



ALTAGAS LTD.

Annual Meeting of the Shareholders

to be held on April 26, 2017

NOTICE OF MEETING

and

MANAGEMENT INFORMATION CIRCULAR

March 15, 2017



ALTAGAS LTD.

March 15, 2017

Dear Shareholder:

Please accept this as my personal invitation for you to attend the annual meeting of the shareholders of AltaGas Ltd. ("**AltaGas**") to be held on Wednesday, April 26, 2017 at 3:00 p.m. (Calgary time) at The Calgary Petroleum Club, 319 – 5th 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, 2016 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 3:00 p.m. (Calgary time) on Wednesday, April 26, 2017; 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, 2016 is presented in the 2016 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 of the Board of Directors



ALTAGAS LTD.

**NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON APRIL 26, 2017**

NOTICE IS HEREBY GIVEN that the annual 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 26, 2017 at 3:00 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, 2016 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; and
5. 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 15, 2017 which accompanies this notice and which is expressly made a part of this notice.

DATED at Calgary, Alberta, as of the 15th day of March, 2017.

**BY ORDER OF THE BOARD OF DIRECTORS
of ALTAGAS LTD.**

"David W. Cornhill"

David W. Cornhill
Chairman of the Board of Directors

Shareholders of record at the close of business on March 7, 2017 (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 3:00 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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ADDENDA

SCHEDULE A STATEMENT OF ALTAGAS' GOVERNANCE PRACTICES	
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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 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 26, 2017 at 3:00 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 3:00 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 7, 2017 (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, 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 3:00 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, 168,228,909 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 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, except as follows:

Shareholder Name	Number of Shares Held	Percentage of Issued Shares
QV Investors Inc.	16,916,625	10.06%

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, and a resolution to accept AltaGas' approach to executive compensation.

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, 2016 and the auditors' report thereon will be presented. These consolidated financial statements and management's discussion and analysis relating thereto are included in the 2016 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 nine 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
Daryl H. Gilbert
David M. Harris
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 and age as at the Record Date, 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 (except for Ms. Best, which is reflected as of the date of this Information Circular), 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, preferred shares Series I, and/or preferred shares Series K (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 2016; Outside Directorships; 2016 Voting Results; Securities Ownership ⁽¹⁾
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Catherine M. Best, FCA, ICD.D
 Calgary, Alberta, Canada
 Age⁽²⁾: 63
 Independent Director

Director since November 30, 2011

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.

Ms. Best is a Chartered Accountant, and was awarded her FCA designation in 2002 and her ICD.D in 2009.

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.

Attendance:

Board of Directors: 11/11 (100%)
 Audit: 5/5 (100%)
 EOHS: 1/1 (100%)
 HR: 3/3 (100%)

S&P/TSX Composite Index Boards:

Badger Daylighting Ltd.
 Canadian Natural Resources Limited
 Superior Plus Corp.

Other Public Boards:

Ms. Best is not a member of any other public boards.

2016 AGM Voting Results:

For: 75,216,630 (93.24%)
 Withheld: 5,454,987 (6.76%)

Ownership:

	Record Date	March 4, 2016
Shares	nil	nil
Share Options	18,000	38,000
RUs	5,325	4,800
PU's	nil	nil
DSUs	7,418	3,306
Preferred Shares	nil	nil



Victoria A. Calvert
 Calgary, Alberta, Canada
 Age⁽²⁾: 61
 Independent Director

Director since November 1, 2015

Victoria Calvert is the Community Service Learning (CSL) Facilitator for Mount Royal University (MRU) in Calgary, and a Professor of Entrepreneurship and International Business at the Bissett School of Business at MRU, where she has taught since 1988. 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 has consulted for more than 30 years, and published extensively regarding community engagement. Research interests included developing strategies for institutional and community partnerships, Global Service Learning, and structuring CSL for optimal stakeholder impact.

Attendance:

Board of Directors: 11/11 (100%)
 Governance: 4/4 (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.


2016 AGM Voting Results:

For: 80,508,262 (99.80%)
 Withheld: 163,355 (0.20%)

Ownership:

	Record Date	March 4, 2016
Shares	nil	nil
Share Options	nil	nil
RUs	4,427	2,400
PU's	nil	nil
DSUs	4,525	652
Preferred Shares	nil	nil

