted upon at the Meeting or any adjournment(s) thereof. If Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Shares will not be registered in the Shareholder’s name on the records of AltaGas. Those Shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of those Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting Shares for their clients. Subject to the following discussion in relation to NOBOs (as defined below), AltaGas does not know for whose benefit the Shares registered in the name of CDS & Co., a broker or another nominee, are held.

There are two categories of Beneficial Shareholders for purposes of applicable regulatory policy in relation to the mechanism of dissemination to such Beneficial Shareholders of both proxy-related materials and other securityholder materials and the request for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners (“**NOBOs**”) are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information on their behalf to AltaGas, consisting of their name, address, email address, securities holdings and preferred language of communication. **Securities legislation restricts the use of that information to matters strictly relating to the affairs of AltaGas.** Objecting beneficial owners (“**OBOs**”) are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information on their behalf to AltaGas.

NI 54-101 permits AltaGas, in its discretion, to obtain a list of its NOBOs from intermediaries and use such NOBO list for the purpose of distributing proxy-related materials directly to, and seeking voting instructions directly from, such NOBOs. As a result, AltaGas is entitled to deliver proxy-related materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs;

or (b) indirectly to all Beneficial Shareholders through intermediaries. AltaGas has not requested a NOBO list for purposes of the delivery of proxy-related materials to, and seeking voting instructions from, Beneficial Shareholders in relation to the Meeting and will rely entirely on intermediaries for those purposes. The cost of the delivery of proxy-related materials by intermediaries to both NOBOs and OBOs will be borne by AltaGas.

Applicable regulatory policy requires intermediaries, on receipt of proxy-related materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings on Form 54-101F7. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting or any adjournment(s) thereof. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is virtually identical to the form of proxy provided to registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to attend at the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Information Circular. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The Beneficial Shareholder is requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free telephone number to vote the Shares held by the Beneficial Shareholder or access Broadridge's dedicated voting website at www.proxyvote.com to deliver the Beneficial Shareholder's voting instructions. Broadridge then provides the aggregate voting instructions to Computershare, AltaGas' transfer agent and registrar, which tabulates the results and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting or any adjournment(s) thereof.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

AltaGas is authorized to issue an unlimited number of Shares. As at the Record Date, 146,928,119 Shares were issued and outstanding. Shareholders of record are entitled to notice of, and to attend at, the Meeting, in person or by proxy, and to one vote per Share held on any ballot thereat.

When any Share is held jointly by several persons, any one of them may vote at the Meeting in person or by proxy in respect of such Share, but if more than one of them shall be present at the Meeting in person or by proxy, and such joint owners or their proxies so present disagree as to any vote to be cast, such vote purporting to be executed by or on behalf of a Shareholder shall be deemed valid unless challenged at or prior to its exercise, and the burden of proving invalidity shall rest on the challenger.

Principal Holders of Shares

To the best of the knowledge of the board of directors and the executive officers of AltaGas, as at the Record Date no person or company beneficially owns, or controls or directs, directly or indirectly, Shares carrying in aggregate 10 percent or more of the votes attached to all of the issued and outstanding Shares.

QUORUM FOR MEETING

At the Meeting, a quorum shall consist of two or more individuals present in person either holding personally or representing as proxies not less in aggregate than five percent of the votes attached to all issued and outstanding Shares. If a quorum is not present at the Meeting, the Shareholders present may adjourn the Meeting to a fixed time and place but may not transact any other business.

APPROVAL REQUIREMENTS

The specific resolutions that Shareholders will be asked to approve at the Meeting include resolutions regarding the election of the directors of AltaGas, the appointment of the auditors of AltaGas, a resolution to

accept AltaGas' approach to executive compensation, the approval of all unallocated options to acquire Shares of AltaGas pursuant to AltaGas' stock option plan dated July 1, 2010 and confirmation of By-Law No. 2 of AltaGas which sets advance notice requirements for director nominations.

In order to be effective, each of the foregoing resolutions require the approval of more than 50 percent of the votes cast in respect of those resolutions by or on behalf of Shareholders present in person or represented by proxy at the Meeting.

MATTERS TO BE CONSIDERED AT THE MEETING

Financial Statements

At the Meeting, the consolidated financial statements of AltaGas for the year ended December 31, 2015 and the auditors' report thereon will be presented. These consolidated financial statements and management's discussion and analysis relating thereto are included in the 2015 annual report of AltaGas, and are available on AltaGas' website at www.altagas.ca and on SEDAR at www.sedar.com.

Election of Directors

The board of directors currently consists of eleven members, all of whom are elected annually. The articles of arrangement of AltaGas provide that the number of directors to be elected at the Meeting is determined from time to time by resolution of the board of directors, such number being not less than three and not more than fifteen. The board of directors has fixed the number of directors to be elected at the Meeting at ten. It is proposed that the persons named below be elected as directors of AltaGas. Further details regarding the nomination of directors are contained in the Statement of Corporate Governance Practices attached as Schedule A hereto, under the heading "*Nomination of Directors*".

As set forth in the enclosed form of proxy and voting instruction form, Shareholders may vote for each proposed director individually as opposed to voting for the proposed directors as a slate.

In addition, AltaGas has a majority voting policy which requires that any nominee for director who receives a greater or equal number of votes withheld than for his or her election shall tender his or her resignation to the Chairman of the board of directors following AltaGas' annual meeting. This policy applies only to uncontested elections, meaning elections where the number of nominees for director is equal to the number of directors to be elected. The Governance Committee (as defined and described below under the heading "*Corporate Governance – Board Committees – Governance Committee*") and the board of directors shall consider the resignation and whether or not it should be accepted. The nominee shall not participate in any committee or board of directors deliberations on the resignation offer. Resignations are expected to be accepted except in exceptional situations where circumstances warrant the applicable director continuing to serve as a member of the board of directors. The board of directors shall promptly disclose its election decision via press release, and in any event within 90 days of the applicable annual meeting. If a resignation is not accepted, the press release will fully state the reasons for that decision. If a resignation is accepted, the board of directors may appoint a new director to fill the vacancy created by the resignation.

The following ten nominees are proposed by AltaGas as the nominees for election as directors of AltaGas to serve until the next annual meeting of Shareholders or until their successors are duly elected or appointed:

Catherine M. Best
Victoria A. Calvert
David W. Cornhill
Allan L. Edgeworth
Hugh A. Fergusson
Daryl H. Gilbert
Robert B. Hodgins
Phillip R. Knoll
David F. Mackie
M. Neil McCrank

Management and the board of directors recommend that Shareholders vote in favour of the election of these nominees as directors of AltaGas. Unless it is specified in a proxy that the Shareholder withholds approval for a particular director nominee, the persons named in the enclosed form of proxy intend to vote in favour of the appointment of these nominees.

If any vacancies occur in the nominees proposed by AltaGas because any nominee is unable to serve or will not serve, the discretionary authority conferred by the proxies will be exercised to grant approval to AltaGas to vote for the election of any other person or persons nominated by AltaGas.

The names of the nominees for election as directors, their municipalities of residence, age, whether they are independent within the meaning of NI 58-101 (as hereinafter defined), the year in which each became a director of AltaGas (or its predecessor), present principal occupations, principal occupations during the last five years, their board and committee membership and attendance, other public board memberships as at the Record Date, their voting results in respect of their directorship at the previous annual meeting of shareholders, and the number of Shares, Share Options, RUs, PUs and DSUs (each as hereinafter defined), and preferred shares (being any of preferred shares Series A, preferred shares Series B, preferred shares Series C, preferred shares Series E, preferred shares Series G and/or preferred shares Series I (generally being referred to herein as “Preferred Shares”)), if any, beneficially owned or over which control or direction is exercised by those persons, as at the Record Date, are as follows:

Name of Proposed Nominee	Background	Meeting Attendance and Committee Membership in 2015; Outside Directorships; 2015 Voting Results; Securities Ownership ⁽⁴⁾																					
 <p>Catherine M. Best, FCA, ICD.D Calgary, Alberta, Canada Age(2): 62 Independent Director Director since November 30, 2011</p>	<p>Kay Best is a corporate director. From 2000 to March 2009 she was employed by Alberta Health Services and the Calgary Health Region, serving most recently as Interim Chief Financial Officer. Prior to 2000 she was with Ernst & Young.</p> <p>Ms. Best is a Chartered Accountant, and was awarded her FCA designation in 2002 and her ICD.D in 2009.</p> <p>She is also a member of the board of directors of the Alberta Children’s Hospital Foundation, The Calgary Foundation and The Wawanesa Mutual Insurance Company.</p>	<p>Attendance: Board of Directors: 9/9 (100%) Audit: 5/5 (100%) EOHS: 4/4 (100%)</p> <p>S&P/TSX Composite Index Boards: Badger Daylighting Ltd. Canadian Natural Resources Limited Superior Plus Corp.</p> <p>Other Public Boards: Aston Hill Financial Inc.</p> <p>2015 AGM Voting Results: For: 68,398,883 (98.14%) Withheld: 1,292,966 (1.86%)</p> <p>Ownership:</p> <table border="1" data-bbox="963 1331 1414 1566"> <thead> <tr> <th></th> <th>Record Date</th> <th>March 9, 2015</th> </tr> </thead> <tbody> <tr> <td>Shares</td> <td>nil</td> <td>nil</td> </tr> <tr> <td>Share Options</td> <td>38,000</td> <td>38,000</td> </tr> <tr> <td>RUs</td> <td>4,800</td> <td>4,800</td> </tr> <tr> <td>PUs</td> <td>nil</td> <td>nil</td> </tr> <tr> <td>DSUs</td> <td>3,306</td> <td>nil</td> </tr> <tr> <td>Preferred Shares</td> <td>nil</td> <td>nil</td> </tr> </tbody> </table>		Record Date	March 9, 2015	Shares	nil	nil	Share Options	38,000	38,000	RUs	4,800	4,800	PUs	nil	nil	DSUs	3,306	nil	Preferred Shares	nil	nil
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PUs	nil	nil																					
DSUs	3,306	nil																					
Preferred Shares	nil	nil																					

Name of Proposed Nominee	Background	Meeting Attendance and Committee Membership in 2015; Outside Directorships; 2015 Voting Results; Securities Ownership ⁽⁴⁾
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Victoria A. Calvert
 Calgary, Alberta, Canada
 Age⁽²⁾: 60
 Independent Director
 Director since November 1, 2015

Victoria Calvert is Professor of Entrepreneurship and International Business at the Bissett School of Business at Mount Royal University (MRU) in Calgary, and is also the Community Service Learning Facilitator for MRU. She was a part time instructor at MRU starting in 1988, and has been a full time instructor since 1994. She has served as a director of the Heritage Park Society Board and as an advisor for the Canadian Alliance for Community Service Learning (CACSL). She is the current Chair of the CACSL National Conference, has consulted for more than 30 years, and published extensively regarding community engagement. Ms. Calvert graduated from Queen's University with a B.Comm and earned an MBA from the University of Western Ontario.

Attendance:
 Board of Directors: 1/1 (100%)

S&P/TSX Composite Index Boards:
 Ms. Calvert is not a member of any S&P/TSX Composite Index boards other than AltaGas.

Other Public Boards:
 Ms. Calvert is not a member of any other public boards.

2015 AGM Voting Results:
 For: n/a
 Withheld: n/a

Ownership:

	Record Date
Shares	nil
Share Options	nil
RUs	2,400
PUs	nil
DSUs	652
Preferred Shares	nil



David W. Cornhill
 Calgary, Alberta, Canada
 Age⁽²⁾: 62
 Chairman of the board of directors and Chief Executive Officer of AltaGas
 Non-Independent Director⁽³⁾
 Director since July 1, 2010
 Director of AltaGas General Partner Inc. (delegate of the trustee of AltaGas Income Trust) from May 1, 2004 to June 30, 2010
 Director of AltaGas Services Inc. from March 28, 1994 to April 30, 2004

David Cornhill is Chief Executive Officer of AltaGas, and Chairman of the board of directors. Mr. Cornhill has announced his intention to retire as Chief Executive Officer effective April 15, 2016.

Mr. Cornhill is a founding shareholder and director of AltaGas Services Inc., predecessor by amalgamation to AltaGas. He has served as Chairman and Chief Executive Officer since AltaGas Services Inc.'s inception on April 1, 1994. Prior to forming AltaGas Services Inc., Mr. Cornhill served in the capacities of Vice President, Finance and Administration, and Treasurer at Alberta and Southern Gas Co. Ltd. from 1991 to 1993 and as President and Chief Executive Officer until March 31, 1994.

Attendance:
 Board of Directors (Chair): 9/9 (100%)

S&P/TSX Composite Index Boards:
 Mr. Cornhill is not a member of any S&P/TSX Composite Index boards other than AltaGas.

Other Public Boards:
 Alterra Power Corp.
 Painted Pony Petroleum Ltd.

2015 AGM Voting Results:
 For: 66,894,721 (95.99%)
 Withheld: 2,797,128 (4.01%)

Ownership:

	Record Date	March 9, 2015
Shares	1,569,145	1,386,742
Share Options	950,000	1,279,500
RUs	33,192	46,000
PUs	nil	nil
DSUs	nil	nil
Preferred Shares	30,000	30,000

Name of Proposed Nominee	Background	Meeting Attendance and Committee Membership in 2015; Outside Directorships; 2015 Voting Results; Securities Ownership ⁽¹⁾
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Allan L. Edgeworth, P.Eng.
 Calgary, Alberta, Canada
 Age⁽²⁾: 65
 Independent Director

Director since July 1, 2010

Director of AltaGas General Partner Inc. (delegate of the trustee of AltaGas Income Trust) from March 2, 2005 to June 30, 2010

All Edgeworth is a Professional Engineer and an independent businessman. He was the President of ALE Energy Inc. (a private consulting company) from January 2005 through December 2015. Mr. Edgeworth was the President and CEO of Alliance Pipeline Ltd. from 2001 until December 2004. Mr. Edgeworth joined Alliance Pipeline Ltd. in 1998 as Executive Vice President and Chief Operating Officer.

Attendance:

Board of Directors: 9/9 (100%)
 Audit: 5/5 (100%)
 EOHS (Chair): 4/4 (100%)

S&P/TSX Composite Index Boards:

Emera Incorporated

Other Public Boards:

Mr. Edgeworth is not a member of any other public boards.

2015 AGM Voting Results:

For: 69,118,527 (99.18%)
 Withheld: 573,322 (0.82%)

Ownership:

	Record Date	March 9, 2015
Shares	26,351	21,411
Share	57,500	77,500
Options		
RUs	4,800	4,800
PU	nil	nil
DSUs	1,652	nil
Preferred Shares	nil	nil



Hugh A. Fergusson, ICD.D
 Calgary, Alberta, Canada
 Age⁽²⁾: 68
 Independent Director

Director since July 1, 2010

Director of AltaGas General Partner Inc. (delegate of the trustee of AltaGas Income Trust) from May 7, 2008 to June 30, 2010

Hugh Fergusson is currently the President of Argyle Resources Inc. (a private energy consulting organization) and is a senior affiliate of Ian Murray & Company Ltd. (a government relations and project management firm).

Mr. Fergusson was a director of Taylor Gas Liquids Ltd., general partner of Taylor NGL Limited Partnership, from January 1, 2005 until January 10, 2008 (when Taylor NGL Limited Partnership was acquired by AltaGas Income Trust).

Mr. Fergusson began his career as a solicitor. He was employed for over 25 years with The Dow Chemical Company, an international chemicals company listed on numerous stock exchanges, prior to his retirement in 2004 as the Vice President, Hydrocarbons and Energy of Dow Chemical Canada Inc.

Attendance:

Board of Directors: 9/9 (100%)
 Audit: 5/5 (100%)
 HR: 5/5 (100%)

S&P/TSX Composite Index Boards:

Mr. Fergusson is not a member of any S&P/TSX Composite Index boards other than AltaGas.

Other Public Boards:

Canexus Corporation

2015 AGM Voting Results:

For: 66,972,907 (96.10%)
 Withheld: 2,718,942 (3.90%)

Ownership:

	Record Date	March 9, 2015
Shares	26,779	25,279
Share	54,000	55,500
Options		
RUs	4,800	4,800
PU	nil	nil
DSUs	nil	nil
Preferred Shares	1,600	1,600

Name of Proposed Nominee	Background	Meeting Attendance and Committee Membership in 2015; Outside Directorships; 2015 Voting Results; Securities Ownership ⁽¹⁾
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Daryl H. Gilbert, P.Eng.
 Calgary, Alberta, Canada
 Age⁽²⁾: 64
 Independent Director

Director since July 1, 2010

Director of AltaGas General Partner Inc. (delegate of the trustee of AltaGas Income Trust) from May 1, 2004 to June 30, 2010

Director of AltaGas Services Inc. from May 4, 2000 to April 30, 2004

Daryl Gilbert is a Professional Engineer, and joined JOG Capital Inc. in May 2008 as a Managing Director and Investment Committee Member, and prior thereto was an independent businessman since January 2005. Prior to that, Mr. Gilbert was President and Chief Executive Officer of Gilbert Lautsen Jung Associates Ltd., an engineering consulting firm.

Attendance:

Board of Directors: 9/9 (100%)
 EOHS: 4/4 (100%)
 HR (*Chair*): 5/5 (100%)

S&P/TSX Composite Index Boards:

Surge Energy Inc.
 Whitecap Resources Inc.

Other Public Boards:

Cequence Energy Ltd.
 Connacher Oil and Gas Limited
 Falcon Oil & Gas Ltd.
 Leucrotta Exploration Inc.
 LGX Oil + Gas Inc.
 PRD Energy Inc.

2015 AGM Voting Results:

For: 57,540,777 (82.56%)
 Withheld: 12,151,072 (17.44%)

Ownership:

	Record Date	March 9, 2015
Shares	25,900	25,900
Share Options	42,500	42,500
RUs	4,800	4,800
PU	nil	nil
DSU	nil	nil
Preferred Shares	nil	nil



Robert B. Hodgins, CPA, CA
 Calgary, Alberta, Canada
 Age⁽²⁾: 64
 Independent Director

Director since July 1, 2010

Director of AltaGas General Partner Inc. (delegate of the trustee of AltaGas Income Trust) from March 2, 2005 to June 30, 2010

Bob Hodgins is a Chartered Accountant and has been an independent businessman since November 2004. Prior to that, Mr. Hodgins served as the Chief Financial Officer of Pengrowth Corporation from 2002 to 2004. Prior to that, Mr. Hodgins held the position of Vice President and Treasurer of Canadian Pacific Limited from 1998 to 2002 and was Chief Financial Officer of TransCanada PipeLines Limited from 1993 to 1998.

Attendance:

Board of Directors: 9/9 (100%)
 Audit (*Chair*): 5/5 (100%)
 Governance: 4/4 (100%)

S&P/TSX Composite Index Boards:

Enerplus Corporation
 Gran Tierra Energy Inc.
 MEG Energy Corp.

Other Public Boards:

Mr. Hodgins is not a member of any other public boards.

2015 AGM Voting Results:

For: 68,131,140 (97.76%)
 Withheld: 1,560,709 (2.24%)

Ownership:

	Record Date	March 9, 2015
Shares	14,600	14,600
Share Options	67,500	67,500
RUs	4,800	4,800
PU	nil	nil
DSU	1,652	nil
Preferred Shares	nil	nil

Name of Proposed Nominee	Background	Meeting Attendance and Committee Membership in 2015; Outside Directorships; 2015 Voting Results; Securities Ownership ⁽¹⁾
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Phillip R. Knoll, P.Eng, ICD.D
 Halifax, Nova Scotia, Canada
 Age⁽²⁾: 61
 Independent Director
 Director since Nov 1, 2015

Phil Knoll is a Professional Engineer and the President of Knoll Energy Inc. Mr. Knoll previously was CEO of Corridor Resources Inc. from Oct 2010 to Sept 2014. Up to July 2004 he held roles that included Group Vice President, Duke Energy Gas Transmission, Chair, Management Committee and President for Maritimes & Northeast Pipeline, and held senior roles at Westcoast Energy Inc., TransCanada Pipelines Limited and Alberta Natural Gas Company Ltd. Mr. Knoll was a director of AltaGas Utility Group Inc. from 2005 to 2009. He has over 35 years of varied experience in the energy sector, primarily related to energy infrastructure businesses.

Attendance:
 Board of Directors: 1/1 (100%)

S&P/TSX Composite Index Boards:
 Mr. Knoll is not a member of any S&P/TSX Composite Index boards other than AltaGas.

Other Public Boards:
 Bankers Petroleum Ltd.
 Corridor Resources Inc.

2015 AGM Voting Results:
 For: n/a
 Withheld: n/a

Ownership:

	Record Date
Shares	4,000
Share Options	nil
RUs	2,400
PU	nil
DSUs	326
Preferred Shares	1,000



David F. Mackie
 Houston, Texas, U.S.A.
 Age⁽²⁾: 78⁽⁴⁾
 Independent Director
 Director since July 1, 2010
 Director of AltaGas General Partner Inc. (delegate of the trustee of AltaGas Income Trust) from May 1, 2004 to June 30, 2010
 Director of AltaGas Services Inc. from January 12, 1995 to April 30, 2004

David Mackie is a U.S.-based natural gas industry consultant and venture capital investor. Mr. Mackie began his career as an attorney. He brings a broad range of experience to the board of directors, having spent more than 32 years in various executive capacities, primarily with El Paso Natural Gas Co. and Transco Energy Co. He also has extensive consulting experience with many senior energy companies and the Maritimes and Northeast Pipeline project.

Attendance:
 Board of Directors: 9/9 (100%)
 Governance: 4/4 (100%)
 HR: 5/5 (100%)

S&P/TSX Composite Index Boards:
 Mr. Mackie is not a member of any S&P/TSX Composite Index boards other than AltaGas.

Other Public Boards:
 Mr. Mackie is not a member of any other public boards.

2015 AGM Voting Results:
 For: 65,482,071 (93.96%)
 Withheld: 4,209,778 (6.04%)

Ownership:

	Record Date	March 9, 2015
Shares	1,295,000	1,280,000
Share Options	27,500	42,500
RUs	4,800	4,800
PU	nil	nil
DSUs	3,306	nil
Preferred Shares	nil	nil

Name of Proposed Nominee	Background	Meeting Attendance and Committee Membership in 2015; Outside Directorships; 2015 Voting Results; Securities Ownership ⁽¹⁾																								
	<p>M. Neil McCrank, Q.C., P.Eng. Calgary, Alberta, Canada Age⁽²⁾: 72 Lead Director (following the Meeting if re-elected) Independent Director Director since July 1, 2010 Director of AltaGas General Partner Inc. (delegate of the trustee of AltaGas Income Trust) from December 10, 2007 to June 30, 2010</p>	<p>Attendance: Board of Directors: 9/9 (100%) EOHS: 4/4 (100%) Governance: 4/4 (100%)</p> <p>S&P/TSX Composite Index Boards: Mr. McCrank is not a member of any S&P/TSX Composite Index boards other than AltaGas.</p> <p>Other Public Boards: Mr. McCrank is not a member of any other public boards.</p> <p>2015 AGM Voting Results: For: 69,222,716 (99.33%) Withheld: 469,113 (0.67%)</p> <p>Ownership:</p> <table border="1"> <thead> <tr> <th></th> <th>Record Date</th> <th>March 9, 2015</th> </tr> </thead> <tbody> <tr> <td>Shares</td> <td>20,000</td> <td>15,000</td> </tr> <tr> <td>Share</td> <td>62,500</td> <td>67,500</td> </tr> <tr> <td>Options</td> <td></td> <td></td> </tr> <tr> <td>RUs</td> <td>4,800</td> <td>4,800</td> </tr> <tr> <td>PUs</td> <td>nil</td> <td>nil</td> </tr> <tr> <td>DSUs</td> <td>3,306</td> <td>nil</td> </tr> <tr> <td>Preferred Shares</td> <td>nil</td> <td>nil</td> </tr> </tbody> </table>		Record Date	March 9, 2015	Shares	20,000	15,000	Share	62,500	67,500	Options			RUs	4,800	4,800	PUs	nil	nil	DSUs	3,306	nil	Preferred Shares	nil	nil
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DSUs	3,306	nil																								
Preferred Shares	nil	nil																								

Notes:

- (1) At the Record Date, the nominees for directors of AltaGas collectively held approximately 2.03 percent of the total issued and outstanding Shares. The information as to the Shares owned includes both Shares beneficially owned, directly or indirectly, and Shares over which control or direction is exercised, and has been furnished by each of the nominees as of the Record Date.
- (2) AltaGas has approved a retirement policy for directors pursuant to which the directors agree to tender his or her resignation from the board of directors at age 75. Also, effective at the 2015 annual meeting of shareholders of AltaGas, it is a policy of the board of directors that a director will not be nominated for re-election at the fifteenth, or any subsequent, annual meeting of shareholders following the date such director was first elected or appointed, and all directors elected at the 2015 annual meeting of shareholders of AltaGas are deemed to have been first elected at such meeting for the purpose of this policy. Mr. Myron F. Kanik turned age 75 prior to the Meeting and is not standing for re-election.
- (3) Mr. David W. Cornhill, as CEO of AltaGas and a member of management (and as former CEO and former member of management effective April 15, 2016), is not considered independent.
- (4) Mr. David F. Mackie turns 79 between the Record Date and the date of the Meeting. Despite reaching the age of 79 prior to the date of the Meeting and being subject to mandatory retirement pursuant to AltaGas' retirement policy, Mr. Mackie has agreed to stand for re-election at the Meeting and the board of directors has determined it to be in the best interests of AltaGas to waive the application of the mandatory retirement policy in order to ensure consistency and to maintain the expertise currently held by the board of directors.

Cease Trade Orders, Bankruptcies, Sanctions and Penalties

None of those persons who are proposed directors of AltaGas: (i) is, or has been within the past ten years a director, chief executive officer or chief financial officer of any company, including AltaGas and any personal holding companies of such person, that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, in each case for a period of more than 30 consecutive days, or after such persons ceased to be a director, chief executive officer or chief financial officer of the company, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, in each case for a period of more than 30 consecutive days, which resulted from an event that occurred while acting in such capacity; (ii) is, or has been within the past ten years a director or executive officer of any company, including AltaGas and any personal holding companies of such person, that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became

bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (iii) has, including any personal holding companies of such person, within the past ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets, other than as follows:

- Mr. Daryl H. Gilbert, a director of AltaGas, was a director of Globel Direct, Inc. (“**Globel**”) from December 1998 to June 2009. Globel was the subject of cease trade orders issued by the Alberta Securities Commission (“**ASC**”) on November 22, 2002 and the British Columbia Securities Commission (“**BCSC**”) on November 20, 2002 for failure to file certain financial statements. Globel filed such financial statements and the cease trade orders were revoked on December 20, 2002 and December 23, 2002, respectively. On June 12, 2007, Globel was granted protection from its creditors by the Court of Queen’s Bench of Alberta pursuant to the *Companies’ Creditors Arrangement Act*, which protection expired on December 7, 2007, following which the monitor was discharged on December 12, 2007 and a receiver/manager was appointed. Subject to the completion of matters relating to the wind-up of the administration of the receivership, the receiver was discharged on September 3, 2008. Globel ceased operations, and as a result became the subject of cease trade orders issued by the ASC on September 24, 2008 and the BCSC on September 30, 2008 for failure to file certain disclosure documents. Globel was struck from the Alberta corporate registry on June 2, 2009.
- Mr. Robert B. Hodgins, a director of AltaGas, was a director of Skope Energy Inc. (“**Skope**”) from December 15, 2010 to February 19, 2013. On November 27, 2012, Skope was granted protection from its creditors by the Court of Queen’s Bench of Alberta pursuant to the *Companies’ Creditors Arrangement Act*. A plan of compromise and arrangement was approved by the required majority of Skope’s creditors on February 15, 2013, and was sanctioned by the Court of Queen’s Bench of Alberta on February 19, 2013.
- Mr. M. Neil McCrank, a director of AltaGas, was, from July 17, 2008 to April 5, 2011, a director of MegaWest Energy Corp. (“**MegaWest**”), a reporting issuer in the provinces of Alberta and British Columbia. On September 7, 2010, a cease trade order was issued by the ASC against MegaWest for failure to file its annual audited financial statements, management’s discussion and analysis and certification of annual filings for the year ended April 30, 2010. On September 8, 2010, the BCSC issued a cease trade order against MegaWest for failure to file its annual audited financial statements and management’s discussion and analysis for the year ended April 30, 2010, and its annual information form for the years ended April 30, 2009 and 2010. Such filings were completed by MegaWest in September and October of 2010 and revocation orders were issued by the ASC and BCSC on October 22, 2010.

None of those persons who are proposed directors of AltaGas (or any personal holding companies of such persons) have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

2015 Director Voting Results

The director voting results from the 2015 annual meeting are available on SEDAR (www.sedar.com), and are reproduced with the director profiles above.

Interlocking Service as at the Record Date

AltaGas reviews any interlocking relationships with respect to the boards of directors of other reporting issuers. As of the Record Date, (i) none of the nominees to the AltaGas board of directors sit together on the board of directors of any other public company and (ii) no executive officer of AltaGas sits on the board of

directors of a public company of which a nominee to the AltaGas board of directors is an executive officer. Please refer to the first table above under “*Matters to be Considered at the Meeting – Election of Directors*” for all current public board of director memberships for each director nominee.

Board of Directors Committee Members and Independence

Director	Audit Committee ⁽⁵⁾	EOHS Committee	Governance Committee	HR Committee
Independent Directors				
Catherine M. Best	✓	✓ ⁽⁶⁾		✓ ⁽⁶⁾
Victoria A. Calvert ⁽¹⁾			✓	
Allan L. Edgeworth	✓	chair		
Hugh A. Fergusson	✓			✓
Daryl H. Gilbert		✓		chair
Robert B. Hodgins	chair		✓	
Myron F. Kanik ⁽²⁾			chair	✓
Phillip R. Knoll ⁽³⁾		✓		
David F. Mackie			✓	✓
M. Neil McCrank		✓	✓ ⁽⁷⁾	
Non-Independent Directors				
David W. Cornhill ⁽⁴⁾				

Notes:

- (1) Ms. Calvert was appointed to the Governance Committee effective January 1, 2016.
- (2) Mr. Kanik is not standing for re-election at the Meeting.
- (3) Mr. Knoll was appointed to the EOHS Committee effective January 1, 2016.
- (4) As a non-independent director, Mr. Cornhill is not a member of any committees of the board of directors. Mr. Cornhill is not independent by virtue of being the CEO of AltaGas. Following his announced retirement from AltaGas on April 15, 2016, Mr. Cornhill will remain non-independent for the next three years (or such shorter period as he may remain a director) by virtue of having been the CEO of AltaGas.
- (5) The board of directors has determined that all members of the Audit Committee are financially literate, according to the meaning of National Instrument 52-110 – *Audit Committees*.
- (6) Ms. Best ceases to be a member of the EOHS Committee, and becomes a member of the HR Committee, effective April 1, 2016.
- (7) Mr. McCrank, if re-elected at the Meeting, becomes Chair of the Governance Committee effective May 1, 2016.

Director Attendance in 2015

Director	Board of Directors (9 meetings)		Audit Committee (5 meetings)		EOHS Committee (4 meetings)		Governance Committee (4 meetings)		HR Committee (5 meetings)	
	#	%	#	%	#	%	#	%	#	%
Catherine M. Best	9	100	5	100	4	100	-	-	-	-
Victoria A. Calvert ⁽¹⁾	1	100	-	-	-	-	-	-	-	-
David W. Cornhill	9	100	-	-	-	-	-	-	-	-
Allan L. Edgeworth	9	100	5	100	4	100	-	-	-	-
Hugh A. Fergusson	9	100	5	100	-	-	-	-	5	100
Daryl H. Gilbert	9	100	-	-	4	100	-	-	5	100
Robert B. Hodgins	9	100	5	100	-	-	4	100	-	-
Myron F. Kanik ⁽²⁾	9	100	-	-	-	-	4	100	5	100
Phillip R. Knoll ⁽¹⁾	1	100	-	-	-	-	-	-	-	-
David F. Mackie	9	100	-	-	-	-	4	100	5	100
M. Neil McCrank	9	100	-	-	4	100	4	100	-	-

Notes:

- (1) Ms. Calvert and Mr. Knoll joined the board of directors on November 1, 2015, and, respectively, the Governance Committee and EOHs Committee effective January 1, 2016.
- (2) Mr. Kanik is not standing for re-election at the Meeting.

Areas of Expertise

The experience and qualifications of the members of the board of directors contribute to AltaGas' success (please refer to the disclosure under the heading "Background" in the summary table above). The knowledge and depth of understanding of their role and AltaGas' industry has an impact on the way AltaGas conducts business. The following matrix illustrates the expertise that AltaGas' directors possess in each area:

Director	Professional Designation	Managing / Leading Growth	Knowledge of AltaGas Geographic Areas	CEO / Senior Officer	Human Resources	Gas Infrastructure	Power Infrastructure	Regulated Utilities	Governance / Board of Directors	Financial Acumen	Environment	Occupational Health and Safety	Knowledge of First Nations Consultations	Stakeholders Relations	Energy Marketing Expertise
Best	FCA, ICD.D	✓	✓	✓	✓	✓			✓	✓					
Calvert			✓										✓	✓	
Cornhill		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Edgeworth	P.Eng.	✓	✓	✓		✓		✓	✓	✓	✓	✓			
Fergusson	Solicitor, ICD.D	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓			✓
Gilbert	P.Eng.	✓	✓	✓	✓	✓			✓	✓	✓	✓			✓
Hodgins	CPA, CA	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Knoll	P.Eng, ICD.D	✓	✓	✓		✓		✓	✓		✓	✓			✓
Mackie	Attorney	✓	✓	✓	✓	✓		✓	✓	✓					✓
McCrank	Solicitor, P.Eng.	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓	✓	

Director Tenure

In order to ensure that the board of directors benefits from fresh ideas, views and expertise, it has approved a retirement policy for directors pursuant to which the directors agree to tender his or her resignation from the board of directors at age 75. Also, effective at the 2015 annual meeting of shareholders of AltaGas, it is a policy of the board of directors that a director will not be nominated for re-election at the fifteenth, or any subsequent, annual meeting of shareholders following the date such director was first elected or appointed, and all directors elected at the 2015 annual meeting of shareholders of AltaGas are deemed to have been first elected at such meeting for the purpose of this policy. The below table sets out the tenure of each of the directors of AltaGas standing for election:

Director	Age				Years of Service on AltaGas and Predecessor Boards			
	60 - 64	65 - 69	70 - 74	75+	0 - 5	6 - 10	11 - 15	16+
Catherine M. Best	✓				✓			
Victoria A. Calvert	✓				✓			
David W. Cornhill	✓							✓
Allan L. Edgeworth		✓					✓	
Hugh A. Fergusson		✓				✓		
Daryl H. Gilbert	✓							✓
Robert B. Hodgins	✓						✓	
Phillip R. Knoll	✓				✓			
David F. Mackie				✓				✓
M. Neil McCrank			✓			✓		

Director Education

AltaGas provides to new directors a manual to assist with orientation, which includes insider reporting obligations, board of directors and committee mandates, code of business ethics, compensation information, business overview, organization charts, strategic plan, recent financial information, last annual information form, last management information circular, and any recent prospectus. If requested by the new director, meetings are arranged between the new director and the Lead Director, the Chairman, the CEO, the Chief Operating Officer, the CFO, the General Counsel and/or the Corporate Secretary and other members of management to discuss the role of the board of directors, its committees and its directors, and the nature and operation of AltaGas' business. AltaGas does provide such other orientation and information as individual directors may request. There are opportunities for directors to have discussions with management following meetings.

Ongoing education of all directors is offered where a need is perceived or based on input obtained from individual directors as part of the assessment process. Following are some continuing education topics provided to the directors in 2015:

2015	Topic	Presented / Hosted By	Presented To
February 9	Accounting policy updates	Vice President and Controller	Audit Committee
April 8	Safety stand-down – Edmonton Ethane Extraction Plant	Gas Division management	Fergusson
April 15	Safety stand-down – Turin gas processing facility	Gas Division management	McCrank
April 22	Safety stand-down – Harmattan gas processing and extraction facility	Gas Division management	Best, Edgeworth
April 28	Accounting policy updates	Vice President and Controller	Audit Committee
June 1-2	Tour of the Northwest Projects; official opening	Power Division management	Best, Cornhill, Edgeworth, Fergusson, Gilbert, Hodgins, McCrank
July 28	Accounting policy updates	Vice President and Controller	Audit Committee
October 27	Accounting policy updates	Vice President and Controller	Audit Committee
Nov 19	Transitions in U.S. regional power markets: Opportunities for non-utility power plants in four regional markets	Analysis Group (Boston, MA)	Board of Directors

Sessions without Management and Meetings Held

In 2015, sessions without management and non-independent directors were held at each board of directors meeting and regularly scheduled committee meeting. The Lead Director presides over these sessions of the board of directors, and the chair of each committee presides over these sessions of each committee, and informs management what was discussed and if any action is required. The sessions of independent directors are of no fixed duration and participants are invited to raise and discuss any comments or concerns.

Board / Committee	Sessions without management and non-independent directors in 2015 / meetings held		
	Regular	Special	Overall
Board of Directors	6/6	3/3	9/9
Audit Committee	5/5	0/0	5/5
EOHS Committee	3/3	1/1	4/4
Governance Committee	4/4	0/0	4/4
HR Committee	4/4	1/1	5/5

Please refer to the first table above under “Matters to be Considered at the Meeting – Election of Directors” for the attendance of each director nominee at meetings in 2015.

Director Compensation

AltaGas’ objectives with respect to director compensation include (a) recruiting and retaining qualified individuals to serve as members of the board of directors and contribute to AltaGas’ overall success, (b) to compensate members of the board of directors commensurate with the risks, responsibilities and time commitment, (c) aligning the interests of the members of the board of directors with those of the Shareholders, and (d) offering competitive compensation.

AltaGas provides all non-employee directors with a comprehensive compensation package of annual cash retainers and equity-based awards in the form of RUs, DSUs and Share Options (**there have been no Share Options granted to non-employee directors since 2013**). The package provides competitive remuneration for the increasing responsibilities, time commitments and accountability of members of the board of directors. The Chairman and CEO is the only management director, and he receives no compensation for his role as a director. Management, the Governance Committee and the board of directors regularly review the compensation of directors. Directors resident in Canada may participate in the AltaGas group benefits plan. AltaGas’ non-employee directors are also entitled to reimbursement of out-of-pocket expenses incidental to their role as directors.

AltaGas’ Securities Trading and Reporting Policy has an anti-hedging provision that provides that no director, officer or employee may, at any time, purchase financial instruments, including prepaid variable forward contracts, instruments for the short sale or purchase or sale of call or put options, equity swaps, collars, spread bets, contracts for difference or units of exchangeable funds, that are designed to hedge or offset, or that may reasonably be expected to have the effect of hedging or offsetting, a decrease in the market value of any AltaGas securities or otherwise take any speculative or derivative positions of any kind which would have or that may reasonably be expected to have such effect. To AltaGas’ knowledge, none of the directors have purchased any such financial instruments.

AltaGas paid a total of \$2,017,210 to the non-employee directors of AltaGas in 2015, compared to \$1,737,112 in 2014. The following table reflects the compensation, by category and on an aggregate basis, paid to each director of AltaGas during the year ended December 31, 2015.

Name	Fees Earned (\$)	Share-based Awards ⁽⁴⁾⁽²⁾ (\$)	Option-based Awards ⁽⁴⁾ (\$)	Non-Equity	Pension Value (\$)	All other Compensation ⁽³⁾ (\$)	Total (\$)
				Incentive Plan Compensation (\$)			
Catherine M. Best	8,000	201,024	nil	nil	nil	3,807	212,831
Victoria A. Calvert ⁽⁴⁾	nil	101,024	nil	nil	nil	476	101,500
David W. Cornhill ⁽⁵⁾	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Allan L. Edgeworth	74,000	141,024	nil	nil	nil	3,756	218,780
Hugh A. Fergusson	128,000	81,024	nil	nil	nil	3,731	212,755
Daryl H. Gilbert	134,000	81,024	nil	nil	nil	3,807	218,831
Robert B. Hodgins	84,000	141,024	nil	nil	nil	3,807	228,831
Myron F. Kanik ⁽⁶⁾	194,000	81,024	nil	nil	nil	5,259	280,283
Phillip R. Knoll ⁽⁴⁾	10,000	91,024	nil	nil	nil	634	101,658
David F. Mackie	28,000	201,024	nil	nil	nil	nil	229,024
M. Neil McCrank	8,000	201,024	nil	nil	nil	3,693	212,717

Notes:

- (1) See discussion of the MTIP and the Share Option Plan in more detail below under “Compensation Discussion and Analysis – Compensation Mix – Long Term Incentives”.
- (2) Share-based awards to directors consisted of RUs and DSUs in 2015. Grant date fair value of RUs is calculated by multiplying the number of units granted by the closing price of common shares on the grant date, or first business day preceding the grant date. The methodology used to calculate the fair value of RUs is the same as that used for accounting purposes. The value of the DSUs represents the amount of the annual retainer elected by the director to be taken in DSUs in 2015.
- (3) No perquisites were paid to, or earned by, the directors in the financial year. Amounts are attributable to participation in the AltaGas group benefits plan.

- (4) Ms. Calvert and Mr. Knoll were appointed to the board of directors effective November 1, 2015.
- (5) Mr. Cornhill received no additional compensation for his role as a director.
- (6) Mr. Kanik is the Lead Director, and is not standing for re-election at the Meeting.

Fees Earned

The members of the board of directors are entitled to compensation for their services as directors of AltaGas. In the year ended December 31, 2015, the compensation for the directors, other than the directors who are also executive officers or employees of AltaGas, was a retainer of \$120,000 per year and reimbursement for their out-of-pocket expenses incurred in acting as a director (including travel expenses to attend meetings in person). The Chairman of the board of directors is an executive officer of AltaGas and received no additional fees for service on the board of directors. The Lead Director received an additional annual fee of \$60,000 for the increased workload associated with the role of Lead Director. In the year ended December 31, 2015, each director who is a chair of one of AltaGas' committees received additional compensation, with the chair of the Audit Committee receiving an additional annual retainer of \$20,000, and the chair of each of the other committees receiving an additional annual retainer of \$10,000. Each member of a committee received an additional annual retainer of \$4,000.

The annual retainer may, at the election of a member of the board of directors, be taken in DSUs, in such proportion as is elected by such director. A director who has not achieved the minimum Share ownership requirement must take at least 50% of the annual retainer in DSUs.

A member of the board of directors of AltaGas who is also an executive officer of AltaGas is not entitled to compensation for services rendered to AltaGas in his or her capacity as a director, and will instead receive compensation in his or her capacity as an executive officer of AltaGas.

Name	Base Retainer Fee (\$)	Board/Committee Chair Retainer Fee (\$)	Committee Retainer Fee (\$)	Total Fees (\$)
Catherine M. Best	nil	nil	8,000	8,000
Victoria A. Calvert ⁽¹⁾	nil	nil	nil	nil
David W. Cornhill ⁽²⁾	n/a	n/a	n/a	n/a
Allan L. Edgeworth	60,000	10,000	4,000	74,000
Hugh A. Fergusson	120,000	nil	8,000	128,000
Daryl H. Gilbert	120,000	10,000	4,000	134,000
Robert B. Hodgins	60,000	20,000	4,000	84,000
Myron F. Kanik ⁽³⁾	180,000	10,000	4,000	194,000
Phillip R. Knoll ⁽¹⁾	10,000	nil	nil	10,000
David F. Mackie ⁽⁴⁾	20,000	nil	8,000	28,000
M. Neil McCrank	nil	nil	8,000	8,000

Notes:

- (1) Ms. Calvert and Mr. Knoll were appointed to the board of directors effective November 1, 2015.
- (2) Mr. Cornhill received no additional compensation for his role as a director.
- (3) Mr. Kanik is the Lead Director, and is not standing for re-election at the Meeting.
- (4) Mr. Mackie also received \$20,000 for his service on the board of directors of AltaGas Services (U.S.) Inc.

Incentive Plan Awards

Outstanding Option-based Awards and Share-based Awards

The following table reflects all option-based and Share-based incentive plan awards outstanding to directors at December 31, 2015.

Name	Option-based Awards				Share-based Awards		
	Shares underlying unexercised Share Options (#)	Share Option exercise price ⁽¹⁾ (\$/Share)	Share Option expiration date	Value of unexercised in-the-money Share Options ⁽²⁾ (\$)	Number of Shares that have not vested (#)	Market or payout value of Share – based awards that have not vested ⁽³⁾ (\$)	Market or payout value of vested Share-based awards not paid out or distributed ⁽⁴⁾ (\$)
Catherine M. Best	20,000	29.32	07/06/2022	31,600	800 RU	28,322	102,815
	15,000	35.35	04/03/2023	nil	1,600 RU	56,464	
	3,000	36.36	18/09/2023	nil	2,400 RU ⁽⁸⁾	83,475	
Victoria A. Calvert	nil	n/a	n/a	n/a	2,400 RU ⁽⁸⁾	83,475	19,899
David W. Cornhill ⁽⁵⁾	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Allan L. Edgeworth	15,000 ⁽⁶⁾	27.13	11/12/2016	56,550	800 RU	28,322	51,376
	15,000	14.24	10/12/2018	249,900	1,600 RU	56,464	
	20,000	29.32	07/06/2022	31,600	2,400 RU ⁽⁸⁾	83,475	
	7,500	36.36	18/09/2023	nil			
Hugh A. Fergusson	20,000 ⁽⁷⁾	25.39	07/05/2018	110,200	800 RU	28,322	51,376
	6,500	14.24	10/12/2018	108,290	1,600 RU	56,464	
	20,000	29.32	07/06/2022	31,600	2,400 RU ⁽⁸⁾	83,475	
	7,500	36.36	18/09/2023	nil			
Daryl H. Gilbert	15,000 ⁽⁶⁾	27.13	11/12/2016	56,550	800 RU	28,322	nil
	20,000	29.32	07/06/2022	31,600	1,600 RU	56,464	
	7,500	36.36	18/09/2023	nil	2,400 RU ⁽⁸⁾	83,475	
Robert B. Hodgins	15,000 ⁽⁶⁾	27.13	11/12/2016	56,550	800 RU	28,322	51,376
	25,000	14.24	10/12/2018	416,500	1,600 RU	56,464	
	20,000	29.32	07/06/2022	31,600	2,400 RU ⁽⁸⁾	83,475	
	7,500	36.36	18/09/2023	nil			
Myron F. Kanik	15,000 ⁽⁶⁾	27.13	11/12/2016	56,550	800 RU	28,322	nil
	25,000	14.24	10/12/2018	416,500	1,600 RU	56,464	
	20,000	29.32	07/06/2022	31,600	2,400 RU ⁽⁸⁾	83,475	
	7,500	36.36	18/09/2023	nil			
Phillip R. Knoll	nil	n/a	n/a	n/a	2,400 RU ⁽⁸⁾	83,475	9,950
David F. Mackie	20,000	29.32	07/06/2022	31,600	800 RU	28,322	102,815
	7,500	36.36	18/09/2023	nil	1,600 RU 2,400 RU ⁽⁸⁾	56,464 83,475	
M. Neil McCrank	20,000 ⁽⁷⁾	25.00	10/12/2017	118,000	800 RU	28,322	102,815
	20,000	14.24	10/12/2018	333,200	1,600 RU	56,464	
	20,000	29.32	07/06/2022	31,600	2,400 RU ⁽⁸⁾	83,475	
	7,500	36.36	18/09/2023	nil			

Notes:

- (1) The option exercise price is set using the closing price of Shares on the trading day preceding the grant date.
- (2) The value of unexercised in-the-money Share Options represents the difference between the closing price of Shares on December 31, 2015 (\$30.90) and the exercise price.
- (3) Market or payout value of RUs that have not vested is calculated by adding the original number of Shares granted to the additional Shares accumulated to December 31, 2015 with respect to those original grants, multiplying such sum by the average closing price for the last 20 trading days of 2015 (\$30.52), and adding the dividends that would accumulate on those Shares until vesting assuming a dividend of \$1.8675 per Share per annum.

- (4) Market or payout value of DSUs is calculated by adding the original number of Shares granted to the additional Shares accumulated to December 31, 2015 with respect to those original grants, multiplying such sum by the average closing price for the last 20 trading days of 2015 (\$30.52).
- (5) Mr. Cornhill received no additional compensation for his role as a director.
- (6) Vested 50 percent on the grant date and 25 percent on each of the first and second anniversaries of grant.
- (7) Vested 1/3 on the grant date and 1/3 on each of the first and second anniversaries of grant.
- (8) Granted during the year ended December 31, 2015.

Share Options granted to the directors vest as to 25 percent on each of the first, second, third and fourth anniversaries of the grant date, and expire on the tenth anniversary for grants prior to November 7, 2013, and on the sixth anniversary for grants on and after November 7, 2013, except as noted. **There have been no Share Options granted to non-employee directors since September 18, 2013.**

Refer to “*Compensation Discussion and Analysis – Compensation Mix – Long Term Incentives – Share Option Plan*” for a summary of the material provisions of AltaGas’ Share Option Plan. The Share Option Plan provides that:

- no Share Option may be granted to non-employee directors of AltaGas if the granting of such Share Option could result, at any time, in the issuance to such persons (as a group) of a number of Shares exceeding 1% of the number of Shares then issued and outstanding immediately prior to such issuance; and
- within any one fiscal year, the total value of Share Options granted to a non-employee director, as determined by the board of directors on the grant date of Share Options to the non-employee director using the Black-Scholes-Merton valuation model, shall not exceed \$100,000.

The total number of unexercised Share Options held by non-employee directors at December 31, 2015 is equal to 0.29 percent of the issued and outstanding Shares.

The RUs granted to directors vest as to one-third per year over a three-year period commencing with the year of grant, contingent upon AltaGas achieving a performance milestone during each year of the vesting period. The performance milestone for RUs granted to the directors of AltaGas is the payment of a dividend by AltaGas in the 12 months prior to each vesting date. Commencing with RUs granted to directors in 2014, RUs will continue to vest follow the retirement of the director. See “*Compensation Discussion and Analysis – Compensation Mix – Long-Term Incentives – Mid-Term Incentive Plan*”.

Incentive Plan Awards – Value Vested or Earned During 2015

The following table reflects the aggregate dollar value on vesting of Share Options, RUs and DSUs for directors during the year ended December 31, 2015 and annual cash incentives earned during that year by such directors.

Name	Option-based awards - Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year ⁽²⁾ (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Catherine M. Best	81,913	120,000 (DSU) 90,037 (RU)	n/a
Victoria A. Calvert	nil	20,000 (DSU)	n/a
David W. Cornhill ⁽³⁾	n/a	n/a	n/a
Allan L. Edgeworth	46,400	60,000 (DSU) 90,037 (RU)	n/a
Hugh A. Fergusson	46,400	90,037 (RU)	n/a
Daryl H. Gilbert	46,400	90,037 (RU)	n/a
Robert B. Hodgins	46,400	60,000 (DSU) 90,037 (RU)	n/a
Myron F. Kanik	46,400	90,037 (RU)	n/a
Phillip R. Knoll	nil	10,000 (DSU)	n/a

Name	Option-based awards - Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year ⁽²⁾ (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
David F. Mackie	46,400	120,000 (DSU) 90,037 (RU)	n/a
M. Neil McCrank	46,400	120,000 (DSU) 90,037 (RU)	n/a

Notes:

- (1) The value upon the vesting of Share Options represents the difference between the market price of the Shares at the time of vesting and the exercise price of Share Options.
- (2) Consists of RUs and DSUs. The value upon the vesting of RUs represents the product of the RUs vested multiplied by the average of the closing price of Shares for the immediately preceding 20 days prior to vesting (refer to table below). The value upon vesting of DSUs represents the amount of the annual retainer elected by the director to be taken in DSUs in 2015. DSUs are paid upon the retirement of the director.
- (3) Mr. Cornhill received no additional compensation for his role as a director.

In support of the column titled “Option-based awards - Value vested during the year” in the table above, the following Share Options vested in 2015:

Name	Shares underlying Share Options vested during the year (#)	Share Option exercise price (\$)	Vesting date	Market price of Shares on vesting date (\$)	Value vested during the year (\$)
Catherine M. Best	5,000	29.32	07/06/2015	38.60	46,400
	3,750	35.35	04/03/2015	44.82	35,513
	750	36.36	18/09/2015	34.75	nil
Victoria A. Calvert	nil	n/a	n/a	n/a	n/a
David W. Cornhill ⁽¹⁾	n/a	n/a	n/a	n/a	n/a
Allan L. Edgeworth	5,000	29.32	07/06/2015	38.60	46,400
	1,875	36.36	18/09/2015	34.75	nil
Hugh A. Fergusson	5,000	29.32	07/06/2015	38.60	46,400
	1,875	36.36	18/09/2015	34.75	nil
Daryl H. Gilbert	5,000	29.32	07/06/2015	38.60	46,400
	1,875	36.36	18/09/2015	34.75	nil
Robert B. Hodgins	5,000	29.32	07/06/2015	38.60	46,400
	1,875	36.36	18/09/2015	34.75	nil
Myron F. Kanik	5,000	29.32	07/06/2015	38.60	46,400
	1,875	36.36	18/09/2015	34.75	nil
Phillip R. Knoll	nil	n/a	n/a	n/a	n/a
David F. Mackie	5,000	29.32	07/06/2015	38.60	46,400
	1,875	36.36	18/09/2015	34.75	nil
M. Neil McCrank	5,000	29.32	07/06/2015	38.60	46,400
	1,875	36.36	18/09/2015	34.75	nil

Note:

- (1) Mr. Cornhill received no additional compensation for his role as a director.

In support of the column titled “Share-based awards - Value vested during the year” in the table above, the following RUs vested in 2015:

Name	Shares underlying RUs vested during the year (#)	Additional Shares accumulated at time of vesting ⁽¹⁾ (#)	Vesting date	Market price of Shares on vesting date ⁽²⁾ (\$)	Value vested during the year ⁽⁴⁾ (\$)
Catherine M. Best	800 RU	101.89	01/11/2015	34.45	31,219
	800 RU	65.69	04/11/2015	34.39	29,914
	800 RU	35.02	01/11/2015	34.45	28,904
Victoria A. Calvert	nil	n/a	n/a	n/a	n/a
David W. Cornhill ⁽³⁾	n/a	n/a	n/a	n/a	n/a
Allan L. Edgeworth	800 RU	101.89	01/11/2015	34.45	31,219
	800 RU	65.69	04/11/2015	34.39	29,914
	800 RU	35.02	01/11/2015	34.45	28,904
Hugh A. Fergusson	800 RU	101.89	01/11/2015	34.45	31,219
	800 RU	65.69	04/11/2015	34.39	29,914
	800 RU	35.02	01/11/2015	34.45	28,904
Daryl H. Gilbert	800 RU	101.89	01/11/2015	34.45	31,219
	800 RU	65.69	04/11/2015	34.39	29,914
	800 RU	35.02	01/11/2015	34.45	28,904
Robert B. Hodgins	800 RU	101.89	01/11/2015	34.45	31,219
	800 RU	65.69	04/11/2015	34.39	29,914
	800 RU	35.02	01/11/2015	34.45	28,904
Myron F. Kanik	800 RU	101.89	01/11/2015	34.45	31,219
	800 RU	65.69	04/11/2015	34.39	29,914
	800 RU	35.02	01/11/2015	34.45	28,904
Phillip R. Knoll	nil	n/a	n/a	n/a	n/a
David F. Mackie	800 RU	101.89	01/11/2015	34.45	31,219
	800 RU	65.69	04/11/2015	34.39	29,914
	800 RU	35.02	01/11/2015	34.45	28,904
M. Neil McCrank	800 RU	101.89	01/11/2015	34.45	31,219
	800 RU	65.69	04/11/2015	34.39	29,914
	800 RU	35.02	01/11/2015	34.45	28,904

Notes:

- (1) The RUs are tracked during the applicable vesting period and dividends on a Share during that period are deemed to be paid on the dates of dividend on each PU and RU and reinvested to acquire more phantom whole shares and accrue to the benefit of that individual in the accounts maintained for that individual, to be paid to the individual if and to the extent vesting occurs.
- (2) The market price of Shares for the purpose of calculating amounts payable pursuant to vested RUs and PUs is the average of the closing price of Shares for the immediately preceding 20 days prior to vesting.
- (3) Mr. Cornhill received no additional compensation for his role as a director.
- (4) Numbers may not add to those disclosed under the column “Share-based awards - Value vested during the year” in the first table under the heading “Incentive Plan Awards - Value Vested or Earned During 2015” due to rounding.