	Name of Proposed Nominee	Meeting Attendance and Committee Membership in 2016; Outside Directorships; 2016 Voting Results; Securities Ownership ⁽¹⁾																								
	Background																									
	<p>David W. Cornhill Calgary, Alberta, Canada Age⁽²⁾: 63</p> <p>Chairman of the board of directors of AltaGas</p> <p>Non-Independent Director⁽³⁾</p> <p>Director since July 1, 2010</p> <p>Director of AltaGas General Partner Inc. (delegate of the trustee of AltaGas Income Trust) from May 1, 2004 to June 30, 2010</p> <p>Director of AltaGas Services Inc. from March 28, 1994 to April 30, 2004</p> <p>David Cornhill is Chairman of the board of directors, a position he has held since AltaGas Services Inc.'s (AltaGas' predecessor) inception on April 1, 1994.</p> <p>Mr. Cornhill is a founding shareholder and director of AltaGas Services Inc., and was Chief Executive Officer from April 1, 1994 to April 15, 2016. 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.</p>	<p>Attendance: Board of Directors (<i>Chair</i>): 11/11 (100%)</p> <p>S&P/TSX Composite Index Boards: Mr. Cornhill is not a member of any S&P/TSX Composite Index boards other than AltaGas.</p> <p>Other Public Boards: Alterra Power Corp. Painted Pony Petroleum Ltd.</p> <p>2016 AGM Voting Results: For: 79,228,504 (98.21%) Withheld: 1,443,113 (1.79%)</p> <p>Ownership:</p> <table border="1"> <thead> <tr> <th></th> <th>Record Date</th> <th>March 4, 2016</th> </tr> </thead> <tbody> <tr> <td>Shares</td> <td>1,593,473</td> <td>1,569,145</td> </tr> <tr> <td>Subscription Receipts</td> <td>10,000</td> <td>nil</td> </tr> <tr> <td>Share Options</td> <td>950,000</td> <td>950,000</td> </tr> <tr> <td>RUs</td> <td>22,126</td> <td>33,192</td> </tr> <tr> <td>PUs</td> <td>nil</td> <td>nil</td> </tr> <tr> <td>DSUs</td> <td>nil</td> <td>nil</td> </tr> <tr> <td>Preferred Shares</td> <td>30,000</td> <td>30,000</td> </tr> </tbody> </table>		Record Date	March 4, 2016	Shares	1,593,473	1,569,145	Subscription Receipts	10,000	nil	Share Options	950,000	950,000	RUs	22,126	33,192	PUs	nil	nil	DSUs	nil	nil	Preferred Shares	30,000	30,000
	Record Date	March 4, 2016																								
Shares	1,593,473	1,569,145																								
Subscription Receipts	10,000	nil																								
Share Options	950,000	950,000																								
RUs	22,126	33,192																								
PUs	nil	nil																								
DSUs	nil	nil																								
Preferred Shares	30,000	30,000																								

	<p>Allan L. Edgeworth, P.Eng. Calgary, Alberta, Canada Age⁽²⁾: 66 Independent Director</p> <p>Director since July 1, 2010</p> <p>Director of AltaGas General Partner Inc. (delegate of the trustee of AltaGas Income Trust) from March 2, 2005 to June 30, 2010</p> <p>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.</p>	<p>Attendance: Board of Directors: 11/11 (100%) Audit: 5/5 (100%) EOHS (<i>Chair</i>): 4/4 (100%)</p> <p>S&P/TSX Composite Index Boards: Emera Incorporated</p> <p>Other Public Boards: Mr. Edgeworth is not a member of any other public boards.</p> <p>2016 AGM Voting Results: For: 80,384,322 (99.64%) Withheld: 287,295 (0.36%)</p> <p>Ownership:</p> <table border="1"> <thead> <tr> <th></th> <th>Record Date</th> <th>March 4, 2016</th> </tr> </thead> <tbody> <tr> <td>Shares</td> <td>29,556</td> <td>26,351</td> </tr> <tr> <td>Share Options</td> <td>42,500</td> <td>57,500</td> </tr> <tr> <td>RUs</td> <td>5,325</td> <td>4,800</td> </tr> <tr> <td>PUs</td> <td>nil</td> <td>nil</td> </tr> <tr> <td>DSUs</td> <td>3,708</td> <td>1,652</td> </tr> <tr> <td>Preferred Shares</td> <td>nil</td> <td>nil</td> </tr> </tbody> </table>		Record Date	March 4, 2016	Shares	29,556	26,351	Share Options	42,500	57,500	RUs	5,325	4,800	PUs	nil	nil	DSUs	3,708	1,652	Preferred Shares	nil	nil
	Record Date	March 4, 2016																					
Shares	29,556	26,351																					
Share Options	42,500	57,500																					
RUs	5,325	4,800																					
PUs	nil	nil																					
DSUs	3,708	1,652																					
Preferred Shares	nil	nil																					

	Name of Proposed Nominee	Meeting Attendance and Committee Membership in 2016; Outside Directorships; 2016 Voting Results; Securities Ownership ⁽¹⁾
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Daryl H. Gilbert, 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 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: 11/11 (100%)
 EOHS: 4/4 (100%)
 HR (*Chair*): 4/4 (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.

2016 AGM Voting Results:
 For: 59,976,542 (74.35%)
 Withheld: 20,695,075 (25.65%)

Ownership:

	Record Date	March 4, 2016
Shares	40,900	25,900
Share Options	27,500	42,500
RUs	5,325	4,800
PU's	nil	nil
DSUs	nil	nil
Preferred Shares	nil	nil



David M. Harris, P.Eng.
 Calgary, Alberta, Canada
 Age⁽²⁾: 54
 Non-Independent Director⁽³⁾
 New nominee

David Harris is a Professional Engineer and has been the President and Chief Executive Officer of AltaGas since April 16, 2016. Mr. Harris joined AltaGas in October 2010 and has held the positions of Chief Operating Officer, President Gas and Power, President Power and Vice President Major Projects Power. Prior thereto, Mr. Harris had 20 years of construction, engineering, operations and management experience in the international energy sector. Prior to working in the private sector, Mr. Harris held the rank of Commander in the United States Navy. Mr. Harris earned an EP MBA from the University of Virginia, and a BS in Mechanical Engineering and a BS in Nuclear Engineering from the Worcester Polytechnic Institute.