Share Options - Value Exercised During 2015

The following Share Options were exercised in 2015:

Name	Shares underlying Share Options exercised during the year (#)	Share Option exercise price (\$)	Exercise date	Market price of Shares on exercise date (\$)	Value exercised during the year (\$)
Catherine M. Best	nil	n/a	n/a	n/a	n/a
Victoria A. Calvert	n/a	n/a	n/a	n/a	n/a

Name	Shares underlying Share Options exercised during the year (#)	Share Option exercise price (\$)	Exercise date	Market price of Shares on exercise date (\$)	Value exercised during the year (\$)
David W. Cornhill ⁽¹⁾	n/a	n/a	n/a	n/a	n/a
Allan L. Edgeworth	10,000	24.62	09/01/2015	39.70	150,800
	10,000	24.62	10/03/2015	42.32	177,000
	10,000	14.24	04/12/2015	30.87	166,300
Hugh A. Fergusson	1,500	14.24	21/12/2015	30.60	24,540
Daryl H. Gilbert	nil	n/a	n/a	n/a	n/a
Robert B. Hodgins	20,000	24.62	03/03/2015	45.04	408,400
Myron F. Kanik	nil	n/a	n/a	n/a	n/a
Phillip R. Knoll	n/a	n/a	n/a	n/a	n/a
David F. Mackie	11,900	27.13	06/11/2015	33.32	73,661
	3,100	27.13	08/12/2015	29.61	7,688
M. Neil McCrank	nil	n/a	n/a	n/a	n/a

Note:

(1) Mr. Cornhill received no additional compensation for his role as a director.

Director Equity Ownership Requirement, Change in Ownership, Equity Value

In recognition of the importance of ensuring an alignment of financial interests of directors with those of Shareholders, AltaGas has adopted a Share ownership requirement for directors of AltaGas. Under the requirement, directors must achieve a Share ownership level of three times their annual retainer, plus three times the value of annual equity grants (Shares, RUs, PUs, DSUs and Share Options), within a five-year period commencing on the later of October 29, 2014 or upon the date of formal appointment as a director of AltaGas. The following table shows equity ownership at December 31, 2015 and December 31, 2014, changes from 2014 to 2015, and the value of equity owned.

Name	Shares ⁽¹⁾ (#)	Unvested RUs ⁽⁴⁾ (#)	Vested DSUs ⁽⁴⁾ (#)	Shares Underlying Unexercised Share Options (#)	Preferred Shares (#)	Total for Purpose of Share Ownership Requirement ⁽¹⁾ (#)	Minimum Share Ownership Required ⁽²⁾ (#)	Market (at risk) Value of Equity Holdings ⁽³⁾ (\$)	Current Holdings as a Multiple of the Annual Board Retainer ⁽⁴⁾
Catherine M. Best⁽⁵⁾									
2015	nil	4,800	3,306	38,000	nil	8,106	19,517	302,675	2.52
2014	nil	4,800	-	38,000	nil	4,800	11,833	632,368	12.64
Change	0	0	3,306	0	0	3,306	7,684	(329,693)	
Victoria A. Calvert⁽⁵⁾									
2015	nil	2,400	652	nil	nil	3,052	19,517	103,374	0.86
David W. Cornhill⁽⁶⁾									
2015	1,569,145	46,000	nil	950,000	30,000	1,615,145	n/a	53,557,724	n/a
2014	1,386,742	25,000	-	1,279,500	30,000	1,411,742	n/a	83,111,477	n/a
Change	182,403	21,000	0	(329,500)	0	203,403		(29,553,753)	
Allan L. Edgeworth									
2015	26,351	4,800	1,652	57,500	nil	32,803	19,517	1,371,932	11.43
2014	11,411	4,800	-	87,500	nil	16,211	11,833	2,383,531	47.67
Change	14,940	0	1,652	(30,000)	0	16,592	7,684	(1,011,599)	

Name	Shares ⁽¹⁾ (#)	Unvested RUs ⁽⁴⁾ (#)	Vested DSUs ⁽⁴⁾ (#)	Shares Underlying Unexercised Share Options (#)	Preferred Shares (#)	Total for Purpose of Share Ownership Requirement ⁽⁴⁾ (#)	Minimum Share Ownership Required ⁽²⁾ (#)	Market (at risk) Value of Equity Holdings ⁽³⁾ (\$)	Current Holdings as a Multiple of the Annual Board Retainer ⁽⁴⁾
Hugh A. Fergusson									
2015	26,779	4,800	nil	54,000	1,600	31,579	19,517	1,290,707	10.76
2014	25,279	4,800	-	55,500	1,600	30,079	11,833	2,278,002	45.56
Change	1,500	0	0	(1,500)	0	1,500	7,684	(987,295)	
Daryl H. Gilbert									
2015	25,900	4,800	nil	42,500	nil	30,700	19,517	1,056,720	8.81
2014	25,900	4,800	-	42,500	nil	30,700	11,833	1,909,584	38.19
Change	0	0	0	0	0	0	7,684	(852,864)	
Robert B. Hodgins									
2015	14,600	4,800	1,652	67,500	nil	21,052	19,517	1,175,426	9.80
2014	5,600	4,800	-	87,500	nil	10,400	11,833	2,131,682	42.63
Change	9,000	0	1,652	(20,000)	0	10,652	7,684	(956,256)	
Phillip R. Knoll⁽⁵⁾									
2015	4,000	2,400	326	nil	1,000	6,726	19,517	245,079	2.04
David F. Mackie									
2015	1,295,000	4,800	3,306	27,500	nil	1,303,106	19,517	40,318,175	335.98
2014	1,280,000	4,800	-	42,500	nil	1,284,800	11,833	56,262,278	1,125.25
Change	15,000	0	3,306	(15,000)	0	18,306	7,684	(15,944,103)	
M. Neil McCrank									
2015	15,000	4,800	3,306	67,500	nil	23,106	19,517	1,217,375	10.14
2014	15,000	4,800	-	67,500	nil	19,800	11,833	2,142,828	42.86
Change	0	0	3,306	0	0	3,306	7,684	(925,453)	

Notes:

- (1) For purposes of achieving compliance with AltaGas' Share ownership guidelines, Shares, unvested RUs and vested DSUs count toward Share ownership.
- (2) Each director met the Share ownership guideline, except as set forth in footnote (5) below. In 2015, required ownership is three times (3x) the annual retainer, plus the three times (3x) the value of annual equity grants (Shares, RUs, PUs, DSUs and Share Options). Annual retainer at December 31, 2015 was \$120,000, and value of annual RU grant was \$81,024 for required ownership of \$603,072 within the five-year period referenced above. Share closing price on the TSX on December 31, 2015 was \$30.90. In 2014, required ownership is three times (3x) the annual retainer, plus the three times (3x) the value of annual equity grants (Shares, RUs, PUs, DSUs and Share Options). Annual retainer at December 31, 2014 was \$50,000, and value of annual RU grant was \$120,936, for required ownership of \$512,808 within the five-year period referenced above. Share closing price on the TSX on December 31, 2014 was \$43.34.
- (3) Calculated as follows for 2015: for Shares, using the December 31, 2015 closing price on the TSX of \$30.90 for Shares; for RUs, using the values disclosed under the table heading "Market or payout value of Share-based awards that have not vested"; for DSUs, using the values disclosed under the table heading "Market or payout value of vested Share-based awards not paid out or distributed"; for Share Options, using the values disclosed under the table heading "Value of unexercised in-the-money Share Options"; for preferred shares, using the December 31, 2015 closing price on the TSX of \$16.16 for preferred shares series A, \$13.86 for preferred shares series B, US\$20.27 for preferred shares series C (and an exchange rate of 1.384), \$21.78 for preferred shares series E, \$21.38 for preferred shares series G and \$25.10 for preferred shares series I. Calculated as follows for 2014: for Shares, using the December 31, 2014 closing price on the TSX of \$43.34 for Shares; for RUs, using the values disclosed under the table heading "Market or payout value of Share-based awards that have not vested" in the March 9, 2015 management information circular; for Share Options, using the values disclosed under the table heading "Value of unexercised in-the-money Share Options" in the March 9, 2015 management information circular; for preferred shares, using the December 31, 2014 closing price on the TSX of \$24.99 for preferred shares series A, US\$25.15 for preferred shares series C (and an exchange rate of 1.1601), \$26.00 for preferred shares series E and \$25.65 for preferred shares series G.
- (4) Annual board retainer was \$120,000 in 2015 and \$50,000 in 2014.
- (5) Ms. Best has until October 29, 2019 to achieve the requirement. Ms. Calvert and Mr. Knoll have until November 1, 2020 to achieve the requirement.
- (6) Mr. Cornhill is subject to the Share ownership guidelines for officers. See "Share Ownership Guidelines for Officers" set out below.

Appointment of Auditors

The board of directors recommends that Shareholders vote in favour of the appointment of Ernst & Young LLP (“E&Y”) as auditors of AltaGas. Unless it is specified in a proxy that the Shareholder withholds approval for AltaGas to appoint E&Y as auditors of AltaGas, the persons named in the enclosed form of proxy intend to grant approval to AltaGas to cause the appointment of E&Y as auditors of AltaGas, to hold office until the next annual meeting of Shareholders following the Meeting, with remuneration to be determined by AltaGas. Fees paid to E&Y by AltaGas and its subsidiaries during 2015 and 2014 were as follows:

Category of External Auditor Service Fee	2015	2014
Audit Fees	\$2,296,411	\$1,550,272
Audit-Related Fees ⁽¹⁾	\$433,206	\$433,703
Tax Fees ⁽²⁾	\$80,189	\$23,903
All Other Fees ⁽³⁾	\$118,190	\$160,091
TOTAL	\$2,927,996	\$2,167,969

Notes:

- (1) Represent the aggregate fees billed by E&Y for assurance and related services that were reasonably related to the performance of the audit or review of AltaGas’ financial statements and were not reported under "Audit Fees". The nature of the services include review of prospectus, systems implementation, acquisitions and dispositions, financial statements of AltaGas’ joint ventures, research of accounting and audit-related issues, and registration costs for the Canadian Public Accountability Board.
- (2) Represent the aggregate fees billed by E&Y for professional services for tax compliance, tax advice and tax planning. The nature of the services was tax advice.
- (3) Represent the aggregate fees billed by E&Y for products and services, other than those reported with respect to the other categories of service fees. The nature of the services was for translation services.

The foregoing information is also set forth in AltaGas’ Annual Information Form for the year ended December 31, 2015, under the heading “AltaGas Ltd. - Directors and Officers - External Auditor Service Fees by Category”.

E&Y were the auditors of AltaGas Services Inc. from April 30, 1997 to April 30, 2004, became the auditors of AltaGas Income Trust on May 1, 2004, the effective date of the plan of arrangement pursuant to which AltaGas Income Trust was created and acquired the business of AltaGas Services Inc. (the “**Trust Arrangement**”), and became the auditors of AltaGas on July 1, 2010, the effective date of the plan of arrangement pursuant to which AltaGas was created by amalgamation and acquired the business of AltaGas Income Trust (the “**Corporate Arrangement**”).

At the AltaGas 2015 annual meeting, the voting results on the motion to appoint E&Y as auditors of AltaGas were 69,519,809 (97.91%) in favour and 1,483,600 (2.09%) withheld.

Representatives of E&Y will be present at the Meeting and will have the opportunity to respond to appropriate questions.

Shareholder Advisory Vote on Executive Compensation

The philosophy of the board of directors is that if AltaGas does well, the employees of AltaGas will be rewarded through cash bonuses, increases in long-term variable compensation, such as Share Options and MTIP incentive awards, additional long-term variable compensation awards or combinations of any or all of the foregoing. AltaGas believes that this philosophy achieves the goal of attracting and retaining top performing employees and executive officers, while rewarding the demonstrated behaviours that reinforce AltaGas’ values and help to deliver on AltaGas’ corporate objectives. The board of directors has monitored developments and trends in the practice of holding advisory votes on executive compensation (commonly referred to as "Say on Pay"), and first sought Shareholder input on “Say on Pay” at the 2014 annual general meeting. At the AltaGas 2015 annual meeting, the voting results on the non-binding advisory vote on executive compensation were 62,966,790 (90.35%) in favour and 6,724,959 (9.65%) against.

The board of directors again wishes to seek additional Shareholder input with a "Say on Pay" advisory vote at the Meeting. AltaGas’ approach to executive compensation is described in detail below under the

heading "Compensation Discussion and Analysis". This non-binding advisory vote on executive compensation will provide Shareholders with the opportunity to vote "For" or "Against" AltaGas' approach to executive compensation through the following resolution:

"RESOLVED, on an advisory basis and not to diminish the roles and responsibilities of the board of directors of AltaGas Ltd., that the shareholders of AltaGas Ltd. accept the approach to executive compensation disclosed in the AltaGas Ltd. management information circular dated March 11, 2016 delivered in advance of the 2016 annual and special meeting of shareholders of AltaGas Ltd."

As this is an advisory vote, the results will not be binding upon the board of directors. However, the board of directors will consider the outcome of the vote as part of its ongoing review of executive compensation. The board of directors believes that it is essential for the Shareholders to be well informed of AltaGas' approach to executive compensation and considers this advisory vote to be an important part of any engagement between Shareholders and the board of directors pertaining to executive compensation. In the absence of contrary instructions, it is the intention of the persons designated in the enclosed form of proxy to vote the Shares represented thereby in favour of the non-binding advisory resolution regarding AltaGas' approach to executive compensation.

Approval of Unallocated Share Options under the Share Option Plan

The Share Option Plan

AltaGas maintains a stock option plan (the "Share Option Plan") as a continuing form of long-term variable compensation incentive for directors (**there have been no Share Options granted to non-employee directors since 2013**), officers, employees, consultants and other personnel of AltaGas and its affiliates. The quantum and granting of share options under the Share Option Plan (the "Share Options") is related to individual performance and is used to give suitable recognition to the ability and industry of those individuals who contribute materially to the success of AltaGas and its affiliates, and to attract and retain in the employ of AltaGas and its affiliates, persons of experience and ability. AltaGas' Share Option Plan is attached to this Information Circular as Schedule B.

As at the Record Date, 4,501,761 Share Options (representing approximately 3.08 percent of the aggregate issued and outstanding Shares as at that date) are currently issued and outstanding under the Share Option Plan out of a maximum allocation of 14,692,811 Share Options. As a result, there are currently 10,191,050 unallocated Share Options.

Please refer to "Compensation Discussion and Analysis" for a summary of the material provisions of AltaGas' current Share Option Plan.

TSX Requirement for Approval

The TSX requires listed issuers to seek renewal securityholder approval every three years for any unallocated entitlements that are issuable under a security based compensation arrangement that does not have a fixed maximum number of securities issuable pursuant to its terms. As the Share Option Plan does not have a fixed maximum number of Share Options that may be subject to Share Options granted under the Share Option Plan, it qualifies as a reloading security compensation arrangement to which this requirement applies. The resolution must be approved by a majority of the votes cast in person or by proxy at the Meeting by Shareholders.

The three year anniversary of the last Shareholder approval of all unallocated Share Options entitled to be granted pursuant to the Share Option Plan will be July 1, 2016. As a result, the ability of AltaGas to grant Share Options will effectively lapse at that time.

Shareholder Approval

As an item of special business, the Shareholders will be asked at the Meeting to consider and, if thought fit, adopt the resolution set out below. Regardless of whether or not this resolution is passed, all currently outstanding Share Options will be unaffected. However, if the resolution is not passed, all unallocated Share Options (of which there are currently 10,191,050) will be cancelled and the subsequent

exercise or cancellation of currently outstanding Share Options will not automatically reload under the Share Option Plan and no further Share Options will be granted under the Share Option Plan until Shareholder approval is obtained.

“RESOLVED THAT all unallocated Share Options entitled to be granted pursuant to the Share Option Plan be approved and are authorized to be issued until July 1, 2019.”

The above resolution must be approved by a simple majority of votes cast by Shareholders who vote in person or by proxy at the Meeting in respect of this resolution. **Management is soliciting proxies, in accordance with the accompanying form of proxy, in favour of approving the unallocated Share Options in the Share Option Plan.**

The management designees, if named as proxy, intend to vote such proxy in favour of the above resolution unless a Shareholder has specified by proxy that the Shareholders' Shares are to be voted against the resolution. If no choice is specified by a Shareholder to vote for or against the resolution referred to above, the management designees intend to vote in favour of the resolution.

Recommendation of the Board of Directors

The board of directors recommends that the Shareholders vote in favour of the foregoing resolution. The board of directors, based upon its own investigations and analysis, has unanimously determined that the approval of all unallocated Share Options in the Share Option Plan is in the best interests of AltaGas and has approved the foregoing resolution.

Confirming AltaGas' Advance Notice By-Law

You will be asked to confirm By-Law No. 2 of AltaGas, which sets out advance notice requirements for director nominations (the “**Advance Notice By-Law**”).

The Advance Notice By-Law was adopted by the board of directors on February 24, 2016, but requires Shareholder confirmation. The purpose of the Advance Notice By-Law is to provide Shareholders, directors and management of AltaGas with guidance on the nomination of directors. The Advance Notice By-Law is the framework by which AltaGas seeks to fix a deadline by which Shareholders must submit director nominations to AltaGas prior to any annual or special meeting of Shareholders and sets forth the information that a Shareholder must include in the notice to AltaGas for the notice to be in proper written form.

Terms of the Advance Notice By-Law

The following is a brief summary of certain provisions of the Advance Notice By-Law and is qualified in its entirety by the full text of the Advance Notice By-Law. The full text of the Advance Notice By-Law is set out in Schedule C.

- Other than pursuant to: (i) a “proposal” made in accordance with the *Canada Business Corporations Act* (the “**Act**”); or (ii) a requisition of the Shareholders made in accordance with the Act, Shareholders must give advance written notice to AltaGas of any nominees for election to the board of directors.
- The Advance Notice By-Law fixes a deadline by which holders of record of Shares must submit, in writing, nominations for directors to the Corporate Secretary of AltaGas prior to any annual or special meeting of Shareholders and sets forth the specific information that such Shareholders must include with their nominations in order to be effective.
- For an annual meeting of Shareholders, notice to AltaGas must be not less than **30** days prior to the date of the annual meeting; save and except where the annual meeting is to be held on a date less than 50 days after the date on which the first public announcement of the date of such annual meeting was made, in which event notice may be given not later than the close of business on the 10th day following such public announcement.

- For a special meeting of Shareholders (that is not also an annual meeting), notice to AltaGas must be given not later than the close of business on the 15th day following the day on which the first public announcement of the date of such special meeting was made.
- Despite any other provision of the Advance Notice By-Law, if the nominating Shareholder (or a qualified representative of the nominating Shareholder) does not appear at the meeting of Shareholders of AltaGas to present the nomination of the proposed nominee, such nomination shall be disregarded, notwithstanding that proxies in respect of such nomination may have been received by AltaGas.

Approval

It is the belief of AltaGas and the board of directors that the Advance Notice By-Law is beneficial to Shareholders and other stakeholders. The Advance Notice By-Law provides Shareholders, directors and management of AltaGas with a transparent, structured and fair process for nominating directors of AltaGas in connection with any annual or special meeting of the Shareholders. The Advance Notice By-Law will be subject to periodic review and, subject to applicable law, will reflect changes as required by securities regulatory agencies or stock exchanges and, at the discretion of the board of directors, amendments necessary to meet evolving industry standards. If Shareholders do not confirm the Advance Notice By-Law by ordinary resolution, it will cease to be effective.

The board of directors recommends that Shareholders vote for the resolution:

“RESOLVED THAT:

- By-Law No. 2 of AltaGas Ltd., in the form adopted by the board of directors on February 24, 2016, and attached as Schedule C to the management information circular dated March 11, 2016, being an advance notice by-law setting out the process for director nominations, is confirmed; and
- any one officer or director of AltaGas Ltd. is authorized and directed to execute any documents or instruments or to take any other action necessary or advisable for this resolution to take effect.”

The above resolution must be approved by a simple majority of votes cast by Shareholders who vote in person or by proxy at the Meeting in respect of this resolution. **Management is soliciting proxies, in accordance with the accompanying form of proxy, in favour of confirming the Advance Notice By-Law.**

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as set forth herein, AltaGas is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any current or nominee member of the board of directors or executive officer of AltaGas, respectively, at any time since the beginning of AltaGas’ last financial year, or any associate or affiliate of any of the foregoing persons, in any matter to be acted upon other than the election of directors or the appointment of auditors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

AltaGas is not aware of any material interest, direct or indirect, of any informed person of AltaGas, any nominee director of AltaGas, or any associate or affiliate of any informed person or nominee director, in any transaction since the commencement of AltaGas’ most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect AltaGas or any of its subsidiaries.

For the purposes of this Information Circular, an “informed person” means, in the context of AltaGas, a director or executive officer of AltaGas or any subsidiary of AltaGas.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Except as set out below, AltaGas is not aware of any individuals who are either current or former executive officers, directors or employees of AltaGas or any of AltaGas’ subsidiaries and who have indebtedness outstanding as at the Record Date (whether entered into in connection with the purchase of

securities of AltaGas or otherwise) that is owing to (i) AltaGas or any of its subsidiaries, or (ii) another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by AltaGas or any of its subsidiaries.

Except as set out below, AltaGas is not aware of any individuals who are, or who at any time during 2015 were, a director or executive officer of AltaGas, a proposed nominee for election as a director of AltaGas, or an associate of any of those directors, executive officers or proposed nominees, who are, or have been at any time since January 1, 2015, indebted to AltaGas or any of its subsidiaries, or whose indebtedness to another entity is, or at any time since January 1, 2015 has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by AltaGas or any of its subsidiaries.

Aggregate Indebtedness

The table below shows the aggregate indebtedness to AltaGas of all executive officers, directors and employees, and former executive officers, directors and employees of AltaGas and its subsidiaries as at the Record Date.

Purpose	AGGREGATE INDEBTEDNESS ⁽¹⁾	
	To AltaGas or its subsidiaries (\$)	To another entity (\$)
Share purchases	nil	nil
Other	750,000	nil

Note:

- (1) These amounts exclude "routine indebtedness", meaning any indebtedness described as follows: (i) if AltaGas or its subsidiaries makes loans to employees generally (A) the loans are made on terms no more favourable than the terms on which loans are made by AltaGas or its subsidiary to employees generally, and (B) the amount, at any time during the last completed financial year, remaining unpaid under the loans to the director, executive officer or proposed nominee, together with his or her associates, does not exceed \$50,000; (ii) a loan to a person or company who is a full-time employee of AltaGas (A) that is fully secured against the residence of the borrower, and (B) the amount of which in total does not exceed the annual salary of the borrower; (iii) if AltaGas or its subsidiary makes loans in the ordinary course of business, a loan made to a person or company other than a full-time employee of AltaGas (A) on substantially the same terms, including those as to interest rate and security as are available when a loan is made to other customers of AltaGas or its subsidiary with comparable credits, and (B) with no more than the usual risks of collectability; and (iv) a loan arising by reason of purchases made on usual trade terms or of ordinary travel or expense advances, or for similar reasons, if the repayment arrangements are in accord with usual commercial practice.

Indebtedness of Directors and Executive Officers under (1) Securities Purchase Programs, and (2) Other Programs

The table below shows each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of AltaGas, each proposed nominee for election as a director of AltaGas, and each associate of any such director, executive officer or proposed nominee (a) who is, or at any time since the beginning of the most recently completed financial year of AltaGas has been, indebted to AltaGas or any of its subsidiaries, and (b) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided AltaGas or any of its subsidiaries.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER
(1) SECURITIES PURCHASE PROGRAMS, AND (2) OTHER PROGRAMS⁽⁴⁾**

Name and Principal Position	Involvement of AltaGas or Subsidiary	Largest Amount Outstanding During 2015 Financial Year (\$)	Amount Outstanding as at the Record Date (\$)	Financially Assisted Securities Purchases During 2015 Financial Year (#)	Security for Indebtedness	Amount Forgiven During 2015 Financial Year (\$)
Securities Purchase Programs						
n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other Programs						
David M. Harris ⁽²⁾						
President and Chief Operating Officer						
	Lender	750,000	750,000	nil	nil	nil

Notes:

- (1) These amounts exclude "routine indebtedness", as that term is described in footnote (1) to the table above.
- (2) AltaGas and Mr. Harris agreed on June 2, 2010 to an employee loan in the principal amount of \$750,000, to be paid in full with accrued interest at the rate prescribed by the *Income Tax Act* (Canada) on the earlier of the date of termination of his employment and May 31, 2015. The provisions of this loan were extended to February 8, 2021 and amended to include provision for forgiveness of the loan at a rate of 20% per annum commencing in 2017. Such forgiveness is conditional on Mr. Harris' continued employment with AltaGas. If Mr. Harris' employment terminates for reasons of permanent disability or death, by AltaGas without cause, in the event of a change of control or for constructive dismissal, up to \$300,000 of the loan balance will also be forgiven with any remaining amount to be paid immediately by Mr. Harris or deducted from any amounts payable to Mr. Harris by AltaGas.

CORPORATE GOVERNANCE

General

The board of directors is responsible for managing the business and affairs of AltaGas generally and believes that good governance improves performance and benefits all Shareholders. The board of directors is therefore committed to a high standard of governance.

AltaGas has structured its governance to comply with applicable legislation and policies, including National Instrument 52-110 - *Audit Committees* ("NI 52-110"), National Policy 58-201 - *Corporate Governance Guidelines* ("NP 58-201"), National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"). **Attached as Schedule A - Statement of Corporate Governance Practices is a description of AltaGas' corporate governance practices with specific reference to NI 58-101 and NI 52-110.** The board of directors believes that AltaGas' governance policies and practices are fully compliant with the requirements of NI 52-110, NI 58-101 and NI 52-109 and with the guidelines of NP 58-201. In addition, AltaGas stays abreast of legislative and other policy initiatives pertaining to corporate governance matters and proactively seeks to adjust its corporate governance to address such potential requirements.

The board of directors discharges its responsibilities directly and through its committees. At regularly scheduled meetings, the board of directors and management of AltaGas discuss the issues relevant to AltaGas' strategy and business. Currently, the board of directors meets a minimum of six times per year and in 2015 met nine times, all of which, in accordance with the practice of the board of directors, included discussions at which the non-independent director and management were not in attendance. The nature of the business discussed and conducted by the board of directors at any particular meeting is dependent on the then-current state of AltaGas' business and the opportunities and risks that AltaGas faces at that time. However, every regularly scheduled quarterly board of directors' meeting includes a review of AltaGas' consolidated financial and operational status and performance and a report from any committees that have met since the last board of directors meeting. The board of directors also sets one meeting per year for a comprehensive review and approval of AltaGas' budget and plan for AltaGas and its affiliates the following year, and has also established one meeting per year for a comprehensive review and approval of the overall strategic plan of AltaGas and its affiliates (which in 2015 included a management succession planning review and discussion). The board of directors works closely with the HR Committee (as hereinafter defined), and is responsible for selecting, evaluating and compensating the CEO, and for approving compensation of senior management and the appropriate compensation programs for AltaGas employees.

Management's responsibilities are clearly defined by the board of directors. This is accomplished by identifying the roles and responsibilities of the CEO, the President and Chief Operating Officer and the CFO of AltaGas and by defining the mandates of the board of directors and the committees thereof.

AltaGas has a Code of Business Ethics ("**COBE**") that is applicable to the directors, officers, employees, contractors, consultants, representatives and agents of AltaGas and its operating subsidiaries (collectively, the "**Employees**"). The COBE, as an overall framework, sets out fundamental principles to guide the Employees, and encompasses a wide range of business practices and procedures. The COBE incorporates and acts as an umbrella policy to AltaGas' various specific policies. New Employees must certify their review of, and agreement to be bound by, the COBE, and Employees must re-certify annually. Refer to Schedule A attached hereto for additional information with respect to the COBE.