Attendance: n/a

S&P/TSX Composite Index Boards:
 Mr. Harris is not a member of any S&P/TSX Composite Index boards.

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

2016 AGM Voting Results:
 For: n/a
 Withheld: n/a

Ownership:

	Record Date	March 4, 2016
Shares	39,166	25,166
Share Options	371,250	371,250
RUs	nil	nil
PU's	28,745	26,993
DSUs	nil	nil
Preferred Shares	nil	nil

	Name of Proposed Nominee	Background	Meeting Attendance and Committee Membership in 2016; Outside Directorships; 2016 Voting Results; Securities Ownership ⁽¹⁾
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Robert B. Hodgins, CPA, CA
 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

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: 11/11 (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.

2016 AGM Voting Results:
 For: 78,714,667 (97.57%)
 Withheld: 1,956,950 (2.43%)

Ownership:

	Record Date	March 4, 2016
Shares	14,600	14,600
Share Options	52,500	67,500
RUs	5,325	4,800
PU's	nil	nil
DSUs	3,708	1,652
Preferred Shares	nil	nil



Phillip R. Knoll, P.Eng, ICD.D
 Halifax, Nova Scotia, Canada
 Age⁽²⁾: 62
 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: 11/11 (100%)
 EOHS: 4/4 (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:
 Corridor Resources Inc.

2016 AGM Voting Results:
 For: 80,563,035 (99.87%)
 Withheld: 108,582 (0.13%)

Ownership:

	Record Date	March 4, 2016
Shares	4,016	4,000
Share Options	nil	nil
RUs	4,427	2,400
PU's	nil	nil
DSUs	2,262	326
Preferred Shares	1,000	1,000

Name of Proposed Nominee	Background	Meeting Attendance and Committee Membership in 2016; Outside Directorships; 2016 Voting Results; Securities Ownership ⁽¹⁾
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David F. Mackie
Houston, Texas, USA
Age⁽²⁾: 79⁽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: 11/11 (100%)
Governance: 4/4 (100%)
HR: 4/4 (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.

2016 AGM Voting Results:
For: 76,578,523 (94.93%)
Withheld: 4,093,094 (5.07%)

Ownership:

	Record Date	March 4, 2016
Shares	1,300,000	1,295,000
Share	27,500	27,500
Options		
RUs	5,325	4,800
PU's	nil	nil
DSUs	7,418	3,306
Preferred Shares	nil	nil



M. Neil McCrank, Q.C., P.Eng.
Calgary, Alberta, Canada
Age⁽²⁾: 73
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

Neil McCrank is counsel to Borden Ladner Gervais LLP in its Calgary office. Mr. McCrank was Chairman of the Alberta Energy and Utilities Board from 1998 to 2007. Prior thereto he was with the Alberta Department of Justice serving in various capacities, including Deputy Minister of Justice from 1989 to 1998.

Attendance:
Board of Directors: 11/11 (100%)
EOHS: 4/4 (100%)
Governance: 4/4 (100%)

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

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

2016 AGM Voting Results:
For: 80,457,253 (99.73%)
Withheld: 214,364 (0.27%)

Ownership:

	Record Date	March 4, 2016
Shares	20,000	20,000
Share	62,500	62,500
Options		
RUs	5,325	4,800
PU's	nil	nil
DSUs	7,418	3,306
Preferred Shares	nil	nil

Notes:

- (1) At the Record Date, the nominees for directors of AltaGas collectively held approximately 1.78 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.
- (3) Mr. David W. Cornhill, as former CEO and former member of management, is not considered independent. Mr. David M. Harris, as President and CEO and a member of management, is not considered independent.
- (4) Mr. David F. Mackie turns 80 between the Record Date and the date of the Meeting. Despite reaching the age of 80 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. See "*Director Age and Tenure*" below.

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. Daryl H. Gilbert, a director of AltaGas, was a director of LGX Oil + Gas Inc. ("**LGX**") from August 12, 2013 to June 7, 2016. On June 7, 2016, LGX was, on application of LGX's senior lender, the subject of a consent receivership order under the *Bankruptcy and Insolvency Act* pursuant to which Ernst & Young Inc. was appointed the receiver of all of LGX's current and future assets, undertakings and properties. LGX was the subject of a cease trade order issued by the ASC on September 6, 2016 for failure to file certain financial statements. On February 9, 2017, approval and vesting orders were pronounced by the Court of Queen's Bench of Alberta with respect to the sale of assets by the receiver to Canadian Natural Resources, Sphere Energy Corp. and Tamarack Acquisition Corp.
- Mr. Daryl H. Gilbert, a director of AltaGas, has been a director of Connacher Oil and Gas Limited ("**Connacher**") since October 2014. On May 17, 2016, Connacher applied for and was granted protection from its creditors by the Court of Queen's Bench of Alberta pursuant to the *Companies'*

Creditor Arrangement Act. On May 20, 2016, the Toronto Stock Exchange determined to delist the common shares of Connacher for failure to meet the continued listing requirements of the Toronto Stock Exchange. A restructuring process is currently underway.

- 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.