Directors and Officers Liability Insurance

Directors' and officers' liability insurance has been obtained for the directors and officers of AltaGas and its subsidiaries with a policy limit of \$120,000,000 aggregate per policy year. Under this insurance coverage, AltaGas would be reimbursed for indemnity payments made on behalf of the directors and officers of AltaGas subject to a deductible of \$250,000 per occurrence, which would be paid by AltaGas. The total premium paid by AltaGas for directors' and officers' liability insurance during the financial year ended December 31, 2015 was \$247,300.

Succession Planning

With respect to leadership and succession planning, the board of directors is responsible for:

- appointing the CEO and other members of senior management;
- monitoring senior management's performance, goals, assessments and rewards;
- developing, reviewing and monitoring the CEO succession plan; and
- reviewing at least yearly the succession strategy for all other senior management positions.

The board of directors met several times with the CEO in 2015, without other members of management, to discuss his views on the executive leadership team in general, and his potential successors. The board of directors also met *in camera*, without the CEO, to discuss the candidates he had identified as possible successors. The succession plan for the CEO was a focus area for the board of directors and the HR Committee in 2015.

While the board of directors remains active in this area, it delegates responsibility for reviewing AltaGas' policies and procedures relating to employment, succession planning and compensation (including executive compensation) to the HR Committee. The HR Committee has developed a succession plan for the CEO. In addition, the HR Committee has an emergency succession plan in place, should it be required. See the continued succession planning discussion below under "*Human Resources and Compensation Committee*".

AltaGas has announced David W. Cornhill's intention to retire as CEO on April 15, 2016. It is intended that David M. Harris will succeed Mr. Cornhill as President and CEO effective April 16, 2016.

Risk Management

The board of directors is responsible for identifying and understanding the principal risks associated with AltaGas' business and reviewing and approving the implementation of systems to manage risks. The board of directors receives reports on risk matters from both the committees of the board of directors and from management.

Lead Director

David W. Cornhill is Chairman and CEO of AltaGas and is a member of management, and following his announced retirement as CEO will have been within the last three years an employee or executive officer of AltaGas, and therefore is not considered independent.

To help ensure that the board of directors can function independently of management, the board of directors has appointed an independent director as Lead Director. Mr. Myron F. Kanik has been Lead Director for approximately the past 13 years. Mr. Kanik is not standing for re-election at the Meeting. Mr. M. Neil McCrank will be Lead Director following the Meeting if he is re-elected.

Board Committees

The board of directors has established four committees: the Audit Committee, the Governance Committee, the Environment, Occupational Health and Safety Committee and the Human Resources and Compensation Committee. All of the members of the four committees are “independent” directors, within the meaning of NI 52-110. The members of the committees are as follows:

Audit Committee	EOHS Committee	Governance Committee	HR Committee
Catherine M. Best	Catherine M. Best	Victoria A. Calvert	Hugh A. Fergusson
Allan L. Edgeworth	Allan L. Edgeworth (chair)	Robert B. Hodgins	Daryl H. Gilbert (chair)
Hugh A. Fergusson	Daryl H. Gilbert	Myron F. Kanik (chair)	Myron F. Kanik
Robert B. Hodgins (chair)	Phillip R. Knoll	David F. Mackie	David F. Mackie
	M. Neil McCrank	M. Neil McCrank	

The members of the committees, reflecting changes to be made effective April 1, 2016, April 20, 2016 and May 1, 2016, will be as follows:

Audit Committee	EOHS Committee	Governance Committee	HR Committee
Catherine M. Best	Allan L. Edgeworth (chair)	Victoria A. Calvert	Catherine M. Best
Allan L. Edgeworth	Daryl H. Gilbert	Robert B. Hodgins	Hugh A. Fergusson
Hugh A. Fergusson	Phillip R. Knoll	David F. Mackie	Daryl H. Gilbert (chair)
Robert B. Hodgins (chair)	M. Neil McCrank	M. Neil McCrank (chair)	David F. Mackie

Audit Committee

The board of directors has developed written terms of reference outlining the Audit Committee’s roles and responsibilities and provides appropriate guidance to Audit Committee members as to their duties. These terms of reference are reviewed annually by the board of directors. The Audit Committee of the board of directors (“**Audit Committee**”):

- assesses the adequacy of procedures for the public disclosure of financial information;
- reviews on behalf of the board of directors, and reports to the board of directors the results of its review and its recommendation regarding, all material matters of a financial reporting and audit nature, including without limitation the annual and interim financial statements, management’s discussion and analysis, related press releases of AltaGas and internal controls;
- reviews the nature and scope of the annual audit as proposed by the auditors and management; and
- is responsible for ensuring that management has established and is maintaining disclosure controls and procedures and internal control over financial reporting.

The Audit Committee meets with AltaGas’ auditors regularly, independent of management, and has direct communication channels with AltaGas’ external and internal auditors to discuss and review specific issues as appropriate.

Further information in respect of the Audit Committee and its members and mandate is contained under the heading “AltaGas Ltd. – Audit Committee” in, and is attached as Schedule “A” to, AltaGas’ Annual Information Form for the year ended December 31, 2015. The Annual Information Form is available under AltaGas’ profile on SEDAR at www.sedar.com and on AltaGas’ website at www.altagas.ca.

The Audit Committee currently consists of Catherine M. Best, Allan L. Edgeworth, Hugh A. Fergusson and Robert B. Hodgins, all of whom are independent directors. Mr. Hodgins is the chair of the Audit Committee.

Governance Committee

The Governance Committee of the board of directors (“**Governance Committee**”) is responsible for:

- the development of the overall governance of AltaGas and its affiliates;
- a continuing assessment of corporate governance matters;
- making recommendations to the board of directors regarding AltaGas’ approach to corporate governance;
- making recommendations to the board of directors regarding the compensation of non-employee directors;
- recommending individuals for nomination for election to the board of directors; and
- making recommendations with respect to corporate social responsibility matters.

See Schedule A attached hereto for a further discussion on nomination.

The Governance Committee currently consists of Victoria A. Calvert, Robert B. Hodgins, Myron F. Kanik, David F. Mackie and M. Neil McCrank, all of whom are independent directors. Mr. Kanik is the chair of the Governance Committee. Effective upon the conclusion of the Meeting, Mr. Kanik will cease to be a member of the Governance Committee. Effective May 1, 2016, and if re-elected, Mr. McCrank will be the chair of the Governance Committee.

Environment, Occupational Health and Safety Committee

The Environment, Occupational Health and Safety Committee of the board of directors (the “**EOHS Committee**”) monitors and makes recommendations to the board of directors with respect to the environment, health and safety policies, practices and procedures of AltaGas and its affiliates. The EOHS Committee has established an environmental risk management system and monitors its operation through regular reports.

The EOHS Committee currently consists of Catherine M. Best, Allan L. Edgeworth, Daryl H. Gilbert, Phillip R. Knoll and M. Neil McCrank, all of whom are independent directors. Mr. Edgeworth is the chair of the EOHS Committee. Effective April 1, 2016, Ms. Best will cease to be a member of the EOHS Committee.

Human Resources and Compensation Committee

The mandate of the Human Resources and Compensation Committee of the board of directors (the “**HR Committee**”) includes providing direction and oversight on human resources strategy, developing appropriate compensation policies for the NEOs, senior management and other employees of AltaGas, evaluating senior management performance, monitoring talent management, succession planning goal achievement and overseeing governance around compensation, pension and benefits. These responsibilities include reporting and making recommendations as to remuneration to the board of directors for their consideration and approval. The HR Committee is also responsible for:

- ensuring AltaGas has appropriate programs for workforce recruitment and employee retention;
- monitoring performance, goals, assessments and rewards of senior management;

- overseeing human capital risk and planning to ensure AltaGas' management programs (including those for officers) effectively provide for succession planning, employee retention and do not encourage individuals to take inappropriate or excessive risks that could result in a material negative impact to AltaGas;
- overseeing the design of AltaGas' compensation and benefit programs;
- developing an appropriate framework for human resource policies and plans; and
- reporting to the board of directors on organizational structure and succession planning matters.

Following review of data and discussion by members of the HR Committee, recommendations are made by the HR Committee to the board of directors for their consideration and approval.

The HR Committee meets at least quarterly to fulfill its mandate. The HR Committee currently consists of Hugh A. Fergusson, Daryl H. Gilbert, Myron F. Kanik and David F. Mackie, all of whom are independent directors. Mr. Gilbert is the chair of the HR Committee. Effective April 1, 2016, Ms. Best will be a member of the HR Committee. Effective upon the conclusion of the Meeting, Mr. Kanik will cease to be a member of the HR Committee. All members of the HR Committee have been senior leaders in various organizations, in those capacities obtained direct experience relevant to executive compensation, and have the skills and experience that enable the HR Committee to make recommendations and decisions on the suitability of AltaGas' compensation policies and practices.

None of the members of the HR Committee was:

- an officer or employee of AltaGas or any of its subsidiaries in the most recently completed financial year;
- formerly an officer of AltaGas or any of its subsidiaries, or had or has any relationship that requires disclosure under the headings "*Indebtedness of Directors and Executive Officers*" or "*Interest of Informed Persons in Material Transactions*" in this Information Circular;
- an executive officer of AltaGas and also served as a member of the compensation committee (or equivalent) of another issuer, one of whose executive officers served on the HR Committee;
- an executive officer of AltaGas and also served as a director of another issuer, one of whose executive officers served on the HR Committee; or
- an executive officer of AltaGas and also served as a member of the compensation committee (or equivalent) of another issuer, one of whose executive officers served as a director of AltaGas.

Succession Planning

The HR Committee is responsible for ensuring AltaGas has appropriate programs for succession planning, overseeing human capital risk to ensure AltaGas' management programs (including those for officers) effectively address succession planning, and reporting and recommending to the board of directors on succession planning matters. Given the retirement activity that was anticipated within the executive leadership team in 2015, executive succession, candidate development and talent retention was an area of significant focus for the HR Committee and the board of directors throughout the year. The HR Committee acted on the development and implementation of a succession plan for both the CEO and the CFO in 2015. It was announced that Mr. Timothy Watson would succeed Ms. Deborah Stein as CFO effective November 1, 2015, and such succession was implemented on that date. It was further announced that Mr. David Harris would succeed Mr. David Cornhill as CEO, taking the President and CEO role, effective April 16, 2016. Mr. Cornhill will focus solely on his role as the Chairman of the board of directors.

In addition, the HR Committee has an emergency succession plan in place, should it be required. Over time, the HR Committee has become increasingly more detailed and formalized in its succession planning process for the CEO, senior management and other strategic positions considered critical to the success of AltaGas. The HR Committee's succession planning process involves working with the CEO to review the internal talent pool on a regular basis, and selecting potential candidates, selecting executive development opportunities, and evaluating performance and progress, as well as planning for illness, disability and other unscheduled absences. This includes long range planning for executive recruitment, development and succession to ensure leadership sustainability and continuity. For example, during 2015, several vice presidents and senior executives were hired or moved to new or modified roles to provide developmental opportunities and increase the strength of the leadership team at AltaGas. The addition of Named Executive Officers Mr. Timothy Watson, Mr. Bradley Grant and Mr. John O'Brien to the executive team is an example of this enhancement of leadership strength. This was also highly evident at levels below the Named Executive Officer level of AltaGas. This continues to be an important area of focus for the HR Committee into the future.

Given the importance of succession planning, it is a standing agenda item at each regularly scheduled HR Committee meeting, and succession plans are reviewed at least annually with the board of directors.

As noted above, AltaGas has announced David W. Cornhill's intention to retire as CEO on April 15, 2016. It is intended that David M. Harris will succeed Mr. Cornhill as President and CEO effective April 16, 2016.

Shareholder Outreach

AltaGas engages its Shareholders on an ongoing basis and in a variety of ways, tailored to the specific needs of each Shareholder group. AltaGas attends and participates in numerous investor conferences throughout the year, where members of AltaGas' senior executive team meet with Shareholders. AltaGas conducts numerous non-deal roadshows in a variety of cities to meet with Shareholders and potential Shareholders. In addition, AltaGas hosts quarterly earnings conference calls for the investment community, which is also webcast so that it is accessible to a broad audience of investors. The Meeting is also webcast. Information is also provided to investors through AltaGas' website www.altagas.ca.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Policy

The philosophy of the board of directors is that if AltaGas does well, the employees of AltaGas will be rewarded through cash bonuses, increases in long-term variable compensation, such as Share Options and MTIP incentive awards, additional long-term variable compensation awards or combinations of any or all of the foregoing.

The goal of the HR Committee (see the immediately preceding discussion of the HR Committee) in making compensation recommendations is to recognize and reward individual performance as well as to provide a competitive industry level of compensation, taking into consideration the individual's experience and performance and the financial performance of AltaGas. Compensation programs are designed to focus management on delivering value to Shareholders not only in the short term, but also medium and long term. They align executives' actions with the strategy of AltaGas and the interests of Shareholders and motivate management to deliver exceptional value to Shareholders in ways that minimize risk and maximize return. As such, the HR Committee views total compensation as a linked strategy towards achieving overall performance targets and has designed a total compensation package of short-term and long-term compensation with fixed and variable compensation components. Currently the compensation program for employees of AltaGas consists of salary, benefits and the Short Term Incentive Plan by way of short-term compensation; and the Share Option Plan, the MTIP, the DSUP (available but not currently intended for employees), the Employee Share Purchase Savings Plan, the Group RRSP, the DC Plan and the SERP (each as defined herein) by way of long-term compensation. The mix of compensation elements is reviewed annually by the HR Committee. Each of these components is discussed in greater detail below.

AltaGas emphasizes fair annual fixed and variable compensation to provide an immediate incentive for short-term performance. Emphasis is also placed on longer-term compensation, the focus of which is longer-term commitment by AltaGas' officers and employees.

For most positions, AltaGas' human resources department reviews industry compensation information provided by consultants and compares AltaGas' compensation with those of comparably-sized organizations. A summary of information is provided to the HR Committee annually to assist in approving AltaGas' overall compensation policy and the compensation to be paid. With respect to officers, AltaGas engages the services of Mercer (Canada) Limited ("Mercer") (a wholly-owned subsidiary of Marsh & McLennan Companies, Inc.) to provide specific support in the development of a peer group to review officer compensation relative to benchmark data on base salaries, total cash compensation and total direct compensation. A comparator group of peer companies was initially developed in 2001 based on those industry compensation survey participants whose revenues and assets were within 50 percent and 200 percent of those of AltaGas. The peer group composition is reviewed annually to ensure that it continues to provide a reasonable basis for comparison. Peer benchmark organizations have been chosen due to close similarities of their business to AltaGas and due to AltaGas' direct competition for employee talent with these organizations. AltaGas targets median compensation of this peer group. AltaGas' comparator group for 2015, which meets the foregoing criteria, is as follows:

Alliance Pipeline Ltd.	Emera Inc.	Murphy Oil Company Ltd.
Apache Canada Ltd.	Enbridge Inc.	Pembina Pipeline Corporation
ARC Resources Ltd.	Enerplus Corporation	Pengrowth Energy Corporation
ATCO Group	ENMAX Corporation	Penn West Petroleum Ltd.
Baytex Energy Corp.	EPCOR Utilities Inc.	Plains Midstream Canada ULC
Bonavista Energy Corporation	Fortis Inc.	Spectra Energy Transmission
Brookfield Renewable Energy Partners L.P.	Gibson Energy ULC	Statoil Canada Ltd.
BP Canada Energy Group ULC	Harvest Operations Corp.	TAQA North Ltd.
Canadian Oil Sands Limited	Inter Pipeline Ltd.	TransAlta Corporation
Capital Power Corporation	Just Energy Group Inc.	TransCanada Corporation
Chevron Canada Resources	Keyera Corp.	Veresen Inc.
ConocoPhillips Canada	Kinder Morgan Canada Inc.	Vermilion Energy Inc.
Crescent Point Energy Corp.	Lightstream Resources Ltd.	Williams Energy (Canada), Inc.
Devon Canada Corporation	MEG Energy Corp.	

The HR Committee also periodically independently retains external consultants to review other compensation matters.

AltaGas originally retained Mercer in 2001. AltaGas engaged Mercer during the most recently completed fiscal year to provide specific support to it and the board of directors in determining compensation for AltaGas' officers. This support consisted of (i) the provision of general market observations with respect to market trends and issues, and (ii) the provision of benchmark data. In addition to this mandate, Mercer (through different lines of business) provides other services, including general employee compensation and benefits consulting services to AltaGas.

AltaGas paid Mercer the following fees in 2015 and 2014:

	2015	2014
Executive Compensation – Related Fees: services related to determining compensation for any of AltaGas' directors and executive officers.	\$22,467	\$74,498
All Other Fees (in 2015 and 2014 other fees consisted of general employee compensation, benefits and pension consulting services).	\$145,680	\$255,371

In addition, the HR Committee engaged Hugessen Consulting Inc. ("Hugessen") during 2015 and 2014 to provide specific support to the board of directors in determining the compensation for AltaGas officers. This support consisted of (i) the provision of general market observations with respect to market trends and issues, (ii) CEO succession planning, including recommendations on the transition of duties and

pay; and (iii) consultation related to incentive plan design. AltaGas paid Hugessen the following fees in 2015 and 2014:

	2015	2014
Executive Compensation – Related Fees: the provision of general market observations with respect to market trends and issues and consultation related to incentive plan design.	\$81,198	\$76,420
All Other Fees	nil	nil

Compensation services are not sole sourced from any one provider, as each situation and need is assessed independently, with other providers being used depending on the nature of the service required and the qualifications of the provider. While the HR Committee utilized services of both Mercer and Hugessen in 2015, it is free to select or receive advice from other advisors, independent of management, as it deems appropriate. It considers the information and recommendations Mercer and Hugessen provides, but has full responsibility for its own decisions, which may reflect other considerations or factors.

Compensation Objectives

The compensation philosophy of AltaGas, broadly speaking, emphasizes linking the performance of AltaGas, its divisions and its individual employees to individual compensation. The following objectives of AltaGas' compensation programs attempt to fulfill that overarching philosophy:

1. attract, and retain, highly qualified and engaged employees and senior management team members;
2. align executive and employee interests with those of the Shareholders;
3. offer competitive base salary compensation at approximately the median among the relevant peer group; and
4. assuming performance goals are met, recognize and reward employees and executives through pay-for-performance, such that total compensation meets or exceeds the median among the relevant peer group.

Executive compensation programs and payouts are strongly aligned with the achievement of AltaGas' strategy. Performance of executives forms a foundation on which all decisions to award compensation are based. The compensation program is designed to motivate management to operate the business in a safe, environmentally responsible and cost effective manner, with a focus on the longer term, and on providing the superior returns and social value that Shareholders expect. It provides for base salaries, total cash and total direct compensation that are designed to achieve the above objectives.

Named Executive Officer Compensation Objectives

The objective of the HR Committee with respect to compensation for the Named Executive Officers (as defined below under "Summary Compensation Table") is to set their base salary at approximately the median among the aforementioned comparator group. Assuming performance goals are met, AltaGas also targets total cash compensation (which includes short-term incentives) and total direct compensation (which includes long-term incentives) such that it meets or exceeds the median among the relevant peer group. Individual targets may vary by individual to reflect the level of individual experience and performance and the financial performance of AltaGas. For instance, when corporate and individual performance have significantly exceeded targets, total direct compensation may be at the 75th percentile or higher of the comparator group.

The HR Committee considers, among other things, data from industry compensation surveys and the overall performance of AltaGas, including EBITDA, ROEBITDA, AFFO and AFFOROE (defined below), relative total Shareholder return compared to industry peers, successful acquisitions, and the successful implementation of AltaGas' strategy, including the optimization of AltaGas' existing infrastructure and operations to maximize Shareholder value, and the acquisition and building of energy infrastructure assets with long economic lives that provide long term dependable cash flows and solid Shareholder returns.

The Named Executive Officers do not vote and are excused from board of directors and committee meetings with respect to compensation matters affecting them.

Compensation Mix

The compensation program for employees of AltaGas consists of the following elements:

Element	Entitlement	Component	Performance Period	Form
Annual Salary and Benefits	All regular employees	Fixed	One year	Cash
Short Term Incentive Plan	All regular employees	Variable	One year	Cash
Long Term Incentives				
• Mid-Term Incentive Plan	Discretion of board of directors	Variable	Up to 44 months	Cash or Shares
• Share Option Plan	Discretion of board of directors	Variable	Up to ten years	Shares
• Employee Share Purchase Savings Plan	Most regular employees	Fixed and Variable	Discretion of employee	Cash and Shares
• Defined Contribution Pension Plan	All regular employees	Fixed	Ongoing	Cash
• Supplemental Executive Retirement Plan	Discretion of board of directors	Fixed	Ongoing	Cash
• Deferred Share Unit Plan	Discretion of board of directors (currently only offered to directors)	Variable	Ongoing	Cash or Shares

AltaGas targets the following mix of compensation elements for the Named Executive Officers:

Name and Principal Position	Base Salary and benefits ⁽¹⁾ (%)	Short Term Incentive Plan (%)	Long Term Incentives ⁽²⁾ (%)	Total (%)	Pay at Risk ⁽³⁾ (%)
David W. Cornhill ⁽⁴⁾ Chairman of the Board and Chief Executive Officer	30	20	50	100	70
Deborah S. Stein Executive Vice President	40	20	40	100	60
Timothy W. Watson Executive Vice President and Chief Financial Officer	40	20	40	100	60
David M. Harris President and Chief Operating Officer	35	20	45	100	65
John. E. Lowe Executive Vice President	40	20	40	100	60
John D. O'Brien President of AltaGas Services (U.S.) Inc.	40	20	40	100	60
Bradley B. Grant Vice President and General Counsel	40	20	40	100	60

Notes:

- (1) Includes perquisites and 2/3 of Employee Share Purchase Savings Plan.
- (2) Includes MTIP, Share Option Plan, 1/3 of Employee Share Purchase Savings Plan, DC Plan, SERP and any employer-paid contributions to the Group RRSP.
- (3) Pay at risk includes Short Term Incentive Plan and the long term incentives referenced in footnote (2).
- (4) Mr. Cornhill does not participate in the DC Plan. See discussion below under "Retirement Plan Benefits – Group RRSP".

The various compensation elements are discussed in more detail below.

Annual Salary

Annual salary is intended to provide a competitive rate of compensation and recognize the skills, competencies and level of responsibility of employees. Generally, the HR Committee targets base salaries at levels approximating those holding similar positions in comparably-sized organizations in the industry (as outlined above in the discussion of Compensation Policy) and hopes to achieve targeted total compensation levels through other fixed and variable compensation components.

Short Term Incentive Plan

AltaGas has a short term incentive plan for permanently employed executive officers and employees of AltaGas to provide annual cash bonuses following the fiscal year end (the “**Short Term Incentive Plan**”).

In order to reward individual performance, eligibility for compensation under the Short Term Incentive Plan is linked to individual, team and AltaGas’ performance. The more senior the position in the organization, the greater the target bonus level and the weighting towards AltaGas corporate performance measures. Team and individual performance for each employee are assessed annually against objectives set at the beginning of each year. Team performance objective weightings align with those employees directly accountable for results in a respective business division.

Gas and Power division performance metrics were modified in 2015 and measured based on consolidated financial results weighted 50 percent on normalized earnings before interest, taxes, depreciation and amortization (“**EBITDA**”) and 50 percent on return on normalized EBITDA (“**ROEBITDA**”) against a pre-determined target for each business division set at the beginning of the year. These new divisional performance measures are directly linked to the success of each operating business and considered integral to the achievement of AltaGas’ broader corporate strategy. Division performance indicators under the Short Term Incentive Plan in respect of 2015 for the Gas and Power division were EBITDA of \$464.7 million and ROEBITDA of 11.1 percent. The Gas and Power division achieved an EBITDA of \$348.80 million and an ROEBITDA of 8.4 percent. The board of directors approved a rating of not met based on performance of the division for these metrics. No portion of the Named Executive Officers’ bonus was attributable to AltaGas’ Gas and Power division performance.

AltaGas’ corporate performance metrics were modified in 2015 and apply to all Named Executive Officers. These metrics are measured based on consolidated financial results weighted 30 percent on adjusted funds from operations (“**AFFO**”) and 30 percent on AFFO return on equity (“**AFFOROE**”) against a pre-determined target for each set at the beginning of each year. These measures are directly linked to the success of AltaGas and considered integral to the achievement of AltaGas’ long term corporate strategy. AltaGas performance indicators under the Short Term Incentive Plan in respect of the 2015 year were AFFO of \$505 million and AFFOROE of 18.38 percent, and AltaGas achieved in 2015 an AFFO of \$420.0 million and AFFOROE of 14.2 percent. In addition to these metrics, several strategic objectives were identified and are weighted 40 percent of the overall result. These objectives were identified in 2015 and align to specific deliverables in the Corporate, Gas, Power and Utility division objectives related to growth of AltaGas. The board of directors approved a rating of not met, attracting a multiplier of zero for the financial and strategic measures noted above. The CEO can recommend an adjustment up or down to the calculated Short Term Incentive Plan ratings when the CEO believes it is appropriate to reflect factors or extraordinary events not contemplated in the original measures or targets. The HR Committee considers such recommendations and, if appropriate, approves the recommendations. No such recommendation or approval was made for 2015.

Multipliers pursuant to the Short Term Incentive Plan are applied as follows: multiplier of zero for achieving 15 percent or more below target, multiplier of 0.5 for achieving within the range of 7.5 percent to 15 percent below target, multiplier of 1.0 for achieving within the range of 7.5 percent below and 7.5 percent above target, multiplier of 1.5 for achieving within the range of 7.5 percent to 15 percent above target, and a multiplier of 2.0 for achieving 15 percent or more above target.

AFFO, AFFOROE, normalized EBITDA, and ROEBITDA are measures that do not have a standardized meaning prescribed by Generally Accepted Accounting Principles. Normalized EBITDA is calculated from the consolidated statement of income using net income adjusted for pre-tax depreciation and amortization, interest expense and income tax expense and includes additional adjustments for unrealized gain (loss) on risk

management contracts, unrealized gain (loss) on long term investments, transaction costs related to acquisitions, gain (loss) on asset dispositions, accretion expense, provision on long-lived assets and on investments accounted for by equity method, costs associated with early redemption of medium term notes and foreign exchange gain (loss). Normalized EBITDA also includes an adjustment for certain non-capitalizable project development costs related to energy export projects. ROEBITDA is based on normalized EBITDA as a percentage of the 13-month average net book value of in-service assets. AFFO is calculated from the consolidated statement of cash flows as the total cash from operations before net changes in operating assets and liabilities and expenditures incurred to settle asset retirement obligations, less income attributable to non-controlling interests and preferred share dividend expense, adjusted to exclude the impacts of certain one-time or non-operating items. AFFOROE is based on AFFO as a percentage of the 13-month average shareholder's equity applicable to Shares.

Generally, the HR Committee sets Short Term Incentive Plan targets at levels approximating those holding similar positions in comparably-sized organizations in the industry (as outlined above in the discussion of Compensation Policy). Unless otherwise approved by the board of directors or applicable senior management, no awards are made to any executive officers or employees under the Short Term Incentive Plan in cases where those executive officers or employees did not meet the objectives applicable to them.

Payments are made pursuant to the Short Term Incentive Plan on the Friday preceding March 31 of the following year if the employee is employed by AltaGas at that time.

In 2015, the Short Term Incentive Plan was structured, and paid, as follows for the Named Executive Officers:

Name and Principal Position	Corporate Weighting ⁽¹⁾ (%)	Division Weighting ⁽²⁾ (%)	Individual Weighting ⁽³⁾ (%)	Min ⁽⁴⁾ (%)	Target ⁽⁴⁾ (%)	Max ⁽⁴⁾ (%)	Corporate Weighting ⁽¹⁾ Multiplier for 2015 Results (%)	Division Weighting ⁽²⁾ Multiplier for 2015 Results (%)	Individual Weighting ⁽³⁾ Multiplier for 2015 Results (%)	Combined Weighting Multiplier for 2015 Results (%)	Result for 2015 ⁽⁴⁾ (%)
David W. Cornhill Chairman of the Board and Chief Executive Officer	70	0	30	0	75	150	0	n/a	133	40	30.0
Deborah S. Stein Executive Vice President	60	0	40	0	50	100	0	n/a	100	40	20.0
Timothy W. Watson Executive Vice President and Chief Financial Officer	60	0	40	0	60	120	0	n/a	103	41	24.7
David M. Harris President and Chief Operating Officer	75	0	25	0	60	120	0	n/a	160	40	24.0
John E. Lowe Executive Vice President	60	0	40	0	50	100	0	n/a	100	40	20.0
John D. O'Brien President of AltaGas Services (U.S.) Inc.	60	0	40	0	40	80	0	n/a	100	40	16.0
Bradley B. Grant Vice President and General Counsel	50	0	50	0	40	80	0	n/a	103	51	20.5

Notes:

- (1) Weighting reflects AFFO, AFFOROE and strategic performance measures.
- (2) New in 2015, divisional performance metrics do not apply to the Named Executive Officers.
- (3) Weighting reflects individual performance measures.
- (4) As a percentage of base salary paid during the year.

Long-Term Incentives

Mid-Term Incentive Plan

AltaGas has adopted the Mid-Term Incentive Plan (“**MTIP**”) for directors, officers and employees as an additional form of long-term variable compensation incentive. The purpose of the MTIP is to link a portion of the at-risk compensation to the achievement of both AltaGas’ performance targets and individual performance targets, and to thereby promote the attraction, motivation and retention of highly qualified individuals.

The incentive compensation contemplated under the MTIP will be granted in the form of both restricted units (“**RUs**”) and performance units (“**PU**s”). Vesting is determined by the HR Committee.

- Except for 2014, the RUs granted to executives, directors and other employees prior to, in and subsequent to 2015 will generally vest as to one-third per year over a three-year period commencing with the year of grant, contingent upon AltaGas achieving a threshold level of performance during each year of the vesting period. The RUs granted to executives in 2014 will generally vest as to one-half per 22 months over a 44 month period commencing with the month of grant, contingent upon AltaGas achieving a threshold level of performance during each of the two 22 month vesting periods. Commencing with RUs granted to directors in 2014 and subsequent to 2014, RUs will continue to vest follow the retirement of the director.
- The PUs granted prior to 2014 and in 2015 have generally vested at the end of a three-year period commencing with the year of grant, contingent upon AltaGas achieving a threshold level of performance during the three-year vesting period. Most PUs granted in 2014, including PUs granted to executives, generally vested at the end of a 44 month period, subject to the achievement of specified strategic initiatives. Effective for grants of PUs in 2015, AltaGas introduced new financial performance milestones based on reaching a targeted level of AFFO over the three year term of the grant as reported in AltaGas’ financial statements for a financial quarter. Targets are typically established to reflect a minimum of 10% annual growth. Achievement equal to or below 15% of target over the three-year term of the grant results in no payout under the PU. AFFO of equal to or greater than 15% above target results in a multiplier of 2.0x. AFFO results between these two extremes are calculated on a straight-line basis and therefore range between a zero payout and a 2.0x payout. The payouts will be further subject to modification based on relative total shareholder return (“**TSR**”) for AltaGas and its comparators. The TSR modifier will reflect AltaGas’ TSR during the period from the beginning of the financial quarter immediately prior to the grant date to the end of the financial quarter immediately prior to the vesting date, compared to the following two groups in equal weighting: (i) the compensation peer group referenced in AltaGas’ most recent management information circular prior to the vesting date, and (ii) S&P/TSX Composite Index group (excluding organizations with market capitalization less than \$2 billion). Modifier impacts provide for downward or upward adjustments to the award payable under the plan whereby less than or equal to 25th percentile relative TSR performance will result in the payment under the plan being modified downward by 0.8x, 50th percentile relative TSR results will result in no modification and greater than or equal to 75th percentile relative TSR will result in a modification to 1.2x.

The HR Committee will determine in its sole discretion the appropriate performance vesting criteria for the purpose of RUs and PUs. Factors considered in granting RUs and PUs include the extent to which individual performance targets are achieved, the level of RUs and PUs granted to similarly placed and qualified individuals in AltaGas, and the affordability of the grants having regard to AltaGas’ budget.

The MTIP functions as follows:

- (a) the board of directors approves individual grants under the MTIP that are a function of the extent to which individual performance targets were achieved, the affordability of grants and the level of total compensation provided to similarly placed and qualified individuals in AltaGas and comparable-sized entities (as set forth in the above section “*Compensation Discussion and Analysis – Compensation Policy*”);
- (b) following the determination of an individual’s grant, the cash value of the grant is converted to phantom whole units (either RUs or PUs at the discretion of the board of directors) equal to the number of whole Shares that such individual’s grant would have been able to acquire at the date of grant, based on the fair market value (“**FMV**”) of the Shares, and, for that purpose, the FMV of the Shares is equal to the average of the closing prices of the Shares on the TSX (or if the Shares are not then listed on the TSX then such other exchange upon which the Shares are listed) for the immediately preceding 20 trading days prior to the date of grant;
- (c) the RUs and PUs are tracked during the applicable vesting period and dividends on a Share during that period are deemed to be paid on the dates of dividends on each PU and RU and reinvested to acquire more phantom whole units and accrue to the benefit of that individual in the accounts maintained for that individual, to be paid to the individual if and to the extent vesting occurs; and
- (d) upon the vesting of RUs or PUs, and contingent upon the applicable performance criteria being achieved, AltaGas has the option to pay out the FMV of the RUs or PUs (including the additional units acquired on reinvestment of the accrued dividends in respect thereof), as the case may be, in cash or in Shares equivalent in value acquired by the plan administrator in the open market.

Deferred Share Unit Plan

AltaGas has adopted the Deferred Share Unit Plan (the “**DSUP**”) for directors, officers and employees as an additional form of long-term variable compensation incentive. Although the DSUP is available to directors, officers and employees, AltaGas currently intends only to offer deferred share units under the DSUP (“**DSU**”) as a form of director compensation. The purpose of the DSUP is to promote the interests of AltaGas and its affiliates by attracting and retaining qualified persons to serve on the board of directors and as officers and employees of AltaGas and its affiliates and to afford such participants an opportunity to receive a portion of their total compensation in DSUs.

The incentive compensation contemplated under the DSUP will be granted in the form of DSUs. DSUs are fully vested upon being credited to a participant’s account, and the participant is entitled to payment at his or her termination date, and payment is not subject to satisfaction of any requirements as to any minimum period of membership or employment or other conditions.

The DSUP functions as follows:

- (a) the board of directors may approve individual grants under the DSUP;
- (b) each director may elect, once per calendar year, to be paid a percentage of his or her annual retainer in the form of DSUs, subject to any minimum percentage set by the board of directors (the board of directors currently requires that any directors that have not met the minimum Share ownership requirement for directors take a minimum 50% of their annual retainer in DSUs);
- (c) the number of DSUs that a participant director is entitled to receive in any quarter is based upon the percentage of his or her annual retainer that the participant has elected to receive in DSUs multiplied by one quarter of such participant’s annual retainer divided by the average closing price of the Shares for the 20 consecutive trading days immediately preceding the DSU grant date;

- (d) dividend equivalents will be awarded in respect of DSUs in such participant's account on the same basis as dividends declared and paid on Shares as if the participant was a shareholder of record on the relevant record date, which dividend equivalents will be credited to the participant's account as additional DSUs (or fractions thereof), with the number of additional DSUs equal to the actual amount of dividends that would have been paid if the participant had held Shares under the DSUP on the applicable record date divided by the average closing price of the Shares for the 20 consecutive trading days immediately preceding the date on which a dividend on the Shares is payable; and
- (e) each participant is entitled to redeem his or her DSUs during the period commencing on the business day immediately following his or her termination date and ending on the last business day of the following year, payable in cash or, at AltaGas' option, in Shares based on the average closing price of the Shares for the 20 consecutive trading days immediately preceding the termination date.

Share Option Plan

AltaGas adopted its Stock Option Plan effective July 1, 2010 (the "**Share Option Plan**"), concurrent with the Corporate Arrangement, as a continuing form of long-term variable compensation incentive for directors, officers, employees, consultants and other personnel of AltaGas and any of its subsidiaries. The quantum and granting of options to purchase Shares ("**Share Options**") is related to individual performance, the availability of Share Options to grant and the level of Share Options granted to similarly placed and qualified individuals in AltaGas and to those holding similar positions in comparably-sized organizations in the industry (as outlined above in the discussion of Compensation Policy). The HR Committee is aware of existing Share Options held by executive officers. Share Options are used as an incentive to attract, retain and motivate a highly qualified staff for the short, medium and long term success of AltaGas. Factors considered in granting new Share Options include the extent to which individual performance targets were achieved, the affordability of the grants, and prior grants to individuals. The HR Committee recommends Share Option grants to the board of directors based on the aforementioned criteria. No officers vote on these recommendations or are present at board of directors or HR Committee meetings with respect to compensation matters affecting them.

The material provisions of AltaGas' current Share Option Plan are:

- the maximum number of authorized but unissued Shares that may be issued on the exercise of Share Options granted under the Share Option Plan, together with Shares that may be issuable pursuant to other security-based compensation arrangements, at any time shall not exceed 10 percent of the aggregate of the outstanding Shares, or such greater number of Shares as may be determined by the board of directors and approved, if required, by the Shareholders and by the Toronto Stock Exchange ("**TSX**" or the "**Exchange**"), not exceeding the maximum number of Shares permitted under the rules of the TSX;
- the number of Shares reserved for issuance pursuant to Share Options granted to insiders of AltaGas will not exceed 10 percent of the issued and outstanding Shares;
- the number of Shares that may be issued to insiders pursuant to the Share Option Plan and all of AltaGas' other securities compensation arrangements within a one-year period will not exceed 10 percent of the outstanding Shares and the number of Shares that may be issued to an individual insider and that insider's associates pursuant to the Share Option Plan and all of AltaGas' other securities compensation arrangements within a one-year period will not exceed 5 percent of the outstanding Shares;
- no Share Option may be granted to non-employee directors of AltaGas if the granting of such Share Option could result, at any time, in the issuance to such persons (as a group) of a number of Shares exceeding 1% of the number of Shares then issued and outstanding immediately prior to such issuance;

- within any one fiscal year, the total value of Share Options granted to a non-employee director, as determined by the board of directors on the grant date of Share Options to the non-employee director using the Black-Scholes-Merton valuation model, shall not exceed \$100,000;
- written agreements will be entered into between AltaGas and each optionee to whom a Share Option is granted (a “**Share Option Agreement**”) which will set out the number of Shares subject to option, the exercise price, vesting dates and conditions, the exercise period and any other terms and conditions approved by the board of directors, all in accordance with the provisions of the Share Option Plan;
- the exercise period during which an optionee may exercise a Share Option (subject to applicable vesting limitations which may be imposed by the board of directors) commences on the date that Share Option is granted to that optionee and ends no later than the date 10 years thereafter;
- the exercise price for a Share Option shall be as determined by the board of directors, subject to any limitations imposed by the TSX, and in any event shall be an amount at least equal to the closing price of the Shares on the TSX on the trading day immediately preceding the date of grant of the Share Option;
- no right or interest of any optionee in or under the Share Option Plan is assignable or transferable, in whole or in part, either directly or by operation of law or otherwise in any manner except by bequeath or the laws of descent and distribution or if so provided in the Share Option Agreement with the optionee, subject to the requirements of, or as otherwise allowed by, the TSX. Any such right or interest shall be exercisable during the lifetime of an optionee only by that optionee or his legal representatives or after the death of an optionee or on the optionee ceasing to be a director, officer, employee, consultant or other personnel of AltaGas or an affiliate of AltaGas, only as specified in the Share Option Agreement with the optionee;
- the board of directors may amend a Share Option Agreement to permit the exercise of any remaining Share Options prior to the completion of a take-over or change of control transaction;
- the Share Option Plan contains standard anti-dilution provisions in respect of Shares issued on exercise of Share Options;
- subject to the following exceptions and subject to those provisions of applicable law, if any, that require the approval of Shareholders or any governmental or regulatory body (including, without limitation, the TSX), the board of directors may amend, suspend or terminate the Share Option Plan, or any portion thereof or any Share Option, at any time, and may do so without Shareholder approval, including without limiting the generality of the foregoing in respect of the following:
 - amendments of a "housekeeping" or ministerial nature including, without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in the Share Option Plan or to correct or supplement any provision of the Share Option Plan that is inconsistent with any other provision of the Share Option Plan;
 - amendments necessary to comply with the provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSX and the provisions of any applicable tax law);
 - amendments respecting the administration of the Share Option Plan;
 - any amendment to the early termination provisions of the Share Option Plan or any grant, provided such amendment does not entail extension beyond the original option period; and
 - amendments necessary to suspend or terminate the Share Option Plan.

Shareholder approval will be required for the following types of amendments:

- any increase in (A) the number of Shares that may be issued on the exercise of Share Options granted pursuant to the Share Option Plan, if the Share Option Plan provides for a fixed

number of Share Options reserved for issuance, and (B) the percentage amount of Shares that may be issued on the exercise of Share Options granted pursuant to the Share Option Plan, if the Share Option Plan provides for a percentage amount of Shares reserved for issuance;

- any amendment which reduces the option price of a Share Option;
- any cancellation and reissuance of a Share Option;
- any amendment extending the term of a Share Option beyond its original option period;
- any amendment that increases limits imposed on non-employee director participation in the Share Option Plan;
- any amendment which would permit Share Options to be transferable or assignable, other than for normal estate settlement purposes;
- amendments to the amendment and termination provisions of the Share Option Plan; and
- amendments required to be approved by Shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

The HR Committee or the Governance Committee may recommend to the board of directors amendments to the Share Option Plan.

Employee Share Purchase Savings Plan

The Employee Share Purchase Savings Plan was implemented by AltaGas in 2000 to encourage equity ownership by employees, as a long-term incentive and to ensure AltaGas' compensation was competitive in the energy industry. Most regular employees of AltaGas are eligible to participate.

Employees can contribute up to 10 percent of their base pay into the savings plan. AltaGas will match employee contributions up to a maximum of 2.5 percent of base pay for those employees with up to three years of service; 3.75 percent of base pay for those employees with three to six years of service; and 5 percent of base pay for those employees with more than six years of service. Employee contributions can be invested in Shares, a short-term investment fund or a combination of such investments. AltaGas' contributions are invested in Shares. Shares are acquired by the plan from the public market (excepting any Shares attributable to the plan's participation in AltaGas' Dividend Reinvestment Plan, any such Shares being issued from AltaGas treasury).

Managing Compensation Risk

AltaGas is committed to upholding the highest standards of corporate governance. The board of directors and the HR Committee routinely assess compensation programs, determining whether such programs encourage individuals to take inappropriate or excessive risks that are reasonably likely to have a material adverse impact on AltaGas. For example, this consideration of the implications of the risks associated with AltaGas' compensation policies and practices was conducted in conjunction with approved changes to both the Short Term Incentive Plan and MTIP in 2015. AltaGas' compensation policies and practices encourage behaviours which align with the long-term interests of AltaGas and its Shareholders. While AltaGas' program and practices are not structured to reward excessive risk taking, AltaGas recognizes that some level of risk taking is necessary to achieve outcomes that are in Shareholders' best interests. AltaGas has a number of mitigating strategies to limit risks including:

- All the directors, including members of the HR Committee, are regularly apprised of AltaGas' financial and operating performance throughout the year.
- A significant weighting on long-term incentives mitigates the risk of encouraging achievement of short-term goals at the expense of long-term sustainability and Shareholder value.

- The nature of the new financial measures used in the Short Term Incentive Plan's bonus pool determination (EBITDA, ROEBITDA, AFFO and AFFOROE) provide a balanced scorecard, measuring cashflow and financial returns, and ensures AltaGas will have the ability to pay bonuses required under the Short Term Incentive Plan.
- PU performance measures for grants made in 2015 were modified to include AFFO with a growth target over the vesting period. PU performance measures also incorporated a new relative TSR modifier, beginning with awards granted in 2015. Cumulative TSR for these awards will be measured from the quarter in which the grant was made to the vesting date and compared to the peer group companies.
- The bonus pool is capped at 200 percent of target. Individual awards range from 0 percent to a maximum of 200 percent of salary.
- The HR Committee and the board of directors can use discretion in assessing both individual executive officer and overall AltaGas performance to ensure bonus payouts are not overly influenced by an unusual result in any one given area.

Anti-Hedging Policy

AltaGas' Securities Trading and Reporting Policy provides that no director, officer or employee may, at any time, purchase financial instruments, including prepaid variable forward contracts, instruments for the short sale or purchase or sale of call or put options, equity swaps, collars, spread bets, contracts for difference or units of exchangeable funds, that are designed to hedge or offset, or that may reasonably be expected to have the effect of hedging or offsetting, a decrease in the market value of any AltaGas securities or otherwise take any speculative or derivative positions of any kind which would have or that may reasonably be expected to have such effect. To AltaGas' knowledge, none of the Named Executive Officers have purchased any such financial instruments.

Clawback Policy

AltaGas believes that an important part of managing compensation risk and promoting ethical conduct is setting the appropriate tone at the executive level, and AltaGas believes that having an appropriate clawback policy is an important part of setting that tone. The Governance Committee and HR Committee are evaluating emerging best practices for the implementation of a clawback policy in Canada and how such practices would apply to AltaGas, to better understand the scope and application of a clawback policy.

PERFORMANCE GRAPH

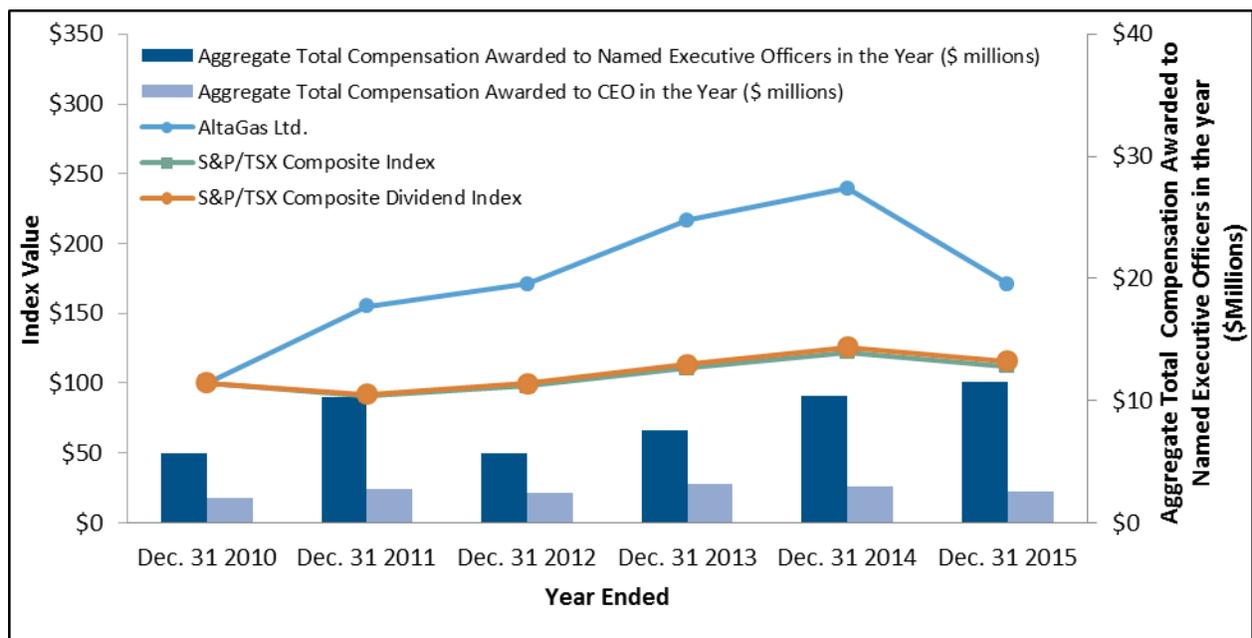
The common shares of AltaGas Services Inc. were listed on the TSX on January 17, 2000. On May 1, 2004, trust units of AltaGas Income Trust were listed on the TSX in substitution for the common shares of AltaGas Services Inc. following the Trust Arrangement. On July 1, 2010, the Shares were listed on the TSX in substitution for the trust units of AltaGas Income Trust following the Corporate Arrangement. As of December 31, 2015 the Shares were included in the S&P/TSX Composite Index and the S&P/TSX Composite Dividend Index.

The following table and graph compare the yearly percentage change in the cumulative Shareholder return over the last five years on the Shares (assuming a \$100 investment was made on December 31, 2010), with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Composite Dividend Index. The values assume the reinvestment of any declared dividends or distributions. The table and graph also show the trend in total compensation paid to the Named Executive Officers and the CEO each year over the same period.

	Dec. 31 2010	Dec. 31 2011	Dec. 31 2012	Dec. 31 2013	Dec. 31 2014	Dec. 31 2015
AltaGas Ltd.	100	155	171	217	240	171
S&P/TSX Composite Index	100	91	98	111	122	112
S&P/TSX Composite Dividend Index	100	92	100	113	126	116
Aggregate Total Compensation Awarded to Named Executive Officers in the Year (\$ millions) ⁽⁴⁾	5.73	10.23	5.69	7.54	10.38	11.56
Aggregate Total Compensation Awarded to CEO in the Year (\$ millions)	1.98	2.74	2.50	3.22	2.98	2.55

Note:

(1) There are seven Named Executive Officers for 2015 and five named Executive Officers for 2010 to 2014.



Compensation of the Named Executive Officers over the five year period represented by the foregoing table and graph generally reflects continuous growth in key financial metrics like EBITDA and AFFO. Any decline in the trading price of Shares has a direct impact on current and future compensation value from long term incentives pursuant to the Share Option Plan, MTIP, DSUP (if granted) and the Employee Share Purchase Savings Plan.

The table below compares the grant date value of compensation awarded to the CEO over the past five years and the value realized or realizable as at December 31, 2015. The realized and realizable value includes the value at vesting of RUs and PUs granted and current value of RUs and PUs that are outstanding, the value of Share Options exercised during the period and the value of outstanding Share Options that are in-the-money, all as reported in more detail below. The share-based award and option-based award values in this table can vary significantly from year to year based on changes in Share price and the timing of vesting and exercise.

Year Ended Dec. 31 ⁽¹⁾	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
				Annual Incentive Plans (\$)	Long-term Incentive Plans (\$)			
2015A	906,250	949,830	nil	271,875	nil	323,814	101,235	2,553,004
2015R	906,250	723,765	nil	271,875	nil	323,814	101,235	2,326,939
2014A	806,250	1,102,000	nil	500,000	nil	483,582	84,180	2,976,012
2014R	806,250	880,391	nil	500,000	nil	483,582	84,180	2,754,403
2013A	750,000	nil	1,006,250	1,000,000	nil	385,479	78,720	3,220,449
2013R	750,000	nil	nil	1,000,000	nil	385,479	78,720	2,214,199
2012A	700,000	nil	998,200	336,000	nil	392,249	73,740	2,500,189
2012R	700,000	nil	158,000	336,000	nil	392,249	73,740	1,659,989
2011A	650,000	nil	1,246,300	500,000	nil	275,157	68,802	2,740,259
2011R	650,000	nil	288,750	500,000	nil	275,157	68,802	1,782,709

Notes:

- (1) "A" denotes compensation awarded and reported for the financial year in the summary compensation table, including grant date fair values of share-based awards and option-based awards. "R" denotes the value realized or realizable as at December 31, 2015.

SUMMARY COMPENSATION TABLE

The following table and discussion relates to compensation paid to AltaGas' Named Executive Officers. As described above under "Compensation Discussion and Analysis", compensation of AltaGas' executive officers, as with all of AltaGas' employees, includes short-term and long-term compensation with fixed and variable components designed to recognize and reward individual performance and provide an industry-competitive level of compensation.

For the purposes of this section, and the discussion under "Compensation Discussion and Analysis", "executive officer" means, for AltaGas, an individual who is: (a) a chair, vice-chair or president; (a.1) a chief executive officer or chief financial officer; (b) a vice president in charge of a principal business unit, division or function including sales, finance or production; (c) performing a policy-making function in respect of AltaGas. "Named Executive Officer" means each of the following individuals:

- (a) a Chief Executive Officer ("CEO") of AltaGas;
- (b) a Chief Financial Officer ("CFO") of AltaGas;
- (c) each of the three most highly compensated executive officers of AltaGas, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of AltaGas or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

The following table sets forth information concerning the compensation paid by AltaGas to its Named Executive Officers for the years ended December 31, 2015, December 31, 2014 and December 31, 2013.

Name and Principal Position	Year Ended Dec. 31	Salary (\$)	Non-equity Incentive Plan Compensation				Pension Value (\$)	All Other Compensation (\$) ⁽⁶⁾	Total Compensation (\$)
			Share-based Awards ⁽¹⁾⁽²⁾ (\$)	Option-based Awards ⁽¹⁾⁽³⁾ (\$)	Annual Incentive Plans ⁽⁴⁾ (\$)	Long-term Incentive Plans (\$)			
David W. Cornhill ⁽⁶⁾ Chairman of the Board and Chief Executive Officer	2015	906,250	949,830	nil	271,875	nil	323,814	101,235	2,553,004
	2014	806,250	1,102,000	nil	500,000	nil	483,582	84,180	2,976,012
	2013	750,000	nil	1,006,250	1,000,000	nil	385,479	78,720	3,220,449
Deborah S. Stein ⁽⁷⁾ Executive Vice President	2015	350,025	nil	nil	70,005	nil	172,983	25,561	618,574
	2014	339,040	440,800	83,074	118,664	nil	231,041	22,119	1,234,738
	2013	315,427	nil	86,250	189,256	nil	224,054	20,991	835,978
Timothy W. Watson ⁽⁸⁾ Executive Vice President and Chief Financial Officer	2015	323,077	819,400	377,693	79,665	nil	137,267	4,058	1,741,160
David M. Harris President and Chief Operating Officer	2015	617,283	nil	nil	148,209	nil	1,780,663	119,965	2,666,120
	2014	492,851	1,102,000	1,384,574	243,961	nil	292,380	83,362	3,599,128
	2013	429,299	279,601	431,250	348,806	nil	252,920	77,178	1,819,054
John E. Lowe Executive Vice President	2015	357,567	nil	25,603	71,513	nil	122,247	171,447	748,378
	2014	340,540	440,800	138,457	180,486	nil	131,116	14,745	1,246,144
	2013	324,324	nil	143,750	207,567	nil	128,885	13,328	817,854
John D. O'Brien ⁽⁸⁾ President of AltaGas Services (U.S.) Inc.	2015	365,376	613,050	126,104	58,460	nil	191,304	171,973	1,526,267
Bradley B. Grant ⁽⁸⁾ Vice President and General Counsel	2015	195,539	1,201,200	134,425	40,180	nil	76,791	57,760	1,705,894

Notes:

- (1) See discussion of the MTIP and the Share Option Plan in more detail above under "Compensation Discussion and Analysis – Compensation Mix – Long Term Incentives", and refer to "Incentive Plan Awards" below for additional information on awards granted in the year ended December 31, 2015.
- (2) Effective January 1, 2015, grant date fair value of RUs and PUs is calculated by multiplying the number of units granted by the closing price of common shares on the grant date, or first business day preceding the grant date. In respect of PUs, it is assumed that the performance criteria are met with a multiplier of one. Prior year comparatives have been revised to reflect the change in methodology. The revised methodology used to calculate the fair value of RUs and PUs is the same as that used for accounting purposes. Grant to Mr. Harris in 2013 reflects the acquisition cost of 7,000 Shares purchased on December 18, 2013 on the TSX by the administrator of AltaGas' Employee Share Purchase Savings Plan, on behalf of AltaGas, for Mr. Harris' benefit and which vested on July 30, 2015 and were released to Mr. Harris.
- (3) Fair value for Share Options on the grant date is estimated using a Black-Scholes-Merton valuation model, which requires the following inputs: strike price (equal to the market price on the trading day prior to the grant date); expected life of the option; risk-free interest rate (current rate of a zero coupon Canada government bond with a remaining term equal to the expected life of the options); Share price (and prior to July 1, 2010, trust unit price) volatility (measured from May 3, 2004 to grant date); and dividend rate (annualized dividend rate based on current dividend and strike price). The fair value of Share Options on the grant date is not different from the accounting fair value at the grant date. AltaGas uses the Black-Scholes-Merton valuation model because it is the most widely used valuation method for this type of compensation, and should thus be the most comparable and most understood model.
- (4) Amounts tabled reflect the Short Term Incentive Plan compensation earned for services performed during the financial year, even if payable at a future date. See discussion in more detail above under "Compensation Discussion and Analysis – Compensation Mix – Short Term Incentive Plan".
- (5) AltaGas makes contributions under the Employee Security Purchase Savings Plan and, for David W. Cornhill, to the Group RRSP. These plans are described in more detail above under "Compensation Discussion and Analysis – Compensation Mix – Long Term Incentives" and below under "Retirement Plan Benefits". Also included are amounts attributable to group benefits and, for Mr. Cornhill, Ms. Stein, Mr. Harris and Mr. Lowe a payment made in respect to a change in pay schedule in 2015. Mr. Harris' amount includes an annual living allowance of \$45,000, and a foreign exchange floor on base salary of USD\$0.94 per CAD\$1.00 from January to September 30, 2015. Changes to Mr. Harris' employment contract discussed in the *Employment Agreements* section resulted in changes to base salary, short term incentive, living allowance and auto allowance. Mr. Grant and Mr. O'Brien's amount include signing bonuses of \$50,000 and \$110,720. Mr. O'Brien's amount includes cash paid as a substitute for a 401K plan, in the amount of \$27,403. Mr. Lowe's amount includes cash paid as an advance towards future incentive plan obligations, in the amount of \$150,000.
- (6) Mr. Cornhill received no additional compensation for his role as a director.
- (7) Ms. Stein was Senior Vice President Finance and CFO to October 31, 2015, and was appointed Executive Vice President on November 1, 2015.