2016 Director Voting Results

The director voting results from the 2016 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 / nominee	Audit Committee⁽³⁾	EOHS Committee	Governance Committee	HR Committee
Independent				
Catherine M. Best	✓			✓ ⁽⁵⁾
Victoria A. Calvert			✓	
Allan L. Edgeworth	✓	chair		
Daryl H. Gilbert		✓		chair
Robert B. Hodgins	chair		✓	
Phillip R. Knoll	✓ ⁽⁴⁾	✓		
David F. Mackie			✓	✓
M. Neil McCrank		✓	chair	
Non-Independent				
David W. Cornhill ⁽¹⁾				

Director / nominee	Audit Committee ⁽³⁾	EOHS Committee	Governance Committee	HR Committee
David M. Harris ⁽²⁾				

Notes:

- (1) Mr. Cornhill is a non-independent director. Mr. Cornhill is not independent, as he is the former CEO of AltaGas, and he will remain non-independent for the three years following his retirement date as CEO of AltaGas of April 15, 2016 (or such shorter period as he may remain a director).
- (2) If elected, Mr. Harris would be a non-independent director. Mr. Harris is not independent, as he is the President and Chief Executive Officer of AltaGas.
- (3) 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*.
- (4) Mr. Knoll was appointed to the Audit Committee effective January 1, 2017.
- (5) Ms. Best was appointed to the HR Committee effective April 1, 2016, and ceased to be a member of the EOHS Committee on March 31, 2016.

Director Attendance in 2016

Director	Board of Directors (11 meetings)		Audit Committee (5 meetings)		EOHS Committee (4 meetings)		Governance Committee (4 meetings)		HR Committee (4 meetings)	
	#	%	#	%	#	%	#	%	#	%
Best ⁽¹⁾	11	100	5	100	1	100	-	-	3	100
Calvert	11	100	-	-	-	-	4	100	-	-
Cornhill	11	100	-	-	-	-	-	-	-	-
Edgeworth	11	100	5	100	4	100	-	-	-	-
Fergusson ⁽²⁾	5	100	4	100	-	-	-	-	2	100
Gilbert	11	100	-	-	4	100	-	-	4	100
Hodgins	11	100	5	100	-	-	4	100	-	-
Kanik ⁽³⁾	2	100	-	-	-	-	2	100	2	100
Knoll	11	100	-	-	4	100	-	-	-	-
Mackie	11	100	-	-	-	-	4	100	4	100
McCrank	11	100	-	-	4	100	4	100	-	-

Notes:

- (1) Ms. Best was appointed to the HR Committee effective April 1, 2016, and ceased to be a member of the EOHS Committee on March 31, 2016.
- (2) Mr. Hugh A. Fergusson ceased to be a director as a result of his death on October 4, 2016.
- (3) Mr. Myron F. Kanik retired as a director following the annual general meeting on April 20, 2016.

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' businesses has an impact on the way AltaGas conducts business. The following matrix illustrates the expertise that AltaGas' nominees for director possess in each area:

Director / nominee	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	Stakeholder Relations	Energy Marketing Expertise
Best	FCA, ICD.D	✓	✓	✓	✓	✓			✓	✓					
Calvert			✓						✓				✓	✓	
Cornhill		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Edgeworth	P.Eng.	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓			
Gilbert	P.Eng.	✓	✓	✓	✓	✓			✓	✓	✓	✓			✓

Director / nominee	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	Stakeholder Relations	Energy Marketing Expertise
Harris	P.Eng	✓	✓	✓		✓	✓	✓			✓	✓	✓	✓	✓
Hodgins	CPA, CA	✓	✓	✓	✓	✓	✓	✓	✓	✓					
Knoll	P.Eng, ICD.D	✓	✓	✓		✓		✓	✓	✓	✓				✓
Mackie	Attorney	✓	✓	✓	✓	✓		✓	✓	✓					✓
McCrank	Solicitor, P.Eng.	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓	✓	

Director Age and 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 age and tenure of the individuals standing for election as a director of AltaGas:

Director / nominee	Age					Years of Service on AltaGas and Predecessor Boards			
	≤59	60 - 64	65 - 69	70 - 74	≥75	0 - 5	6 - 10	11 - 15	≥16
Best		✓				✓			
Calvert		✓				✓			
Cornhill		✓							✓
Edgeworth			✓					✓	
Gilbert			✓						✓
Harris	✓					✓			
Hodgins			✓					✓	
Knoll		✓				✓			
Mackie					✓				✓
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, most recent annual information form, most recent management information circular, and any recent prospectus. If requested by the new director, meetings are arranged between the new director and the Chairman, the Lead Director, the CEO, 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 2016:

2016	Topic	Presented / Hosted By	Presented To
January	Directors' Series – Beyond Compliance – Focus on the Audit Committee	Deloitte LLP	Hodgins
February	Accounting policy updates	Vice President and Controller	Audit Committee
April	Safety stand-down – Younger facility	Gas Division management	Gilbert, McCrank
April	Safety stand-down – Harmattan facility	Gas Division management	Edgeworth
April	Safety stand-down – AltaGas Turin facility	Gas Division management	Calvert
April	Accounting policy updates	Vice President and Controller	Audit Committee
June	Tour – Townsend facility	Gas Division management	Best, Calvert, Cornhill, Edgeworth, Fergusson, Gilbert, Knoll, McCrank
July	Accounting policy updates	Vice President and Controller	Audit Committee
October	Accounting policy updates	Vice President and Controller	Audit Committee
November	North American political landscape; LPG markets; state-level policies in the US	Eurasia Group – Robert Johnston	Board of Directors

Sessions without Management and Meetings Held

In 2016, 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 2016 / meetings held		
	Regular	Special	Overall
Board of Directors	6/6	5/5	11/11
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	0/0	4/4

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 2016.