- (8) Mr. Watson commenced employment with AltaGas on March 16, 2015 as Executive Vice President, and was appointed Executive Vice President and CFO on November 1, 2015. Mr. O'Brien commenced employment with AltaGas Services (U.S.) Inc. on May 1, 2015. Mr. Grant commenced employment with AltaGas on May 19, 2015.

See discussion of employment agreements for the Named Executive Officers under "Executive Employment Agreements" below.

SHARE OWNERSHIP GUIDELINE FOR OFFICERS

In recognition of the importance of ensuring an alignment of financial interests of officers with those of Shareholders, AltaGas adopted in 2004 Share ownership guidelines for officers of AltaGas, and amended the guideline in 2014 to change the targets to multiples of base salary.

Under the guidelines, incumbents in the following officer positions will be expected to make reasonable efforts to achieve targeted Share ownership levels within a five-year period commencing upon the date of formal appointment as an officer of AltaGas. The following is as at December 31, 2015.

Name	Targeted Ownership of Shares as multiple of base salary	Actual Shares held as at Fiscal Year End (held directly and indirectly) (#)	Unvested RUs and PUs ⁽¹⁾ (#)	Total for Share Ownership Guidelines ⁽¹⁾ (#)	Value of Shares, RUs and PUs at Fiscal Year End ⁽²⁾ (\$)	Value of Shares, RUs and PUs as a multiple of 2015 salary	Share Ownership Requirement Met (yes/no)
David W. Cornhill Chairman and Chief Executive Officer	5.0x	1,569,145	46,000 RU	1,615,145	50,090,737	55.3x	yes
Deborah S. Stein Executive Vice President	2.0x	53,814	10,000 RU	63,814	2,015,010	5.8x	yes
Timothy W. Watson Executive Vice President and Chief Financial Officer	2.0x	6,000	20,000 PU	26,000	919,747	2.3x	yes
David M. Harris President and Chief Operating Officer	2.0x	25,166	25,000 PU	50,166	1,710,174	2.8x	yes
John E. Lowe Executive Vice President	2.0x	35,571	10,000 PU	45,571	1,472,162	4.1x	yes
John D. O'Brien President of AltaGas Services (U.S.) Inc.	2.0x	nil	15,000 RU	15,000	518,895	0.9x	n/a ⁽³⁾
Bradley B. Grant Vice President and General Counsel	2.0x	370	30,000 PU	30,370	1,117,044	3.5x	yes

Notes:

- (1) For purposes of achieving compliance with AltaGas' Share ownership guidelines, unvested RUs and PUs count toward Share ownership.
- (2) Value of Shares, RUs and PUs at Fiscal Year End is calculated, for Shares using closing price of the Shares on December 31, 2015 (\$30.90), and for RUs and PUs using the average closing price for the last 20 trading days of 2015 (\$30.52) on the TSX for Shares, and adding the distributions that would accumulate on those Shares until vesting assuming a dividend of \$1.8675 per Share per annum. Mr. Lowe's employment agreement outlines an arrangement whereby a predetermined amount is payable in cash each year commencing in 2015 for three years that will reduce any incentive payable under the MTIP vesting in 2017.
- (3) Mr. O'Brien has until May 1, 2020 to meet the requirement.

The HR Committee will periodically review Share ownership levels to monitor the progress individual officers are making towards their targeted ownership levels and to encourage officers to meet and maintain those levels. Six of the seven Named Executive Officers increased their Share ownership in 2015 as compared

to year-end 2014, and seven of the seven Named Executive Officers increased their ownership of Shares, RUs and PUs in 2015 for the purpose of achieving compliance with the Share ownership guidelines as compared to year-end 2014.

INCENTIVE PLAN AWARDS

Outstanding Option-based Awards and Share-based Awards

The following table reflects all Share option-based and Share-based incentive plan awards outstanding to the Named Executive Officers at December 31, 2015.

Name	Option-based Awards				Share-based Awards		
	Shares underlying unexercised Share Options (#)	Share Option exercise price ⁽¹⁾ (\$/Share)	Share Option expiration date	Value of unexercised in-the-money Share Options ⁽²⁾ (\$)	Number of Shares that have not vested (#)	Market or payout value of Share – based awards that have not vested ⁽³⁾ (\$)	Market or payout value of vested Share-based awards not paid out or distributed (\$)
David W. Cornhill	250,000	21.05	16/12/2020	2,462,500	25,000 RU ⁽⁴⁾	880,391	nil
	275,000	29.85	25/11/2021	288,750	21,000 RU ⁽⁴⁾⁽⁷⁾	723,765	
	100,000	29.32	07/06/2022	158,000			
	150,000	32.84	06/12/2022	nil			
	175,000	38.63	07/11/2019	nil			
Deborah S. Stein	25,000	14.24	10/12/2018	416,500	10,000 RU ⁽⁴⁾	352,157	nil
	15,000	18.15	09/11/2019	191,250			
	45,000	21.05	16/12/2020	443,250			
	7,500	24.92	12/05/2021	44,850			
	10,000	26.94	06/10/2021	39,600			
	35,000	29.85	25/11/2021	36,750			
	25,000	29.32	07/06/2022	39,500			
	25,000	32.84	06/12/2022	nil			
	15,000	38.63	07/11/2019	nil			
15,000	45.49	13/11/2020	nil				
Timothy W. Watson	100,000 ⁽⁷⁾	40.61	16/03/2021	nil	20,000 PU ⁽⁶⁾⁽⁷⁾	734,347	nil
	10,000 ⁽⁷⁾	34.45	17/08/2021	nil			
David M. Harris	7,500	26.94	06/10/2021	29,700	25,000 PU ⁽⁵⁾	932,545	nil
	12,500	29.85	25/11/2021	13,125			
	6,250	29.32	07/06/2022	9,875			
	20,000	32.84	06/12/2022	nil			
	75,000	38.63	07/11/2019	nil			
250,000	45.49	13/11/2020	nil				
John E. Lowe	7,500	29.85	25/11/2021	7,875	10,000 PU ⁽⁵⁾	373,018	nil
	17,500	29.32	07/06/2022	27,650			
	12,500	32.84	06/12/2022	nil			
	25,000	38.63	07/11/2019	nil			
	25,000	45.49	13/11/2020	nil			
10,000 ⁽⁷⁾	34.45	17/08/2021	nil				
John D. O'Brien	20,000 ⁽⁷⁾	41.00	04/05/2021	nil	15,000 RU ⁽⁴⁾⁽⁷⁾	518,895	nil
	20,000 ⁽⁷⁾	34.45	17/08/2021	nil			
Bradley B. Grant	30,000 ⁽⁷⁾	40.61	19/05/2021	nil	30,000 PU ⁽⁶⁾⁽⁷⁾	1,105,611	nil
	10,000 ⁽⁷⁾	34.45	17/08/2021	nil			

Notes:

- (1) The option exercise price is set using the closing price of Shares (or, prior to July 1, 2010, the closing price of trust units) on the trading day preceding the grant date.
- (2) The value of unexercised in-the-money Share Options represents the difference between the closing price of Shares on December 31, 2015 (\$30.90) and the exercise price.

- (3) Market or payout value of RUs and PUs that have not vested is calculated by adding the original number of Shares granted to the additional Shares accumulated to December 31, 2015 with respect to those original grants, multiplying such sum by the average closing price for the last 20 trading days of 2015 (\$30.52), and adding the distributions that would accumulate on those Shares until vesting assuming a dividend of \$1.8675 per Share per annum. Mr. Lowe's employment agreement outlines an arrangement whereby a predetermined amount is payable in cash each year commencing in 2015 for three years that will reduce any incentive payable under the MTIP vesting in 2017.
- (4) Performance milestone: payment of a dividend by AltaGas in the 22 month period prior to each vesting date.
- (5) Performance milestone: The subject PUs vest 44 months from the grant date, subject to multiplication from 0 to 2.0 depending on performance goals set with respect to the operation of the Ferndale facility in Washington state (owned by a US subsidiary of Petrogas Energy Corp.), exports of liquefied natural gas and liquefied petroleum gas, growth of the power business, growth of the field gas gathering and processing business in northwest British Columbia and growth of the regional liquefied natural gas business.
- (6) Performance milestone: AFFO target plus 10% growth, plus application of a modifier calculated by comparing AltaGas TSR at the time of vesting to results of peer group companies.
- (7) Granted during the year ended December 31, 2015.

The following table reflects the aggregate dollar value on vesting of Share Options, RUs and PUs for Named Executive Officers during the year ended December 31, 2015 and annual cash incentives earned during that year by such Named Executive Officers.

Name	Option-based awards - Value vested during the year ⁽¹⁾ (\$)	Share-based awards - Value vested during the year ⁽²⁾ (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
David W. Cornhill	372,938	nil	271,875
Deborah S. Stein	160,651	nil	70,005
Timothy W. Watson	nil	nil	79,665
David M. Harris	234,388	251,300	148,209
John E. Lowe	96,575	nil	71,513
John D. O'Brien	nil	nil	58,460
Bradley B. Grant	nil	nil	40,180

Notes:

- (1) The value upon the vesting of Share Options represents the difference between the market price of Shares at the time of vesting and the exercise price of Share Options.
- (2) The value upon the vesting of the shares in escrow represents the product of the 7,000 Shares vested multiplied by the closing price of Shares on July 30, 2015 (\$35.90).

Share Options granted to the Named Executive Officers vest as to 25 percent on each of the first, second, third and fourth anniversaries of the grant date, and expire on the tenth anniversary for grants prior to November 7, 2013, and on the sixth anniversary for grants on and after November 7, 2013 grant, except as noted. Refer to "Compensation Discussion and Analysis - Compensation Mix - Long Term Incentives - Share Option Plan" for a summary of the material provisions of AltaGas' Share Option Plan.

In support of the column titled "Share Option-based awards - Value vested during the year" in the table above, the following Share Options vested in 2015:

Name	Shares underlying Share Options vested during the year (#)	Share Option exercise price (\$)	Vesting date	Market price of Shares on vesting date (\$)	Value vested during the year (\$)
David W. Cornhill	68,750	29.85	25/11/2015	31.90	140,938
	25,000	29.32	07/06/2015	38.60	232,000
	37,500	32.84	06/12/2015	30.87	nil
	43,750	38.63	07/11/2015	33.32	nil
Deborah S. Stein	3,750	24.92	12/05/2015	39.85	55,988
	3,750	26.94	06/10/2015	34.60	28,725
	8,750	29.85	25/11/2015	31.90	17,938

Name	Shares underlying Share Options vested during the year	Share Option exercise price	Vesting date	Market price of Shares on vesting date	Value vested during the year
	(#)	(\$)		(\$)	(\$)
	6,250	29.32	07/06/2015	38.60	58,000
	6,250	32.84	06/12/2015	30.87	nil
	3,750	38.63	07/11/2015	33.32	nil
	3,750	45.49	13/11/2015	32.07	nil
Timothy W. Watson	nil	n/a	n/a	n/a	n/a
David M. Harris	6,250	24.92	12/05/2015	39.85	93,313
	7,500	26.94	06/10/2015	34.60	57,450
	12,500	29.85	25/11/2015	31.90	25,625
	6,250	29.32	07/06/2015	38.60	58,000
	10,000	32.84	06/12/2015	30.87	nil
	18,750	38.63	07/11/2015	33.32	nil
	62,500	45.49	13/11/2015	32.07	nil
John E. Lowe	7,500	29.85	25/11/2015	31.90	15,375
	8,750	29.32	07/06/2015	38.60	81,200
	6,250	32.84	06/12/2015	30.87	nil
	6,250	38.63	07/11/2015	33.32	nil
	6,250	45.49	13/11/2015	32.07	nil
John D. O'Brien	nil	n/a	n/a	n/a	n/a
Bradley B. Grant	nil	n/a	n/a	n/a	n/a

Please refer to "Compensation Discussion and Analysis – Compensation Mix – Long Term Incentives – Mid-Term Incentive Plan" for a summary of the MTIP.

Share Options – Value Exercised During 2015

The following Share Options were exercised in 2015:

Name	Shares underlying Share Options exercised during the year	Share Option exercise price	Exercise date	Market price of Shares on exercise date	Value exercised during the year
	(#)	(\$)		(\$)	(\$)
David W. Cornhill	10,000	18.15	17/03/2015	42.13	239,800
	6,200	18.15	08/05/2015	40.49	138,508
	25,000	18.15	15/06/2015	38.26	502,750
	188,300	18.15	03/11/2015	34.23	3,027,864
	100,000	21.05	10/11/2015	33.22	1,217,000
Deborah S. Stein	nil	n/a	n/a	n/a	n/a
Timothy W. Watson	nil	n/a	n/a	n/a	n/a
David M. Harris	25,000	17.77	17/06/2015	38.72	523,750
	12,500	21.05	18/06/2015	38.71	220,750
	18,750	24.92	18/06/2015	38.71	258,563
	15,000	26.94	18/06/2015	38.71	176,550
	18,750	29.32	18/06/2015	38.71	176,063
	25,000	29.85	18/06/2015	38.71	221,500
	20,000	32.84	18/06/2015	38.71	117,400
John E. Lowe	nil	n/a	n/a	n/a	n/a
John D. O'Brien	nil	n/a	n/a	n/a	n/a

Name	Shares underlying Share Options exercised during the year (#)	Share Option exercise price (\$)	Exercise date	Market price of Shares on exercise date (\$)	Value exercised during the year (\$)
Bradley B. Grant	nil	n/a	n/a	n/a	n/a

RETIREMENT PLAN BENEFITS

AltaGas offers the following retirement plan benefits:

AltaGas Defined Contribution Pension Plan

On July 1, 2005, AltaGas instituted a registered defined contribution pension plan (the “DC Plan”) for employees, including executive officers. The DC Plan provides for AltaGas contributions of 4 percent of employee base salary plus a service-related match of employee optional contributions of up to 2 percent of the employee’s base salary. All regular employees of AltaGas, excluding Mr. Cornhill, participate in the DC Plan. AltaGas contributions on behalf of employees vest immediately. Employees direct the investment of their own and AltaGas’ contributions in one or a combination of target date funds (10), target risk funds (5), individual investment funds (9), and/or guaranteed investment certificates (3). The following information regarding the DC Plan is as at December 31, 2015:

Name	Accumulated value at start of year (\$)	Compensatory (\$)	Accumulated value at year end (\$)
David W. Cornhill ⁽¹⁾	n/a	n/a	n/a
Deborah S. Stein	249,788	19,121	303,295
Timothy W. Watson	nil	11,692	11,708
David M. Harris	111,397	18,818	137,622
John E. Lowe	86,660	19,493	108,280
John D. O’Brien ⁽²⁾	n/a	n/a	n/a
Bradley B. Grant	nil	8,942	12,583

Note:

- (1) Mr. Cornhill does not participate in the DC Plan. See discussion below under “Retirement Plan Benefits – Group RRSP”
(2) As an AltaGas Services (U.S.) Inc. employee, Mr. O’Brien is not eligible and does not participate in the DC Plan.

AltaGas Supplemental Executive Retirement Plan

On July 1, 2005, AltaGas instituted a non-registered defined benefit retirement plan for executive officers to supplement their AltaGas-sponsored registered retirement savings plans (being the Group RRSP and DC Plan). The supplemental executive retirement plan (“SERP”) benefit is determined such that the value of each member’s total retirement benefit is equal to the value of an annual defined benefit pension of 2 percent (or such other percentage as may be specified in the executive’s employment agreement) of the member’s highest three-year average earnings multiplied by the member’s years of pensionable service.

For purposes of determining the value:

- (i) earnings are defined as the member’s base salary plus 50 percent of his or her target bonus;
- (ii) each year going forward the member will receive credit for two years of pensionable service until his or her pensionable service is equal to his or her AltaGas employment service. Thereafter, one year of pensionable service will be credited for each year of continuing employment service;
- (iii) the retirement benefit is a joint life pension with a guarantee that at least five years of payments will be made. If the member was married at retirement, after the death of the

member, and the expiration of the five-year guarantee, the pension will be reduced to 60 percent for the remainder of the spouse's lifetime; and

- (iv) the member with at least five years of pensionable service may retire as early as age 55. The accrued retirement benefit will be reduced by 3 percent per year that retirement precedes the member's attainment of age 60.

The SERP will provide the difference between the value of the total retirement benefit determined above, and the deemed value of the Member's DC Plan and Group RRSP or equivalent employer-sponsored US retirement savings plan. The SERP will pay this value to the member in equal payments from the date of the member's retirement to the date the member attains age 70.

The SERP benefits will be paid from the general revenue of AltaGas as payments become due. Security for the accruing liability, except for the liability related to members who are US taxpayers, will be provided through a letter-of-credit arrangement.

The following information regarding the SERP is as at December 31, 2015:

Name	Number of years credited service (#)	Annual benefits payable (\$)		Present value of defined benefit obligation at start of year (\$)	Compensatory change (\$)	Non-compensatory change (\$)	Present value of defined benefit obligation at year end (\$)
		At year end	At age 65				
David W. Cornhill	21.75	490,961	551,156	7,594,089	323,814	304,292	8,222,196
Deborah S. Stein ⁽¹⁾	10.95	90,523	169,735	1,304,664	153,862	-74,811	1,383,715
Timothy W. Watson	0.79	8,234	175,567	nil	125,575	0	125,575
David M. Harris ⁽²⁾	5.58	71,265	225,572	972,195	1,761,845	36,937	2,770,977
John E. Lowe	4.25	35,721	126,152	387,952	102,754	17,998	508,703
John D. O'Brien	0.67	11,952	179,352	nil	191,304	0	191,304
Bradley B. Grant	0.62	4,600	149,738	nil	67,849	0	67,849

Notes:

- (1) Ms. Stein, in accordance with her employment agreement, received a lump sum enhancement to her SERP of \$150,000 on August 1, 2015.
- (2) Mr. Harris' employment agreement provides for an accrual rate under the SERP of 3% for credited service earned after December 31, 2014; prior periods of credited service with accrual rates of 2% being converted to a 3% accrual rate, with one month of such prior credited service being converted to 3% for each month of service accrued starting in August 2018; and 2.1339 months of industry experience being treated as credited service for each month of credited service accrued after January 2018 and before February 2023. Notwithstanding, there is an overall provision that the value provided to Mr. Harris by the SERP will not exceed the value of a fully indexed lifetime pension with a 3% accrual rate and based on 3-year average earnings that reflect 100% of target bonus and using actual AltaGas employment service.

Group RRSP

Until July 1, 2005, AltaGas coordinated a group (the "Group RRSP") registered retirement savings plan ("RRSP") whereby employee contributions into their personal RRSPs were matched by AltaGas at a rate of 80 percent of the employee's contribution, to a maximum of 4.8 percent of base pay. AltaGas continued to enable individuals to make RRSP contributions to the Plan through payroll deduction, but with the commencement of the DC Plan did not match such contributions except in the case of Mr. Cornhill, who continues to receive matching in lieu of participation in the DC Plan.

EXECUTIVE EMPLOYMENT AGREEMENTS

AltaGas is party to employment agreements with David W. Cornhill, Deborah S. Stein, Timothy W. Watson, David M. Harris, John E. Lowe, John D. O'Brien and Bradley B. Grant. The agreements are discussed below.

AltaGas is a party to an employment agreement with David W. Cornhill, AltaGas' Chairman and CEO (as amended and restated, the "**Services Employment Agreement**"), the details of which in relation to termination and change of control benefits are set forth below. The Services Employment Agreement continues indefinitely.

Effective July 21, 2011, AltaGas entered into an employment agreement with Deborah S. Stein (the "**Stein Agreement**") on substantially similar terms and conditions as the Services Employment Agreement. Effective December 1, 2012, as amended October 1, 2015, AltaGas entered into an employment agreement with David M. Harris (the "**Harris Agreement**") on substantially similar terms and conditions as the Services Employment Agreement. Effective March 16, 2015, AltaGas entered into an employment agreement with Timothy W. Watson (the "**Watson Agreement**") on substantially similar terms and conditions as the Services Employment Agreement. Effective December 1, 2012, as amended January 1, 2015, AltaGas entered into an employment agreement with John E. Lowe (the "**Lowe Agreement**") on substantially similar terms and conditions as the Services Employment Agreement.

Effective May 1, 2015 AltaGas entered into an employment agreement with John D. O'Brien (the "**O'Brien Agreement**") on substantially similar terms and conditions as the Services Employment Agreement. The form of the O'Brien Agreement was updated from the standard Services Agreement to comply with United States employment and tax law requirements.

Effective May 19, 2015. AltaGas entered into an employment agreement with Bradley B. Grant (the "**Grant Agreement**") on substantially similar terms and conditions as the Services Employment Agreement. The Services Employment Agreement, the Stein Agreement, the Harris Agreement, the Watson Agreement, the Lowe Agreement, the O'Brien Agreement and the Grant Agreement are collectively referred to as the "**Employment Agreements**".

The base salaries provided in those agreements for each of those Named Executive Officers are indicated in the Summary Compensation Table above.

AltaGas entered into a second agreement with Ms. Stein confirming Ms. Stein's retirement from AltaGas on March 31, 2016 (the "**Stein Retirement Agreement**"). The Stein Retirement Agreement enables AltaGas to continue to access Ms. Stein's considerable knowledge, talents and expertise for certain independent consulting projects after her retirement on April 1, 2016 through to December 31, 2018 for a nominal upfront retainer fee of \$33,000. Ms. Stein's MTIP grants and Share Options will continue to vest while she remains a consultant of AltaGas.

The Harris Agreement, as amended, provides for an accrual rate under the SERP of 3% for credited service earned after December 31, 2014, and phased-in recognition of past industry service conditional on continued service with AltaGas (see footnote (2) to the SERP table above for details). The Harris Agreement also provides for payment of base salary, short term incentives and auto allowances in US funds without restriction on conversion rates. It provides for forgiveness of an existing CAD\$750,000 loan over a five year period of employment commencing February 8, 2017 at a rate of 20% per year, conditional on Mr. Harris continued employment with AltaGas. If Mr. Harris' employment terminates for reasons of permanent disability or death, by AltaGas without cause, in the event of a change of control or for constructive dismissal, up to CAD\$300,000 of the loan balance will be forgiven with any remaining amount to be paid immediately by Mr. Harris or deducted from any amounts payable to Mr. Harris by AltaGas. Additionally, it provides for medical insurance benefit coverage in the United States and annual club membership dues and related expenses.

The Lowe Agreement, as amended, provides for slightly modified multiples under the Retirement Allowance payable in certain events (as outlined under Termination and Change of Control Arrangements below). It also makes provision for a cash payment of \$150,000 on October 3, 2015, 2016 and 2017 provided that notice of termination has not been given and that Mr. Lowe has been employed by AltaGas for the entirety of the year to which the payment pertains. These amounts are an advance and will be deducted from and reduce any future MTIP obligations that may be due and payable to Mr. Lowe at the end of 2017. Any excess payments will be forgiven.

Termination and Change of Control Arrangements

The Services Employment Agreement and the Stein Agreement provide compensation (a “**Retirement Allowance**”) in the following circumstances:

- involuntary termination of the executive by AltaGas for any reason (other than cause);
- termination by the executive in the event of a constructive dismissal, as defined in the Services Employment Agreement and the Stein Agreement, as applicable; and
- termination by either the executive or AltaGas in the event of a change of control, as defined in the Services Employment Agreement and the Stein Agreement, as applicable, subject in the case of the Services Employment Agreement and the Stein Agreement to certain other criteria discussed below.

Similarly, the Harris Agreement, the Watson Agreement, the Lowe Agreement, the O’Brien Agreement and the Grant Agreement provide a Retirement Allowance in the following circumstances:

- involuntary termination of the executive by AltaGas for any reason (other than cause), including a change of control as defined in the Harris Agreement, the Watson Agreement, the Lowe Agreement, the O’Brien Agreement and the Grant Agreement; and
- termination by the executive in the event of a constructive dismissal, as defined in the Harris Agreement, the Watson Agreement, the Lowe Agreement, the O’Brien Agreement and the Grant Agreement, as applicable.

In addition, the Services Employment Agreement provides for a Retirement Allowance if Mr. Cornhill provides six month’s advance notice of his resignation.

Change of control is defined in a substantially similar manner across the Employment Agreements, as follows: (i) the acquisition of Control of AltaGas or any Controlling Affiliate, except by another Controlling Affiliate by whatever means, including, without limitation, upon original issuance of securities from treasury, by purchase of securities, amalgamation, consolidation, arrangement, merger, directly or indirectly, by one person or a group of two or more persons acting jointly or in concert to Control AltaGas or any Controlling Affiliate who, by means of such acquisition, intends to exercise voting rights attributable to voting securities of AltaGas or any Controlling Affiliate which, together with voting rights currently held by such person or persons, would give that person or persons, Control of AltaGas or any Controlling Affiliate, as the case may be; or (ii) the acquisition, by whatever means, directly or indirectly, by any person, of voting securities of AltaGas or any Controlling Affiliate, which securities, together with securities of AltaGas or such Controlling Affiliate held, directly or indirectly, by one person or a group of two or more persons acting jointly or in concert to Control AltaGas or such Controlling Affiliate, have votes attached thereto exceeding 40% of the number of votes attached to all of the issued and outstanding voting securities of AltaGas or such Controlling Affiliate, and which as a part of that acquisition results in a change in more than one-half of the members of the board of directors in any consecutive 12 month period during the term of the employment of the executive with AltaGas; or (iii) the sale, lease or exchange of all or substantially all of the assets, property or undertaking of AltaGas; or (iv) dissolution of AltaGas; provided that change of control for purposes of the Employment Agreements shall not mean or include any internal reorganization of AltaGas or any one or more of the Controlling Affiliates, including any dissolution of AltaGas or any sale, lease or exchange of all or substantially all of the assets, properties or undertakings of AltaGas and/or any one or more of the Controlling Affiliates to any partnership or other entity controlled by AltaGas and/or any one or more of the Controlling Affiliates provided that such internal reorganization does not result in Control being acquired by any entity that is not a Controlling Affiliate. “Control” as applied to AltaGas or any affiliate means the possession, directly or indirectly, by one person or a group of two or more persons acting in concert to control AltaGas or such affiliate, of the power to exercise effective control of AltaGas or such affiliate, or to direct or cause the direction of the management and policies of AltaGas or such affiliate, whether through ownership of voting securities of AltaGas, or any affiliate, or by contract or otherwise and without limiting the generality of the foregoing shall include “control” as defined in subsection 2(3) of the *Canada Business Corporations Act*. “Controlling Affiliate” means any affiliate or group of affiliates which directly or indirectly exercises Control over AltaGas.