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 and DSUs. Share Options remain available to non-employee directors but **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 was the only

management director until his retirement as CEO on April 15, 2016, and he received no compensation for his role as a director in 2016, other than parking and participation in the group benefits plan. 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 \$2,054,266 to the non-employee directors of AltaGas in 2016, compared to \$2,017,210 in 2015. 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, 2016.

Name	Fees Earned (\$)	Share-based Awards ⁽¹⁾⁽²⁾ (\$)	Share Option-based Awards ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All other Compensation ⁽³⁾ (\$)	Total (\$)
Catherine M. Best	8,000	208,668	nil	nil	nil	3,955	220,623
Victoria A. Calvert	4,000	208,668	nil	nil	nil	3,955	216,623
David W. Cornhill ⁽⁴⁾	nil	nil	nil	nil	nil	8,639	8,639
Allan L. Edgeworth	74,000	148,668	nil	nil	nil	3,878	226,546
Hugh A. Fergusson ⁽⁵⁾	98,462	nil	nil	nil	nil	3,415	101,877
Daryl H. Gilbert	134,000	88,668	nil	nil	nil	3,913	226,581
Robert B. Hodgins	84,000	148,668	nil	nil	nil	3,941	236,609
Myron F. Kanik ⁽⁶⁾	59,692	nil	nil	nil	nil	3,513	63,205
Phillip R. Knoll	91,000	148,668	nil	nil	nil	3,955	243,623
David F. Mackie	34,496	208,668	nil	nil	nil	nil	243,164
M. Neil McCrank ⁽⁷⁾	54,269	208,668	nil	nil	nil	3,839	266,776

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 2016. 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 2016. Due to blackout, the fourth quarter DSU was not granted until the first quarter 2017 but has been included to reflect the fees earned in 2016.
- (3) No perquisites were paid to, or earned by, the directors in the financial year except for Mr. Cornhill who received \$5,556 in parking allowance. All other amounts are attributable to participation in the AltaGas group benefits plan.
- (4) Mr. Cornhill received no additional compensation for his role as a director up to his retirement date as CEO of April 15, 2016, nor for the balance of 2016 other than the benefits and perquisites noted for the period April 16, 2016 to December 31, 2016. See discussion below regarding the Chairman's compensation commencing in Q2 2017.
- (5) Mr. Fergusson ceased to be a director as a result of his death on October 4, 2016.
- (6) Mr. Kanik was the Lead Director until, and retired as a director following, the annual general meeting on April 20, 2016.
- (7) Mr. McCrank is the Lead Director as of April 20, 2016.

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, 2016, the compensation for non-employee directors was a retainer of \$120,000 per year. Non-employee directors are also entitled to 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 was an executive officer of AltaGas and received no additional fees or compensation for service on the board of directors up to the date of his retirement as CEO, nor for

the balance of 2016 other than the benefits and perquisites noted in the above table. Beginning in the second quarter of 2017, the Chairman's compensation will be a quarterly grant of 5,000 DSUs. The Lead Directors received an additional annual fee of \$60,000 (prorated in 2016 to reflect the partial service of each of Mr. Kanik and Mr. McCrank during this period) for the increased workload associated with the role of Lead Director. In the year ended December 31, 2016, 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 (other than the chair of the 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	nil	nil	4,000	4,000
David W. Cornhill ⁽¹⁾	nil	nil	nil	nil
Allan L. Edgeworth	60,000	10,000	4,000	74,000
Hugh A. Fergusson ⁽²⁾	92,308	nil	6,154	98,462
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⁾	55,384	3,077	1,231	59,692
Phillip R. Knoll ⁽⁴⁾	87,000	nil	4,000	91,000
David F. Mackie ⁽⁵⁾	26,496	nil	8,000	34,496
M. Neil McCrank ⁽⁶⁾	42,033	7,005	5,231	54,269

Notes:

- (1) Mr. Cornhill received no additional compensation for his role as a director up to his retirement date as CEO of April 15, 2016, nor for the balance of 2016 other than the benefits and perquisites previously noted for the period April 16, 2016 to December 31, 2016. See discussion above regarding the Chairman's compensation commencing in Q2 2017.
- (2) Mr. Fergusson ceased to be a director as a result of his death on October 4, 2016.
- (3) Mr. Kanik was the Lead Director until, and retired as a director following, the annual general meeting on April 20, 2016.
- (4) Mr. Knoll also received \$27,000 for his services on the board of directors of Heritage Gas Limited.
- (5) Mr. Mackie also received US\$20,000 for his service on the board of directors of AltaGas Services (U.S.) Inc., converted to CAD\$ at an exchange rate of 1.3248.
- (6) Mr. McCrank is the Lead Director as of April 20, 2016.

Incentive Plan Awards

Outstanding Share Option-based Awards and Share-based Awards

The following table reflects all Share Option-based and Share-based incentive plan awards outstanding to directors at December 31, 2016, except for Mr. Kanik for whom all Share Option-based and Share-based incentive plan awards outstanding to him at his April 20, 2016 retirement date are shown.

Name	Share 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 June 2022	91,600	898 RU	31,768	216,240
	15,000	35.35	04 Mar 2023	nil	1,713 RU	62,305	
	3,000	36.36	18 Sept 2023	nil	2,714 RU ⁽¹¹⁾	101,469	
Victoria A. Calvert	nil	n/a	n/a	n/a	1,713 RU	62,305	119,296
					2,714 RU ⁽¹¹⁾	101,469	
David W. Cornhill ⁽⁵⁾	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Allan L. Edgeworth	15,000 ⁽⁸⁾	27.13	11 Dec 2016 ⁽¹⁰⁾	101,550	898 RU	31,768	105,959
	15,000	14.24	10 Dec 2018	294,900	1,713 RU	62,305	
	20,000	29.32	07 June 2022	91,600	2,714 RU ⁽¹¹⁾	101,469	
	7,500	36.36	18 Sept 2023	nil			
Hugh A. Fergusson ⁽⁶⁾	20,000 ⁽⁹⁾	25.39	07 May 2018	170,200	nil	nil	nil
	6,500	14.24	10 Dec 2018	127,790			
	20,000	29.32	07 June 2022	91,600			
	7,500	36.36	18 Sept 2023	nil			
Daryl H. Gilbert	15,000 ⁽⁸⁾	27.13	11 Dec 2016 ⁽¹⁰⁾	101,550	898 RU	31,768	nil
	20,000	29.32	07 June 2022	91,600	1,713 RU	62,305	
	7,500	36.36	18 Sept 2023	nil	2,714 RU ⁽¹¹⁾	101,469	
Robert B. Hodgins	25,000	14.24	10 Dec 2018	491,500	898 RU	31,768	105,959
	20,000	29.32	07 June 2022	91,600	1,713 RU	62,305	
	7,500	36.36	18 Sept 2023	nil	2,714 RU ⁽¹¹⁾	101,469	
Myron F. Kanik ⁽⁷⁾	15,000	27.13	11 Dec 2016	67,800	898 RU	29,057	nil
	25,000	14.24	10 Dec 2018	435,250	1,723 RU	56,056	
	20,000	29.32	07 June 2022	46,600	2,463 RU	80,164	
	7,500	36.36	18 Sept 2023	nil			
Phillip R. Knoll	nil	n/a	n/a	n/a	1,713 RU	62,305	58,575
					2,714 RU ⁽¹¹⁾	101,469	
David F. Mackie	20,000	29.32	07 June 2022	91,600	898 RU	31,768	216,240
	7,500	36.36	18 Sept 2023	nil	1,713 RU	62,305	
					2,714 RU ⁽¹¹⁾	101,469	
M. Neil McCrank	20,000 ⁽⁹⁾	25.00	10 Dec 2017	178,000	898 RU	31,768	216,240
	15,000	14.24	10 Dec 2018	294,900	1,713 RU	62,305	
	20,000	29.32	07 June 2022	91,600	2,714 RU ⁽¹¹⁾	101,469	
	7,500	36.36	18 Sept 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 30, 2016 (\$33.90) 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, 2016 with respect to those original grants, multiplying such sum by the average closing price for the last 20 trading days of 2016 (\$33.51), and adding the dividends that would accumulate on those Shares until vesting assuming a dividend of \$2.02 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, 2016 with respect to those original grants, multiplying such sum by the average closing price for the last 20 trading days of 2016 (\$33.51).
- (5) Mr. Cornhill received no additional compensation for his role as a director up to his retirement date as CEO of April 15, 2016, nor for the balance of 2016 other than the benefits and perquisites previously noted for the period April 16, 2016 to December 31, 2016.
- (6) Mr. Fergusson ceased to be a director as a result of his death on October 4, 2016. His estate has until October 4, 2017 to exercise options vested at the date of his death.
- (7) All Share Option-based and Share-based incentive plan awards outstanding to Mr. Kanik at his April 20, 2016 retirement date are shown. Closing price of Shares on April 20, 2016 was \$31.65, and average closing price for the 20 trading days up to that date was \$32.45.
- (8) Vested 50 percent on the grant date and 25 percent on each of the first and second anniversaries of grant.
- (9) Vested $\frac{1}{3}$ on the grant date and $\frac{1}{3}$ on each of the first and second anniversaries of grant.
- (10) The expiry date of Share Options with a December 11, 2016 expiry date was extended to March 7, 2017 as a result of a trading blackout and in accordance with the Share Option Plan.
- (11) Granted during the year ended December 31, 2016.

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, 2016 is equal to 0.24 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 2016

The following table reflects the aggregate dollar value on vesting of Share Options, RUs and DSUs for directors during the year ended December 31, 2016 and annual cash incentives earned during that year by such directors.