All of the Employment Agreements provide for a Retirement Allowance in an amount equal to: (a) a multiple of the annual base salary paid in the last full month of employment; plus (b) a multiple of the product of the annual base salary in effect during the last month of employment multiplied by the annual target bonus percentage; plus (c) a multiple of the value of the benefit entitlement for a one-year period; plus (d) a multiple of the value of the sum of the annual car allowance and parking or, in the case of Mr. Cornhill, a cash amount equal to the product of 24 times the value on a monthly basis of the car provided to him (12 times if Mr. Cornhill resigns). The Retirement Allowance multiple pursuant to the Employment Agreements, other than the Services Employment Agreement and the Lowe Agreement, is 2.0x. The Retirement Allowance multiple pursuant to the Services Employment Agreement is 2.0x, with the following exceptions: (1) if Mr. Cornhill resigns, the Retirement Allowance multiple is 1.0x; and (2) if Mr. Cornhill resigns or is terminated as a result of a change of control in the circumstances contemplated below, the Retirement Allowance multiple is 2.5x, being an increment of 1.5x above Mr. Cornhill's Retirement Allowance entitlement if he resigns in the absence of a change of control. The Retirement Allowance multiple pursuant to the Lowe Agreement is 2.0x, with the following exceptions: (1) if AltaGas terminates the employment of Mr. Lowe without cause after December 31, 2016 and no change of control has occurred, the Retirement Allowance multiple is 1.0x; and (2) if Mr. Lowe resigns after December 31, 2016 with a minimum 60 days notice, and provided that Mr. Lowe has not secured or been offered employment with another employer, the Retirement Allowance multiple is 0.5x.

If at any time during the term of the Services Employment Agreement there is a change of control, Mr. Cornhill is entitled, at any time after six months but before one year, after the effective date of such change of control, to terminate his employment with AltaGas by the giving of 60 days' notice to that effect. In that event, or if AltaGas terminates the Services Employment Agreement within a period of one (1) year after such change of control, he is entitled to his Retirement Allowance. The Stein Agreement contains similar provisions entitling the officer to terminate her employment following a change of control, provided that the period is between six months and nine months after the effective date of such change of control in each case.

The following table shows the amounts payable to each of the Named Executive Officers in the event of termination as at December 31, 2015, in the circumstances noted above.

Name	Months used to calculate Retirement Allowance	Value of Retirement Allowance (\$)(1)	Additional SERP Value (\$)(2)	Value of Long Term Incentives (\$)(3)	Total Value (\$)
David W. Cornhill ⁽⁴⁾	12	1,691,982	nil	4,371,206	6,063,188
David W. Cornhill ⁽⁵⁾	24	3,294,500	782,668	4,371,206	8,448,374
David W. Cornhill ⁽⁶⁾	30	4,090,032	706,747	4,371,206	9,167,985
Deborah S. Stein ⁽⁷⁾⁽⁸⁾	24	1,116,964	331,015	1,563,857	3,011,836
David M. Harris ⁽⁸⁾	24	2,575,344	851,698	985,245	4,412,287
David M. Harris ⁽⁹⁾	24	2,575,344	1,009,359	985,245	4,569,948
John E. Lowe ⁽¹⁰⁾	24	1,135,055	344,890	408,543	1,888,488
Timothy W. Watson ⁽⁸⁾	24	1,324,918	308,161	734,347	2,367,426
Timothy W. Watson ⁽⁹⁾	24	1,324,918	341,526	734,347	2,400,791
John D. O'Brien ⁽⁸⁾	24	1,614,854	419,758	518,895	2,553,507
John D. O'Brien ⁽⁹⁾	24	1,614,854	437,955	518,895	2,571,704
Bradley B. Grant ⁽⁸⁾	24	916,841	138,056	1,105,611	2,160,508
Bradley B. Grant ⁽⁹⁾	24	916,841	155,022	1,105,611	2,177,474

Notes:

- (1) Includes base salary, bonus, benefits and perquisites.
- (2) Value of additional benefit payable (under SERP provisions and additional SERP benefit provided by Employment Agreements) in the event of described termination as of December 31, 2015.
- (3) Represents value of unexercised, in-the-money Share Options and market or payout value of Share-based awards that have not vested, as of December 31, 2015. See "Incentive Plan Awards - Outstanding Share-based Awards and Share Option-based Awards".
- (4) Payable on voluntary termination of Mr. Cornhill's employment by Mr. Cornhill by giving notice to AltaGas of at least six months.
- (5) Payable upon termination of Mr. Cornhill's employment by AltaGas without cause, or upon permanent disability or death, or by Mr. Cornhill for constructive dismissal.

- (6) Payable upon termination of Mr. Cornhill's employment by AltaGas or Mr. Cornhill as a result of a change of control of AltaGas.
- (7) Payable upon termination of the Named Executive Officer's employment by AltaGas or the Named Executive Officer as a result of a change of control of AltaGas.
- (8) Payable upon termination of the Named Executive Officer's employment by AltaGas without cause, or by AltaGas or the Named Executive Officer for constructive dismissal.
- (9) Payable upon termination of the Named Executive Officer's employment by AltaGas as a result of a change of control of AltaGas.
- (10) If Mr. Lowe's employment is terminated by AltaGas after December 31, 2016 and no change of control has occurred, the Retirement Allowance will be reduced by 50%. If Mr. Lowe resigns after December 31, 2016 with a minimum 60 days notice, and provided that he has not secured or been offered employment with another employer, the Retirement Allowance is reduced to 25%.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information related to AltaGas' equity compensation plans for the financial year ended December 31, 2015:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	4,534,261	\$32.02	10,093,863 ⁽¹⁾
Equity compensation plans not approved by securityholders	n/a ⁽²⁾	n/a	n/a ⁽²⁾
Total	4,534,261	\$32.02	10,093,863

Notes:

- (1) Of the 10,093,863 Shares available for future issuance pursuant to the Share Option Plan at December 31, 2015, only 9,692,203 Shares were reserved for issuance with the TSX pursuant to the Share Option Plan.
- (2) No Shares are available or reserved for future issuance pursuant to the MTIP or the DSUP. On vesting, RUs, PUs and DSUs are paid in cash or, at the option of AltaGas, Shares purchased on the open market. See "Compensation Discussion and Analysis – Compensation Mix – Long-Term Incentives – Mid-Term Incentive Plan" and "Compensation Discussion and Analysis – Compensation Mix – Long-Term Incentives – Deferred Share Unit Plan".

The following table sets forth certain measures of Share Option usage as at December 31, 2015:

Dilution	
number of Share Options granted but not exercised (4,534,261) / issued and outstanding Shares as at December 31, 2015 (146,281,247)	3.10%
Overhang (reserved for issuance with TSX)	
number of Share Options reserved for issuance with the TSX (9,692,203) plus number of Share Options granted but not exercised (4,534,261) / issued and outstanding Shares as at December 31, 2015 (146,281,247)	9.73%
Overhang (available for issuance pursuant to Share Option Plan)	
number of Share Options available to be granted pursuant to Share Option Plan (10,093,863) plus number of Share Options granted but not exercised (4,534,261) / issued and outstanding Shares as at December 31, 2015 (146,281,247)	10.00%
Burn Rate	
number of Share Options granted in 2015 (470,000) / issued and outstanding Shares as at December 31, 2015 (146,281,247)	0.32%
Weighted average remaining term of Share Options	5.18 years

OTHER MATTERS

AltaGas knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting; however, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

AltaGas shall provide without charge, upon request being made to AltaGas, a copy of AltaGas' Annual Information Form, together with any document, or the pertinent pages of any document, incorporated by reference therein, AltaGas' most recently filed comparative annual financial statements, together with the accompanying report of the auditor, AltaGas' most recently filed annual management's discussion and analysis and any interim financial statements of AltaGas that have been filed thereafter and the interim management's discussion and analysis relating thereto. Financial information is provided in AltaGas' comparative financial statements and management's discussion and analysis for the year ended December 31, 2015.

Additional information relating to AltaGas is available under AltaGas' profile on SEDAR at www.sedar.com and on AltaGas' website at www.altagas.ca.

DATE: March 11, 2016.

The logo for AltaGas, featuring the word "AltaGas" in a bold, blue, italicized sans-serif font.

**SCHEDULE A
STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The following table sets forth the disclosure requirements for Corporate Governance Disclosure set forth in NI 58-101F1 together with AltaGas' governance approach. In addition, where applicable, the table references the requirements contained in NI 52-110 and AltaGas' compliance therewith. The board of directors believes that AltaGas' corporate governance policies and practices fully comply with the requirements of NI 52-110 and NI 58-101 and with the guidelines of NP 58-201.

1. Board of Directors															
<p>a. Disclose the identity of directors who are independent.</p> <p>Independent directors:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Catherine M. Best</td> <td style="width: 50%;">Victoria A. Calvert</td> </tr> <tr> <td>Allan L. Edgeworth</td> <td>Hugh A. Fergusson</td> </tr> <tr> <td>Daryl H. Gilbert</td> <td>Robert B. Hodgins</td> </tr> <tr> <td>Phillip R. Knoll</td> <td>David F. Mackie</td> </tr> <tr> <td>M. Neil McCrank</td> <td></td> </tr> </table> <p>This disclosure is also set forth above under "Matters to be Considered at the Meeting - Election of Directors".</p>		Catherine M. Best	Victoria A. Calvert	Allan L. Edgeworth	Hugh A. Fergusson	Daryl H. Gilbert	Robert B. Hodgins	Phillip R. Knoll	David F. Mackie	M. Neil McCrank					
Catherine M. Best	Victoria A. Calvert														
Allan L. Edgeworth	Hugh A. Fergusson														
Daryl H. Gilbert	Robert B. Hodgins														
Phillip R. Knoll	David F. Mackie														
M. Neil McCrank															
<p>b. Disclose the identity of directors who are not independent, and describe the basis for that determination.</p> <p>David W. Cornhill is CEO of AltaGas and is a member of management, and following his announced retirement as CEO will have been within the last three years an employee or executive officer of AltaGas, and therefore is not considered independent.</p>															
<p>c. Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgement in carrying out its responsibilities.</p> <p>A majority of the current directors, ten of eleven, are independent within the meaning of NI 58-201. A majority of the directors proposed by AltaGas as the nominees for election as directors of AltaGas to serve until the next annual meeting of Shareholders or until their successors are duly elected or appointed, nine of ten, are independent within the meaning of NI 58-201.</p>															
<p>d. If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p> <p>As at the Record Date, the directors of AltaGas are directors of the following other reporting issuers:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 50%; vertical-align: top;">Catherine M. Best</td> <td style="width: 50%; vertical-align: top;">Aston Hill Financial Inc. Badger Daylighting Ltd. Canadian Natural Resources Limited Superior Plus Corp.</td> </tr> <tr> <td style="vertical-align: top;">Victoria A. Calvert</td> <td style="vertical-align: top;">None</td> </tr> <tr> <td style="vertical-align: top;">David W. Cornhill</td> <td style="vertical-align: top;">Alterra Power Corp. Painted Pony Petroleum Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Allan L. Edgeworth</td> <td style="vertical-align: top;">Emera Incorporated</td> </tr> <tr> <td style="vertical-align: top;">Hugh A. Fergusson</td> <td style="vertical-align: top;">Canexus Corporation</td> </tr> <tr> <td style="vertical-align: top;">Daryl H. Gilbert</td> <td style="vertical-align: top;">Cequence Energy Ltd. Connacher Oil and Gas Limited Falcon Oil & Gas Ltd. Leucrotta Exploration Inc. LGX Oil + Gas Inc. PRD Energy Inc. Surge Energy Inc. Whitecap Resources Inc.</td> </tr> <tr> <td style="vertical-align: top;">Robert B. Hodgins</td> <td style="vertical-align: top;">Enerplus Corporation Gran Tierra Energy Inc. MEG Energy Corp.</td> </tr> </tbody> </table>		Catherine M. Best	Aston Hill Financial Inc. Badger Daylighting Ltd. Canadian Natural Resources Limited Superior Plus Corp.	Victoria A. Calvert	None	David W. Cornhill	Alterra Power Corp. Painted Pony Petroleum Ltd.	Allan L. Edgeworth	Emera Incorporated	Hugh A. Fergusson	Canexus Corporation	Daryl H. Gilbert	Cequence Energy Ltd. Connacher Oil and Gas Limited Falcon Oil & Gas Ltd. Leucrotta Exploration Inc. LGX Oil + Gas Inc. PRD Energy Inc. Surge Energy Inc. Whitecap Resources Inc.	Robert B. Hodgins	Enerplus Corporation Gran Tierra Energy Inc. MEG Energy Corp.
Catherine M. Best	Aston Hill Financial Inc. Badger Daylighting Ltd. Canadian Natural Resources Limited Superior Plus Corp.														
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Robert B. Hodgins	Enerplus Corporation Gran Tierra Energy Inc. MEG Energy Corp.														

Phillip R. Knoll	Bankers Petroleum Ltd. Corridor Resources Inc.
David F. Mackie	None
M. Neil McCrank	None
<p>e. Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.</p> <p>In 2015, the independent directors had six regularly scheduled meetings and three special meetings at which the non-independent director and management were not in attendance. See disclosure above under "Sessions without Management and Meetings Held".</p>	
<p>f. Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.</p> <p>David W. Cornhill is Chairman and CEO of AltaGas and is a member of management, and following his announced retirement as CEO will have been within the last three years an employee or executive officer of AltaGas, and therefore is not considered independent.</p> <p>To help ensure that the board of directors can function independently of management, the board of directors has appointed an independent director as Lead Director. The Lead Director acts as Chair of the board of directors at meetings where the Chairman is not in attendance.</p> <p>Mr. Myron F. Kanik has been Lead Director for approximately the past 13 years. Mr. Kanik is not standing for re-election at the Meeting. Mr. M. Neil McCrank will be Lead Director following the Meeting if he is re-elected.</p>	
<p>g. Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.</p> <p>See disclosure of attendance record above under "Election of Directors".</p>	
<p>2. Board Mandate - Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.</p>	
<p>The board of directors has the following mandate:</p> <p>I. CONSTITUTION</p> <p>A. The Board of Directors of AltaGas Ltd. (the "Corporation") is constituted in accordance with the Articles and By-laws of the Corporation as amended from time to time and in accordance with the <i>Canada Business Corporations Act (the "Act")</i> as amended from time to time.</p> <p>B. The Board of Directors of the Corporation will act in accordance with the Articles and By-laws of the Corporation as amended from time to time and in accordance with the Act and other applicable legislation as amended from time to time.</p> <p>C. This mandate shall not be taken to create a higher duty or increase the liability of the Corporation, its Board of Directors, or any of its Directors or management, beyond that otherwise provided by applicable law. The identification, management and delegation of the business and affairs of the Corporation contained in this mandate, committee mandates and any other delegation of authority are intended to improve the process of corporate governance.</p> <p>II. MEMBERSHIP AND ORGANIZATION</p> <p>A. The Articles of the Corporation provide for a minimum and a maximum number of Directors. In addition, the Articles provide for the ability of the Directors to appoint one or more Directors between annual meetings of the Shareholders.</p> <p>B. Nominations for the position of Director are in accordance with the Articles and By-laws of the Corporation and the Act. Nominees for Directors are initially considered and recommended by the Governance Committee of the Board of Directors, approved by the Board of Directors and elected annually by the Shareholders.</p> <p>C. The Board of Directors must be composed of a majority of members who have been determined by the Board of Directors to be independent. A Director is independent if the Director has no direct or indirect relationship with the Corporation that could, in the view of the Board, be reasonably expected to interfere with the exercise of a Director's independent judgment.</p> <p>D. The Board of Directors may delegate certain of their responsibilities to committees of the Board of Directors. The</p>	

responsibilities of the committees will be set forth in a mandate for each committee, as determined by the Board of Directors from time to time.

III. MEETINGS

- A. The Board of Directors shall convene at such times and places as determined by the Board of Directors, or as required by the By-laws or the Act. In addition, the Board of Directors shall convene at the request of the Chairman, the Lead Director (if any), any officer of the Corporation or any Director or as otherwise set forth in the By-laws.
- B. Notice of the time, date and place of each meeting of the Board of Directors shall be given to each Director in accordance with the By-laws and the Act.
- C. A quorum of the Directors at any meeting necessary for the transaction of business shall be as set forth in the By-laws.
- D. The Board of Directors will meet at least quarterly and, in addition, once annually to review long-term and strategic planning for the Corporation, and a budget for the financial year.
- E. The independent Directors will meet on a regular basis in the absence of management and non-independent Directors.

IV. DUTIES AND RESPONSIBILITIES

- A. The Board of Directors has plenary power. Any responsibility not delegated to management or a committee of the Board of Directors remains with the Board of Directors.
- B. The Board of Directors, in accordance with the Articles, the By-laws and the Act, affirms its mandate and general power to manage and supervise the management of the business and affairs of the Corporation and assumes responsibility for the overall stewardship of the Corporation.
- C. In discharging its general powers and responsibilities and fulfilling its mandate, the Board of Directors oversees the development, adoption and implementation of the Corporation's strategies and plans. In addition to its general powers and responsibilities, the Board's responsibilities include:
 - 1. Establishing a code of business ethics, encouraging a culture of ethical business conduct throughout the organization and monitoring compliance with the code of business ethics by the directors, officers and employees of the Corporation and its subsidiaries;
 - 2. Participating in the Corporation's strategic planning process on an annual basis, including an examination of the opportunities and risks of the business of the Corporation and its subsidiaries;
 - 3. Identifying and understanding the principal risks associated with the Corporation's business and reviewing and approving the implementation of systems to manage such risks;
 - 4. Overseeing management development and succession planning through the Human Resources and Compensation Committee of the Board of Directors;
 - 5. Establishing policies for communicating with Shareholders and others and for receiving comment from Shareholders and others;
 - 6. Reviewing the effectiveness of the Corporation's internal control and management information systems;
 - 7. Developing the Corporation's approach to governance through the Governance Committee of the Board of Directors;
 - 8. As requested by the Board of Directors, overseeing finance, accounting, audit, financial risk and financial control matters through the Audit Committee of the Board of Directors;
 - 9. Overseeing environment, occupational health and safety matters through the Environment, Occupational Health and Safety Committee of the Board of the Directors; and
 - 10. The general review of the Corporation's results of operations, including the evaluation of the general and specific performance of the Chief Executive Officer and management.
- D. The Board of Directors is responsible for establishing policies to ensure effective, timely and non-selective communications between the Corporation, its Shareholders, other stakeholders and the public. The Board of Directors, or the appropriate committee thereof, will review and approve the content of the Corporation's major communications to Shareholders and the investing public, including the quarterly and annual reports, the management information circular, the annual information form and any prospectuses that may be issued. The Board of Directors will establish policies for receiving communications from its Shareholders, other stakeholders and the public.
- E. The Board of Directors is responsible for establishing the mandates, roles and responsibilities of the Committees of the Board of Directors and the Chairs of each Committee and for delineating the responsibilities of the Chairman, Lead Director (if any), Chief Executive Officer and management. The Board of Directors will review this mandate at least once annually.

Discussion

The mandate of the board of directors pursuant to the *Canada Business Corporations Act* (the “Act”) is generally to manage or supervise the management of the business and affairs of AltaGas.

The board of directors sets one meeting per year for a comprehensive review and approval of AltaGas’ budget and plan for AltaGas and its affiliates the following year. The board of directors has also established one meeting per year for a comprehensive review and approval of the overall strategic plan of AltaGas and its affiliates. Management regularly provides the board of directors with operational reviews of AltaGas’ and its affiliates’ activities. In conjunction with these reviews, the board of directors discusses various strategic planning matters and identifies business and other risks associated with the activities of AltaGas and its affiliates, as it considers appropriate.

The board of directors is responsible for understanding the principal risks associated with the business of AltaGas and its affiliates on an ongoing basis and management is responsible to ensure that the board of directors and its committees are kept well informed of these changing risks on a timely basis.

The board of directors considers that certain decisions are sufficiently important that management should seek prior approval of the board of directors. Such decisions include: approval of the annual capital and operating budgets and any material changes to or deviations from these budgets; acquisition or sale of significant assets, including significant commitments with industry partners; debt or equity financing; changes in management; all matters as required under the Act; and significant changes in corporate policies, goals or objectives.

3. Position Descriptions

- a. Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.**

The board of directors has established written mandates for the board of directors and each of the Audit Committee, Governance Committee, HR Committee, and EOHS Committee which set out the roles and responsibilities of the board and each committee. The Governance Committee’s mandate includes review of the description of the directors’ duties and the division of duties between and among the board of directors, the Chairman, the Lead Director, the CEO and management.

- b. Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a written position description, briefly describe how the board delineates the role and responsibilities of the CEO.**

The board of directors has developed and maintains a position description for the CEO (within the context of the requirements imposed by the Act and AltaGas’ by-laws), which includes the limits on management’s responsibilities. The Governance Committee’s mandate includes review of the description of the directors’ duties and the division of duties between and among the board of directors, the Chairman, the Lead Director, the CEO and management.

The board of directors develops corporate objectives for which the CEO is responsible through its annual budget and strategic plan review, and otherwise as required. The HR Committee evaluates the CEO against those objectives and reports the results of the evaluation to the board of directors.

4. Orientation and Continuing Education

- a. Briefly describe what measures the board takes to orient new directors regarding**
(i) the role of the board, its committees and its directors, and
(ii) the nature and operation of the issuer’s business.

The Governance Committee is responsible for establishing formal orientation, development and education programs and materials for new directors.

AltaGas provides to new directors a manual to assist with orientation, which includes insider reporting obligations, board of directors and committee mandates, code of business ethics, compensation information, business overview, organization charts, strategic plan, recent financial information, last annual information form, last management information circular, and any recent prospectus. If requested by the new director, meetings are arranged between the new director and the Lead Director, the Chairman, the CEO, the Chief Operating Officer, the CFO, the General Counsel and/or the Corporate Secretary and other members of management to discuss the role of the board of directors, its committees and its directors, and the nature and operation of AltaGas’ business. AltaGas provides such other orientation and information as individual directors may request. There are opportunities for directors to have discussions with management following meetings.

- b. Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.**

The Governance Committee is responsible for establishing orientation, development and education programs and materials for directors. Ongoing education of all directors is offered where a need is perceived or based on input obtained from individual directors as part of the assessment process.

See the discussion under the heading “*Matters to be Considered at the Meeting – Election of Directors – Director Education*” in the Information Circular

5. Ethical Business Conduct	
a.	<p>Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:</p> <p>(i) disclose how a person or company may obtain a copy of the code;</p> <p>(ii) describe how the board monitors compliance with the code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and</p> <p>(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</p> <p>The board of directors has adopted a Code of Business Ethics ("COBE").</p> <p>A copy of the COBE is publicly available through the SEDAR website at www.sedar.com or on AltaGas' website at www.altagas.ca or by request to the Corporate Secretary.</p> <p>The board of directors monitors compliance with the COBE through reports of management to the committees of the board of directors with responsibility for various aspects of the COBE. In addition, AltaGas has established a third-party service provider hotline and website for complaints. Complaints to the third-party service provider are provided to the Chair of the Audit Committee. Employees are required to sign off annually on their understanding of COBE.</p> <p>There have not been any material change reports filed since the beginning of AltaGas' most recently completed financial year that pertain to any conduct of a director or executive officer that constitutes a departure from the COBE.</p>
b.	<p>Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p> <p>Any director with a material interest in a transaction or agreement being considered by the board of directors is required to declare such conflict and either absent themselves from the board of directors' meeting where such transaction or agreement is being considered or abstain from voting with respect to such transaction or agreement.</p> <p>Executive officers are to disclose any material interest in a transaction or agreement being considered by the board of directors. Such executive officers would not be present at the board of directors meeting at which such transaction is being considered.</p>
c.	<p>Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.</p> <p>The Governance Committee is responsible for the development of the overall governance of AltaGas, a continuing assessment of corporate governance matters, and to make recommendations to the board of directors regarding AltaGas' approach to corporate governance. Included in the Governance Committee's mandate is to review and make recommendations to the board of directors regarding AltaGas' approach to ethical business conduct as set forth in the COBE.</p>
6. Nomination of Directors	
a.	<p>Describe the process by which the board identifies new candidates for board nomination.</p> <p>The Governance Committee's mandate includes recommending directors to the board of directors to fill vacancies on the board of directors or to be proposed for election by AltaGas. The qualifications of the new board of directors' nominees are reviewed by the Governance Committee based on criteria set by the board of directors from time to time.</p>
b.	<p>Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.</p> <p>The Governance Committee currently consists of Victoria A. Calvert, Robert B. Hodgins, Myron F. Kanik, David F. Mackie and M. Neil McCrank, all of whom are independent directors. Mr. Kanik is the chair of the Governance Committee. Effective upon the conclusion of the Meeting, Mr. Kanik will cease to be a member of the Governance Committee. Effective May 1, 2016, and if re-elected, Mr. McCrank will be the chair of the Governance Committee.</p>
c.	<p>If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p> <p>The Governance Committee's mandate includes recommending directors to the board of directors to fill vacancies on the board of directors or to be proposed for election by AltaGas. The competencies and skills of the board of directors as a whole are considered by the Governance Committee in assessing potential nominees. The qualifications of the new board of directors' nominees are reviewed by the Governance Committee based on criteria set by the board of directors from time to time.</p> <p>The Governance Committee's mandate includes reviewing and making recommendations as to the size of the board of directors and practices for measuring performance. Based on these recommendations, the board of directors considers its size each year when it considers the number of directors to recommend to the Shareholders for election at the annual meeting of Shareholders, taking into account the number required to carry out the board of directors' duties effectively and to maintain a diversity of view, skills and experience.</p>

7. Compensation	
a.	Describe the process by which the board determines the compensation for the issuer's directors and officers. See the discussion under the heading "Matters to be Considered at the Meeting – Election of Directors – Director Compensation" and "Compensation Discussion and Analysis" in the Information Circular.
b.	Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation. The HR Committee currently consists of Hugh A. Fergusson, Daryl H. Gilbert, Myron F. Kanik and David F. Mackie, all of whom are independent directors. Mr. Gilbert is the chair of the HR Committee. Effective April 1, 2016, Catherine M. Best, an independent director, will be a member of the HR Committee. Effective upon the conclusion of the Meeting, Mr. Kanik will cease to be a member of the HR Committee.
c.	If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee. The mandate of the HR Committee includes reviewing and approving corporate goals and objectives relevant to the CEO's compensation, evaluation of the CEO against those goals and objectives and making recommendations to the board of directors with respect to the CEO's compensation based on its evaluation, developing appropriate compensation policies for the other officers of AltaGas and for evaluating senior management performance. The HR Committee reviews executive compensation disclosure before public disclosure of this information.
8. Other Board Committees	
If the board has other standing committees other than audit, compensation and nominating committees, identify the committee and describe their function. In addition to the Audit Committee, the Governance Committee and the HR Committee, the board of directors of AltaGas has established the EOHS Committee, which monitors and makes recommendations with respect to the environment, health and safety policies, practices and procedures of AltaGas and its subsidiaries. The EOHS Committee has established an environmental risk management system and monitors its operation through regular reports. The EOHS Committee currently consists of Catherine M. Best, Allan L. Edgeworth, Daryl H. Gilbert, Phillip R. Knoll and M. Neil McCrank, all of whom are independent directors. Mr. Edgeworth is the chair of the EOHS Committee. Effective April 1, 2016, Ms. Best will cease to be a member of the EOHS Committee.	
9. Assessments	
Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively. The Governance Committee's mandate also includes establishing appropriate practices for measuring the performance and for the review of the performance of the board of directors, board of directors' committees and individual directors. The board of directors has a system to evaluate its performance. Each director is requested to annually complete a confidential questionnaire designed to provide directors with an opportunity to evaluate how effectively the board of directors, its committees, and the individual directors, are operating and to make suggestions for improvement. The questionnaire is primarily designed to provide constructive input for the improvement of the board of directors as a whole. Questions posed address the composition of the board of directors and its committees; effectiveness of the board of directors and its committees, the Chair and lead director and the chairs of the committees, and meetings; duties and responsibilities of the board of directors and its committees; and orientation and development processes for the board of directors. The questionnaire, once completed, is submitted to the Chair of the Governance Committee. Directors' input is then summarized on an anonymous basis. The summary is then reported to the board of directors by the Chair of the Governance Committee.	
NI 52-110 Financial Literacy	
NI 52-110 Requirement	The audit committee must have a minimum of three members, each of whom must be "independent" and "financially literate" directors.
Does AltaGas Align?	Yes
Description of Approach	The Act, the corporate statute governing AltaGas, requires that the Audit Committee of AltaGas be composed of not less than three directors, a majority of whom are not officers or employees of AltaGas or any of its affiliates, including AltaGas. The Audit Committee complies with these requirements and the requirements of NI 52-110. All members of the Audit Committee are "financially literate" and have "accounting or related financial expertise",

based on criteria established by the board of directors in accordance with NI 52-110. The board of directors has adopted the definition of “financially literate” set forth in NI 52-110. NI 52-110 defines “financial literacy” as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by AltaGas’ financial statements.