Name	Share 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	9,300	120,000 (DSU) 89,782 (RU)	n/a
Victoria A. Calvert	nil	120,000 (DSU) 28,674 (RU)	n/a
David W. Cornhill ⁽³⁾	n/a	n/a	n/a
Allan L. Edgeworth	9,300	60,000 (DSU)	n/a

Name	Share 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 (\$)
		89,782 (RU)	
Hugh A. Fergusson ⁽⁴⁾	9,300	126,531 (RU)	n/a
Daryl H. Gilbert	9,300	89,782 (RU)	n/a
Robert B. Hodgins	9,300	60,000 (DSU) 89,782 (RU)	n/a
Myron F. Kanik	nil	nil	n/a
Phillip R. Knoll	nil	60,000 (DSU) 28,674 (RU)	n/a
David F. Mackie	9,300	120,000 (DSU) 89,782 (RU)	n/a
M. Neil McCrank	9,300	120,000 (DSU) 89,782 (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. For Mr. Kanik, reflects Share Options vesting up to his retirement date of April 20, 2016.
- (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 2016. DSUs are paid upon the retirement of the director. For Mr. Kanik, reflects RUs vesting during 2016 up to his retirement date of April 20, 2016.
- (3) Mr. Cornhill received no additional compensation for his role as a director up to his retirement date as CEO of April 15, 2016, nor for the balance of 2016 other than the benefits and perquisites previously noted for the period April 16, 2016 to December 31, 2016.
- (4) For Mr. Fergusson, Share based awards value vested during the year represents all outstanding RUs prorated and vested as at his date of death of October 4, 2016.

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 2016:

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 June 2016	31.18	9,300
	3,750	35.35	04 Mar 2016	33.10	nil
	750	36.36	18 Sept 2016	32.99	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 June 2016	31.18	9,300
	1,875	36.36	18 Sept 2016	32.99	nil
Hugh A. Fergusson ⁽²⁾	5,000	29.32	07 June 2016	31.18	9,300
	1,875	36.36	18 Sept 2016	32.99	nil
Daryl H. Gilbert	5,000	29.32	07 June 2016	31.18	9,300
	1,875	36.36	18 Sept 2016	32.99	nil
Robert B. Hodgins	5,000	29.32	07 June 2016	31.18	9,300
	1,875	36.36	18 Sept 2016	32.99	nil
Myron F. Kanik ⁽³⁾	nil	n/a	n/a	n/a	n/a
Phillip R. Knoll	nil	n/a	n/a	n/a	n/a
David F. Mackie	5,000	29.32	07 June 2016	31.18	9,300
	1,875	36.36	18 Sept 2016	32.99	nil

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 (\$)
M. Neil McCrank	5,000	29.32	07 June 2016	31.18	9,300
	1,875	36.36	18 Sept 2016	32.99	nil

Notes:

- (1) Mr. Cornhill received no additional compensation for his role as a director up to his retirement date as CEO of April 15, 2016, nor for the balance of 2016 other than the benefits and perquisites previously noted for the period April 16, 2016 to December 31, 2016.
- (2) Mr. Fergusson ceased to be a director as a result of his death on October 4, 2016. His estate has until October 4, 2017 to exercise options vested at the date of his death.
- (3) For Mr. Kanik, reflects Share Options vesting up to his retirement date of April 20, 2016.

In support of the column titled “Share-based awards - Value vested during the year” in the table above, the following RUs vested in 2016:

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 ⁽³⁾ (\$)
Catherine M. Best	800 RU	126.36	04 Nov 2016	33.50	31,033
	800 RU	93.51	01 Nov 2016	33.66	30,076
	800 RU	51.86	01 Nov 2016	33.66	28,674
Victoria A. Calvert	800 RU	51.86	01 Nov 2016	33.66	28,674
David W. Cornhill ⁽⁴⁾	n/a	n/a	n/a	n/a	n/a
Allan L. Edgeworth	800 RU	126.36	04 Nov 2016	33.50	31,033
	800 RU	93.51	01 Nov 2016	33.66	30,076
	800 RU	51.86	01 Nov 2016	33.66	28,674
Hugh A. Fergusson ⁽⁵⁾	800 RU	121.54	04 Oct 2016	33.51	30,164
	1,600 RU	88.89	04 Oct 2016	33.51	48,001
	2,400 RU	47.45	04 Oct 2016	33.51	48,365
Daryl H. Gilbert	800 RU	126.36	04 Nov 2016	33.50	31,033
	800 RU	93.51	01 Nov 2016	33.66	30,076
	800 RU	51.86	01 Nov 2016	33.66	28,674
Robert B. Hodgins	800 RU	126.36	04 Nov 2016	33.50	31,033
	800 RU	93.51	01 Nov 2016	33.66	30,076
	800 RU	51.86	01 Nov 2016	33.66	28,674
Myron F. Kanik ⁽⁶⁾	nil	n/a	n/a	n/a	n/a
Phillip R. Knoll	800 RU	51.56	01 Nov /2016	33.66	28,674
David F. Mackie	800 RU	126.36	04 Nov 2016	33.50	31,033
	800 RU	93.51	01 Nov 2016	33.66	30,076
	800 RU	51.86	01 Nov 2016	33.66	28,674
M. Neil McCrank	800 RU	126.36	04 Nov 2016	33.50	31,033
	800 RU	93.51	01 Nov 2016	33.66	30,076
	800 RU	51.86	01 Nov 2016	33.66	28,674

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) 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 2016” due to rounding.
- (4) Mr. Cornhill received no additional compensation for his role as a director up to his retirement date as CEO of April 15, 2016, nor for the balance of 2016 other than the benefits and perquisites previously noted for the period April 16, 2016 to December 31, 2016.