The board of directors has developed written terms of reference outlining the Audit Committee’s roles and responsibilities and provides appropriate guidance to Audit Committee members as to their duties. These terms of reference are reviewed annually by the board of directors. The Audit Committee assesses the adequacy of procedures for the public disclosure of financial information. The Audit Committee reviews on behalf of the board of directors, and reports to the board of directors the results of its review and its recommendation regarding, all material matters of a financial reporting and audit nature, including without limitation the annual and interim financial statements, management’s discussion and analysis, related press releases of AltaGas and internal controls. The Audit Committee reviews the nature and scope of the annual audit as proposed by the auditors and management. The Audit Committee is responsible for ensuring that management has established and is maintaining disclosure controls and procedures and internal control over financial reporting.

The Audit Committee meets with AltaGas’ auditors regularly, independent of management, and has direct communication channels with AltaGas’ external and internal auditors to discuss and review specific issues as appropriate.

Audit Committee Charter

NI 52-110 Requirement	The Audit Committee must have a written charter that sets out its mandate and responsibilities.
Does AltaGas Align?	Yes
Description of Approach	The Audit Committee has a charter in place. See Schedule “A” to the AltaGas Annual Information Form for the text of the charter.

10. Director Term Limits and Other Mechanisms of Board Renewal

Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

AltaGas has approved a retirement policy for directors pursuant to which the directors agree to tender his or her resignation from the board of directors at age 75. Also, commencing with the 2015 annual meeting of shareholders of AltaGas, it is a policy of the board of directors that a director will not be nominated for re-election at the fifteenth, or any subsequent, annual meeting of shareholders following the date such director was first elected or appointed. All directors elected at the 2015 annual meeting of shareholders of AltaGas were deemed to have been first elected at such meeting for the purpose of this policy. With respect to other mechanisms of board renewal, see item 9 above titled “Assessments”.

11. Policies Regarding the Representation of Women on the Board of Directors

- a. Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.**
- AltaGas has not adopted a written policy relating to the identification and nomination of women directors because, as a matter of practice, diversity (including gender diversity) is among the factors that the Governance Committee considers when evaluating the composition of the board of directors (see section 12 below).
- b. If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy: (i) a short summary of its objectives and key provisions, (ii) the measures taken to ensure that the policy has been effectively implemented, (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.**
- Not applicable.

12. Consideration of the Representation of Women in the Director Identification and Selection Process

Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer’s reasons for not doing so.

The Governance Committee does, amongst other things, consider the level of representation of women on the board of directors in identifying and nominating candidates for election or re-election to the board of directors. The Governance Committee believes that having a diverse board of directors, including gender diversity, enhances board of director operations, and diversity is among the factors that the Governance Committee considers when evaluating the

	<p>composition of the board of directors.</p> <p>The Governance Committee does not specifically define diversity, but takes guidance from AltaGas' Diversity Policy applicable to employees, and values diversity of race, ancestry, colour, ethnicity, creed, religion, gender, sexual orientation, age, marital or partnership status, family status and physical ability as part of its overall evaluation of director nominees for election or re-election.</p>
13. Consideration Given to the Representation of Women in Executive Officer Appointments	
	<p>Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.</p> <p>AltaGas does, amongst other things, consider the level of representation of women in executive officer positions when making executive officer appointments. AltaGas believes that having diversity in its executive officers, including gender diversity, enhances management operations, and diversity is among the factors that AltaGas considers when evaluating the composition of its executive officers.</p> <p>AltaGas has a Diversity Policy applicable to employees. AltaGas will provide an atmosphere free from barriers in order to promote equity and diversity. AltaGas celebrates and welcomes the diversity of all employees, customers and other stakeholders. AltaGas will foster an environment that respects people's dignity, ideas and beliefs thereby promoting equity and diversity in employment. AltaGas will provide a supportive work environment and a corporate culture that welcomes and encourages equal opportunities for all employees, without regard to race, ancestry, colour, ethnicity, creed, religion, gender, sexual orientation, age, marital or partnership status, family status, or physical ability. Fair and equitable treatment will apply to all aspects of employment and business relationships.</p>
14. Issuer's Targets Regarding the Representation of Women on the Board of Directors and in Executive Officer Positions	
a.	<p>For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.</p>
b.	<p>Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.</p> <p>AltaGas has not adopted a target regarding women on the board of directors. AltaGas considers diversity as described in section 12 above.</p>
c.	<p>Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.</p> <p>AltaGas has not adopted a target regarding women in executive officer positions of AltaGas. AltaGas considers diversity as described in section 13 above.</p>
d.	<p>If the issuer has adopted a target referred to in either (b) or (c), disclose: (i) the target, and (ii) the annual and cumulative progress of the issuer in achieving the target.</p> <p>Not applicable.</p>
15. Number of Women on the Board of Directors and in Executive Officer Positions	
a.	<p>Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.</p> <p>Two (18%) as at December 31, 2015.</p>
b.	<p>Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.</p> <p>One (12.5%) as at December 31, 2015.</p>

**SCHEDULE B
SHARE OPTION PLAN**

ALTAGAS LTD.

STOCK OPTION PLAN

July 1, 2010

1. Purpose

The purpose of this Plan is to provide an incentive to the directors, officers, employees, consultants and other personnel of AltaGas and its affiliates to achieve the longer term objectives of AltaGas, to give suitable recognition to the ability and industry of those individuals who contribute materially to the success of AltaGas and its affiliates, and to attract and retain in the employ of AltaGas and its affiliates, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in AltaGas.

2. Definitions

When used in this Plan, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

“**affiliate**” means any Person that is an affiliate under the CBCA or that the Board of Directors or the Committee from time to time determines is an affiliate of AltaGas for the purposes of this Plan;

“**AltaGas**” means AltaGas Ltd., and its successors and assigns; and any reference herein to action by AltaGas means action by or under the authority of the Board of Directors or the Committee;

“**Blackout Period**” means the period of time when, pursuant to any policies of AltaGas, any securities of AltaGas may not be traded by certain persons as designated by AltaGas, including any holder of a Share Option;

“**Board of Directors**” means the board of directors of AltaGas;

“**CBCA**” means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, including the regulations promulgated thereunder;

“**Committee**” means a duly empowered committee appointed by the Board of Directors for the purposes of making decisions with respect to this Plan and grants of Share Options hereunder, which committee initially shall be the Human Resources and Compensation Committee of AltaGas;

“**Common Share**” means a common share in the capital of AltaGas;

“**Exchange**” means any stock exchange or exchanges on which the Common Shares are listed and any other regulatory body having jurisdiction;

“**Insider**” has the meaning set forth in the *Securities Act* (Alberta);

“**Market Price**” means the closing price for the Common Shares on the Toronto Stock Exchange or other Exchange (or if the Common Shares are listed on more than one Exchange, on such Exchange as may be designated by the Board of Directors for such purpose) on the Trading Day immediately preceding the day of grant of the Share Option;

“**Option Period**” means that period as may be determined by the Board of Directors or the Committee during which an Optionee may exercise a Share Option (subject to applicable vesting limitations), commencing on the date that Share Option is granted to that Optionee and ending no later than the date ten years thereafter;

“**Option Price**” means the price per Common Share at which Common Shares may be purchased under a Share Option, as the same may be adjusted pursuant to Section 10 hereof;

“**Optionee**” means a director, officer, employee, consultant or Service Provider of AltaGas or an affiliate thereof who is granted a Share Option pursuant to this Plan;

“**Person**” shall mean any natural person, corporation, limited or unlimited liability company, general or limited partnership, firm, association, joint venture, trust, or other similar entity whether acting in an individual, fiduciary or other capacity;

“**Plan**” shall mean the AltaGas Ltd. Stock Option Plan as embodied herein as from time to time amended;

“**Security Based Compensation Arrangement**” means (i) stock option plans for the benefit of employees, Insiders, Service Providers or any one of such groups; (ii) individual stock options granted to employees, Service Providers or Insiders if not granted pursuant to a plan previously approved by the Corporation's shareholders; (iii) stock purchase plans where the Corporation provides financial assistance or where the Corporation matches the whole or a portion of the securities being purchased from treasury; (iv) stock appreciation rights involving issuances by the Corporation of securities from treasury; (v) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the Corporation; and (vi) security purchases from treasury by an employee, Insider or Service Provider which is financially assisted by the Corporation by any means whatsoever;

“**Service Provider**” means a person or company engaged by AltaGas to provide services for an initial, renewable or extended period of twelve months or more;

“**Shareholder**” means at any time a holder at that time of one or more Common Shares;

“**Share Option**” means an option granted by AltaGas to an Optionee entitling that Optionee to acquire a designated number of Common Shares from AltaGas at a price to be determined by the Board of Directors or the Committee, pursuant to a Stock Option Agreement;

“**Stock Option Agreement**” means the written agreement between AltaGas and an Optionee governing the grant of Share Options to the Optionee, which agreement shall contain terms and conditions not inconsistent with this Plan and which shall incorporate this Plan by reference, as more particularly described in Section 7;

“**Trading Day**” means a day on which at least a board lot of Common Shares shall have been sold through the facilities of the relevant Exchange;

“**Trust**” means AltaGas Income Trust;

“**Trust Options**” means, collectively, options to purchase Trust Units outstanding pursuant to the Trust Unit Option Plan of the Trust; and

“**Trust Units**” means trust units of the Trust.

3. *Administration*

The Plan shall be administered by the Board of Directors. The Board of Directors shall have full and final discretion to interpret the provisions of this Plan and all option agreements entered into thereunder, and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of this Plan, including without limitation rules as to vesting. All decisions and interpretations made by the Board of Directors shall be binding and conclusive on the Optionees and AltaGas subject to securityholder approval if required by any relevant stock exchange. Notwithstanding the foregoing or any other provision contained herein, the Board of Directors shall have the right to delegate the administration and operation of this Plan to the Committee.

4. Eligibility

The Board of Directors may at any time and from time to time designate those individuals who are to be granted Share Options pursuant to this Plan and grant Share Options to those Optionees. The maximum number of authorized but unissued Common Shares that may be issued on the exercise of Share Options granted under this Plan (excluding Share Options granted in exchange for and in substitution of Trust Options), together with Common Shares that may be issuable pursuant to other Security Based Compensation Agreements, at any time shall not exceed 10% of the aggregate of the outstanding Common Shares, or such greater number of Common Shares as may be determined by the Board of Directors and approved, if required, by the Shareholders and by the Exchange, not exceeding the maximum number of Common Shares permitted under the rules of the Exchange, subject to adjustment as set forth in Section 10 hereof, in both the number of Common Shares covered by individual grants and the total number of Common Shares authorized to be issued hereunder, to give effect to any relevant changes in the capitalization of AltaGas. Common Shares in respect of which Share Options are not exercised will be available for subsequent Share Options.

The Share Options granted under this Plan together with all of AltaGas' other proposed Security Based Compensation Arrangements, shall not result at any time in:

- (a) the number of Common Shares reserved for issuance pursuant to Share Options granted to Insiders exceeding ten percent of the issued and outstanding Common Shares;
- (b) the issuance to Insiders within a one year period, of a number of Common Shares exceeding ten percent of the outstanding Common Shares; or
- (c) the issuance to any individual Insider and that Insider's associates, within a one year period, of a number of Common Shares exceeding five percent of the outstanding Common Shares.

In addition to the foregoing restrictions:

- (d) no Share Option may be granted to non-employee directors of AltaGas if the granting of such Share Option could result, at any time, in the issuance to such persons (as a group) of a number of Common Shares exceeding 1% of the number of Common Shares then issued and outstanding immediately prior to such issuance; and
- (e) within any one fiscal year, the total value of Share Options granted to a non-employee director, as determined by the Board of Directors on the grant date of Share Options to the non-employee director using the Black-Scholes-Merton valuation model, shall not exceed \$100,000.

5. Participation

- (a) Participation in this Plan shall be entirely voluntary and any decision not to participate shall not affect an Optionee's relationship or employment with AltaGas or an affiliate.
- (b) Notwithstanding any express or implied term of this Plan to the contrary, the granting of a Share Option pursuant to this Plan shall in no way be construed as a guarantee to the Optionee of employment by or a contract for services with AltaGas or an affiliate.
- (c) Share Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director or officer of AltaGas or any of its affiliates where the Optionee continues to be employed on a full time basis by, or continues to be a director or officer of, AltaGas or any of its affiliates.
- (d) No Optionee shall have any of the rights of a holder of Common Shares in respect to Common Shares under a Share Option until those Common Shares shall have been paid for in full and issued on exercise of a Share Option, pursuant to this Plan and to the applicable Stock Option Agreement.

6. *Stock Option Agreement*

A written agreement will be entered into between AltaGas and each Optionee to whom a Share Option is granted hereunder, which agreement will set out the number of Common Shares subject to option, the exercise price, the vesting dates and conditions, Option Periods and any other terms and conditions approved by the Board of Directors or the Committee all in accordance with the provisions of this Plan. The Stock Option Agreement will be in such form as the Board of Directors may from time to time approve, and may contain such terms as may be considered necessary in order that the Share Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Optionee may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over AltaGas, including without limitation provisions respecting AltaGas' source deduction withholding rights and obligations in connection with such Share Option.

7. *Exercise of Share Options*

- (a) An Optionee shall be entitled to exercise a Share Option granted to him at any time prior to the expiry of the Option Period, subject to vesting and other limitations which may be imposed in the Stock Option Agreement at the time that Share Option is granted. Notwithstanding the foregoing, if the normal expiry of an Option Period falls within any Blackout Period or within seven business days following the end of any Blackout Period, the expiry of the Option Period of such Share Options shall, without any further action, be extended to the date that is seven business days following the end of such Blackout Period. The foregoing extension applies to all Share Options whatever the date of grant and shall not be considered an extension of the term of the Share Options as referred to in Section 11 hereof.
- (b) The Option Price of a Share Option granted under this Plan shall be as determined by the Board of Directors when that Share Option is granted subject to any limitations imposed by the Exchange, and shall be an amount at least equal to the Market Price; provided that Share Options granted in exchange for and in substitution of Trust Options shall be granted at the exercise price of such Trust Options on the date of exchange and shall vest and expire on the same dates as provided in the applicable Trust Options exchanged.

8. *Optionee's Rights Not Transferable*

- (a) No right or interest of any Optionee in or under this Plan is assignable or transferable, in whole or in part, either directly or by operation of law or otherwise in any manner except by bequeath or the laws of descent and distribution or if so provided in the Stock Option Agreement with the Optionee, subject to the requirements of, or as otherwise allowed by, an Exchange. Any such right or interest shall be exercisable:
 - (i) during the lifetime of an Optionee only by that Optionee or his legal representatives; or
 - (ii) after the death of an Optionee or on the Optionee ceasing to be a director, officer, employee, consultant or other personnel of AltaGas, or an affiliate, only as specified in the Option Agreement with the Optionee.
- (b) Subject to the foregoing, the terms of this Plan shall bind AltaGas and each Optionee and his heirs, executors, administrators and personal representatives.

9. *Takeover or Change of Control*

The Board of Directors shall have the power, in the event of:

- (a) any disposition of all or substantially all of the assets of AltaGas on a consolidated basis, on the dissolution, merger, amalgamation or consolidation of AltaGas, with or into any other Person, or the merger, amalgamation or consolidation of any other Person into AltaGas or an affiliate of AltaGas; or

- (b) any change of control of AltaGas;

to amend the Stock Option Agreement to permit the exercise of any or all of the remaining Share Options prior to the completion of any such transaction. If the Board of Directors shall exercise that power, the Share Options shall be deemed to have been amended to permit the exercise thereof in whole or in part by the Optionee at any time or from time to time as determined by the Board of Directors prior to the completion of such transaction.

10. *Anti-Dilution of the Share Option*

In the event of:

- (a) any subdivision, redivision or change of the Common Shares at any time during any Option Period into a greater number of Common Shares, AltaGas shall deliver, at the time of any exercise thereafter of the Share Option, that number of Common Shares as would have resulted from that subdivision, redivision or change if the exercise of the Share Option had been made prior to the date of that subdivision, redivision or change;
- (b) any consolidation or change of the Common Shares at any time during the term of the Share Option into a lesser number of Common Shares, the number of Common Shares deliverable by AltaGas on any exercise thereafter of the Share Option shall be reduced to that number of Common Shares as would have resulted from that consolidation or change if the exercise of the Share Option had been made prior to the date of that consolidation or change;
- (c) any reclassification of the Common Shares at any time outstanding or change of the Common Shares into other securities, or in case of any transfer of the undertaking or assets of AltaGas or any affiliate as an entirety or substantially as an entirety to another corporation, at any time during the term of the Share Option, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Common Shares to which he or she was theretofore entitled on exercise of the Share Option, the kind and amount of shares and other securities or property which that holder would have been entitled to receive as a result of such reclassification, change, consolidation, amalgamation, merger or transfer if, on the effective date thereof, he or she had been the holder of the number of Common Shares to which he or she was entitled on exercise of the Share Option; or
- (d) AltaGas declaring and paying any dividend out of the ordinary course, a special dividend in specie or a stock dividend, the Option Price of all Share Options outstanding on the record date for such dividend shall be reduced by an amount equal to the cash payment or other dividend or the fair market value of the dividend in specie, stock dividend or other dividend, as determined by the Board of Directors in its sole discretion but subject to all necessary regulatory approvals.

Adjustments shall be made successively whenever any event referred to in this Section shall occur. For greater certainty, the Optionee shall pay for the number of shares, other securities or property as aforesaid, the amount the Optionee would have paid if the Optionee had exercised the Share Option hereby granted prior to the effective date of that subdivision, redivision, consolidation or change of the Common Shares of or that reclassification, consolidation, amalgamation, merger or transfer, as the case may be.

11. *Termination and Amendment*

Subject to the exceptions set out below, and subject to those provisions of applicable law, if any, that require the approval of Shareholders or any governmental or regulatory body (including, without limitation, the Exchange), the Board of Directors may amend, suspend or terminate this Plan, or any portion thereof or any Share Option, at any time, and may do so without Shareholder approval.

Without limiting the generality of the foregoing, the Board of Directors may make the following types of amendments to this Plan without seeking Shareholder approval:

- (a) amendments of a "housekeeping" or ministerial nature including, without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in this

Plan or to correct or supplement any provision of this Plan that is inconsistent with any other provision of this Plan;

- (b) amendments necessary to comply with the provisions of applicable law (including, without limitation, the rules, regulations and policies of the Exchange and the provisions of the *Income Tax Act* (Canada) and regulations thereto, or any other applicable tax law);
- (c) amendments respecting the administration of this Plan;
- (d) any amendment to the early termination provisions of this Plan or any grant, provided such amendment does not entail extension beyond the original Option Period; and
- (e) amendments necessary to suspend or terminate this Plan.

Shareholder approval will be required for the following types of amendments:

- (i) any increase in (A) the number of Common Shares that may be issued on the exercise of Share Options granted pursuant to this Plan, if this Plan provides for a fixed number of Share Options reserved for issuance, and (B) the percentage amount of Common Shares that may be issued on the exercise of Share Options granted pursuant to this Plan, if this Plan provides for a percentage amount of Common Shares reserved for issuance;
- (ii) any amendment which reduces the Option Price of a Share Option;
- (iii) any cancellation and reissuance of a Share Option;
- (iv) any amendment extending the term of a Share Option beyond its original Option Period;
- (v) any amendment that increases limits imposed on non-employee director participation in this Plan;
- (vi) any amendment which would permit Share Options to be transferable or assignable, other than for normal estate settlement purposes;
- (vii) amendments to this Section 11; and
- (viii) amendments required to be approved by Shareholders under applicable law (including, without limitation, the rules, regulations and policies of the Exchange).

In the event of any conflict between subsections (a) to (e) and subsections (i) to (viii) above, the latter shall prevail.

Except as expressly set forth herein, no action of the Committee, the Board of Directors or Shareholders shall alter or impair the rights of an Optionee without the consent of the affected Optionee under any grant previously granted to the Optionee.

12. *Applicable Law*

This Plan shall be governed by, administered and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

13. *Gender*

Wherever the singular or masculine or neuter is used in this Plan, the same shall be construed as meaning the plural or feminine or body corporate and vice versa, where the context or the parties so require.

14. Costs

AltaGas shall pay all costs of administering this Plan.

15. Effective Date

This Plan shall become effective as of and from July 1, 2010 and on all necessary shareholder and regulatory approvals being provided.

**SCHEDULE C
ADVANCE NOTICE BY-LAW**

BY-LAW NO. 2

INTRODUCTION

The purpose of this By-law No. 2 (the “**By-law**”) is to provide shareholders, directors and management of AltaGas Ltd. (“**AltaGas**”) with a transparent, structured and fair process for nominating directors of AltaGas. This By-law fixes a deadline by which shareholders of AltaGas must submit director nominations to AltaGas prior to any annual or special meeting of the shareholders, and sets forth the information to be provided and other procedures to be followed, in respect of such nomination.

It is the position of AltaGas that this By-Law is beneficial to shareholders and other stakeholders and is in the best interests of AltaGas. This By-law will be subject to periodic review and, subject to applicable law, will reflect changes as required by securities regulatory agencies or stock exchanges and, at the discretion of the board of directors, amendments necessary to meet evolving industry standards.

ARTICLE 1

NOMINATION OF DIRECTORS

Section 1.1 Subject to applicable law, only persons who are nominated in accordance with the procedures set out in this By-law shall be eligible for election as directors to the board of directors (the “**Board**”) of AltaGas. Nominations of persons for election to the Board may only be made at an annual meeting of shareholders, or at a special meeting of shareholders called for any purpose which includes the election of directors to the Board, as follows:

- (a) by or at the direction of the Board or an authorized officer of AltaGas, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Canada Business Corporations Act (the “**Act**”) or a requisition of shareholders made in accordance with the provisions of the Act; or
- (c) by any person entitled to vote at such meeting (a “**Nominating Shareholder**”), who: (A) is, at the close of business on the date of giving notice provided for in Section 1.3 below and on the record date for notice of such meeting, either entered in the securities register of AltaGas as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) has given timely notice in proper written form as set forth in this By-law.

Section 1.2 For the avoidance of doubt, the foregoing Section 1.1 shall be the exclusive means for any person to bring nominations for election to the Board before any annual or special meeting of shareholders of AltaGas.

Section 1.3 For a nomination made by a Nominating Shareholder to be timely notice (a “**Timely Notice**”), the Nominating Shareholder’s notice must be received by the Corporate Secretary of AltaGas at the principal executive offices of AltaGas:

- (a) in the case of an annual meeting of shareholders, not later than the close of business on the 30th day before the date of the meeting provided, however, if the first public announcement made by AltaGas of the date of the annual meeting is less than 50 days prior to the meeting date (the “**Notice Date**”), not later than the close of business on the 10th day following the Notice Date;

- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes the election of directors to the board, not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting is made by AltaGas.

Section 1.4 The time periods for giving of a Timely Notice shall in all cases be determined based on the original date of the annual meeting or the first public announcement of the annual or special meeting, as applicable. In no event shall an adjournment or postponement of an annual meeting or special meeting of shareholders or any announcement thereof commence a new time period for the giving of a Timely Notice.

Section 1.5 To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary must comply with this Section 1.5 and:

- (a) disclose or include, as applicable, as to each person whom the Nominating Shareholder proposes to nominate for election as a director (a "**Proposed Nominee**"):
 - (i) their name, age, business and residential address, principal occupation or employment for the past five years, status as a "resident Canadian" (as such term is defined in the Act);
 - (ii) their direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of AltaGas, including the number or principal amount and the date(s) on which such securities were acquired;
 - (iii) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Proposed Nominee or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Proposed Nominee and the Nominating Shareholder;
 - (iv) any other information that would be required to be disclosed in a dissident proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the Act or applicable securities law; and
 - (v) a duly completed personal information form in respect of the Proposed Nominee in the form prescribed by the principal stock exchange on which the securities of AltaGas are then listed for trading; and
- (b) disclose or include, as applicable, as to each Nominating Shareholder giving the notice:
 - (i) their name, business and residential address and direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of AltaGas, including the number or principal amount and the date(s) on which such securities were acquired;
 - (ii) their interests in, or rights or obligations associated with, an agreement, arrangement or understanding, the purpose or effect of which is to alter, directly or indirectly, the person's economic interest in a security of AltaGas or the person's economic exposure to AltaGas;
 - (iii) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Nominating Shareholder or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Nominating Shareholder and any Proposed Nominee;
 - (iv) any proxy, contract, arrangement, agreement or understanding pursuant to which such person, or any of its affiliates or associates, or any person acting jointly or in

concert with such person, has any interests, rights or obligations relating to the voting of any securities of AltaGas or the nomination of directors to the board;

- (v) any direct or indirect interest of such person in any contract with AltaGas or with any of AltaGas' affiliates or principal competitors;
- (vi) a representation as to whether such person intends to deliver a proxy circular and/or form of proxy to any shareholder of AltaGas in connection with such nomination or otherwise solicit proxies or votes from shareholders of AltaGas in support of such nomination; and
- (vii) any other information relating to such person that would be required to be included in a dissident proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or as required by applicable securities law.

Section 1.6 All information to be provided in a Timely Notice pursuant to Section 1.5 shall be provided as of the record date for determining shareholders entitled to vote at the meeting (if such date shall then have been publicly announced) and as of the date of such notice. The Nominating Shareholder shall update such information forthwith so that it is true and correct in all material respects at all times prior to the date of the meeting, or any adjournment or postponement thereof.

Section 1.7 Notwithstanding any other provision in the By-laws of AltaGas relating to the giving of notice, any notice, or other document or information required to be given to the Corporate Secretary pursuant to this By-law may only be given by personal delivery or facsimile transmission and shall be deemed to have been given and made only at the time it is served by personal delivery to the Corporate Secretary at the address of the principal executive offices of AltaGas, or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Mountain time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

Section 1.8 Additional Matters

- (a) The chair of any meeting of shareholders of AltaGas shall have the power to determine whether any proposed nomination is made in accordance with the provisions of this By-law, and if any proposed nomination is not in compliance with such provisions, must declare that such defective nomination shall not be considered at any meeting of shareholders.
- (b) Despite any other provision of this By-law, if the Nominating Shareholder (or a qualified representative of the Nominating Shareholder) does not appear at the meeting of shareholders of AltaGas to present the nomination of the Proposed Nominee, such nomination shall be disregarded, notwithstanding that proxies in respect of such nomination may have been received by AltaGas.
- (c) The board may, in its sole discretion, waive any requirement of this By-law.
- (d) For the purposes of this By-law, "public announcement" means disclosure in a press release disseminated by AltaGas through a national news service in Canada, or in a document filed by AltaGas for public access under its profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com.
- (e) This By-law is subject to, and should be read in conjunction with, the Act and the articles of AltaGas. If there is any conflict or inconsistency between any provision of the Act or the articles of AltaGas and any provision of this By-law, the provision of the Act or the articles of AltaGas will govern.

- (f) Despite any other provision of this By-law, this By-law shall not apply to the meeting of shareholders of AltaGas at which this By-law is confirmed by shareholders, any meeting prior to such meeting, or any adjournment or postponement thereof.

ARTICLE 2

ANNUAL OR SPECIAL MEETINGS OF SHAREHOLDERS

Section 2.1 No business may be transacted at an annual or special meeting of shareholders other than business that is either (i) specified in AltaGas' notice of meeting (or any supplement thereto) given by or at the direction of the Board, (ii) otherwise properly brought before the meeting by or at the direction of the Board, or (iii) otherwise properly brought before the meeting by any shareholder of AltaGas who complies with the proposal procedures set forth in Section 2.2 below.

Section 2.2 For business to be properly brought before a meeting by a shareholder of AltaGas, such shareholder must submit a proposal to AltaGas for inclusion in AltaGas' management proxy circular in accordance with the requirements of the Act; provided that any proposal that includes nominations for the election of directors shall also comply with the requirements of Article 1.