- (5) All outstanding RUs for Mr. Fergusson were vested based on his October 4, 2016 date of death. The value paid out was prorated in accordance with the MTIP.
- (6) For Mr. Kanik, reflects RUs vesting in 2016 up to his retirement date of April 20, 2016.

Share Options – Value Exercised During 2016

The following Share Options were exercised in 2016:

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
David W. Cornhill ⁽¹⁾	n/a	n/a	n/a	n/a	n/a
Allan L. Edgeworth	nil	n/a	n/a	n/a	n/a
Hugh A. Fergusson	nil	n/a	n/a	n/a	n/a
Daryl H. Gilbert	nil	n/a	n/a	n/a	n/a
Robert B. Hodgins	15,000	27.13	01 Dec 2016	32.45	79,800
Myron F. Kanik ⁽²⁾	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	nil	n/a	n/a	n/a	n/a
M. Neil McCrank	5,000	14.24	04 Mar 2016	33.10	94,300

Notes:

- (1) Mr. Cornhill received no additional compensation for his role as a director up to his retirement date as CEO of April 15, 2016, nor for the balance of 2016 other than the benefits and perquisites previously noted for the period April 16, 2016 to December 31, 2016.
- (2) For Mr. Kanik, reflects Share Options exercised up to 30 days following his retirement date of April 20, 2016.

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, 2016 and December 31, 2015, changes from 2015 to 2016, and the value of equity owned.

Name	Shares ⁽¹⁾ (#)	Unvested RUs ⁽¹⁾ (#)	Vested DSUs ⁽¹⁾ (#)	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⁾									
2016	nil	5,326	6,453	38,000	nil	11,779	18,467	443,382	3.69
2015	nil	4,974	3,306	38,000	nil	8,280	19,517	302,675	2.52
Change	0	352	3,147	0	0	3,499	(1,050)	140,707	
Victoria A. Calvert⁽⁵⁾									
2016	nil	4,427	3,560	nil	nil	7,987	18,467	283,070	2.36
2015	nil	2,413	652	nil	nil	3,065	19,517	103,374	0.86
Change	0	2,014	2,908	0	0	4,922	(1,050)	179,696	
David W. Cornhill									
2016	1,593,473	29,880	nil	950,000	30,000	1,623,353	18,467	60,688,563	505.74
2015	1,569,145	48,833	nil	950,000	30,000	1,617,978	n/a	53,557,724	446.31
Change	24,328	(18,953)	0	0	0	5,375	n/a	7,130,839	

Name	Shares ⁽¹⁾ (#)	Unvested RUs ⁽¹⁾ (#)	Vested DSUs ⁽¹⁾ (#)	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⁾
Allan L. Edgeworth									
2016	29,556	5,326	3,162	57,500	nil	38,044	18,467	1,791,499	14.93
2015	26,351	4,974	1,652	57,500	nil	32,977	19,517	1,371,932	11.43
Change	3,205	352	1,510	0	0	5,067	(1,050)	419,567	
Daryl H. Gilbert									
2016	25,900	5,326	nil	42,500	nil	31,226	18,467	1,266,702	10.56
2015	25,900	4,974	nil	42,500	nil	30,874	19,517	1,056,720	8.81
Change	0	352	0	0	0	352	(1,050)	209,982	
David M. Harris									
2016	39,166	28,746	nil	371,250	nil	67,912	n/a	2,496,867	n/a
2015	25,166	25,000	nil	371,250	nil	50,166	n/a	1,762,874	n/a
Change	14,000	3,746	nil	0	0	17,746	n/a	733,993	
Robert B. Hodgins									
2016	14,600	5,326	3,162	52,500	nil	23,088	18,467	1,379,541	11.50
2015	14,600	4,974	1,652	67,500	nil	21,226	19,517	1,175,426	9.80
Change	0	352	1,510	(15,000)	0	1,862	(1,050)	204,115	
Phillip R. Knoll⁽⁵⁾									
2016	4,016	4,427	1,748	nil	1,000	10,191	18,467	389,696	3.25
2015	4,000	2,413	326	nil	1,000	6,739	19,517	245,079	2.04
Change	16	2,014	1,422	0	0	3,452	(1,050)	144,617	
David F. Mackie									
2016	1,295,000	5,326	6,453	27,500	nil	1,306,779	18,467	44,403,882	370.03
2015	1,295,000	4,974	3,306	27,500	nil	1,303,280	19,517	40,318,175	335.98
Change	0	352	3,147	0	0	3,499	(1,050)	4,085,707	
M. Neil McCrank									
2016	20,000	5,326	6,453	62,500	nil	31,779	18,467	1,654,282	13.79
2015	15,000	4,974	3,306	67,500	nil	23,280	19,517	1,217,375	10.14
Change	5,000	352	3,147	(5,000)	0	8,499	(1,050)	436,907	

Notes:

- (1) For purposes of achieving compliance with AltaGas' Share ownership guidelines, Shares, unvested RUs and vested DSUs count toward Share ownership. For Mr. Harris, PUs rather than RUs are shown.
- (2) Each director met the Share ownership guideline, except as set forth in footnote (5) below. In 2016 and 2015, required ownership is three times (3x) the annual retainer, plus three times (3x) the value of annual equity grants (Shares, RUs, PUs, DSUs and Share Options). Annual retainer at December 31, 2016 was \$120,000, and value of annual RU grant was \$88,668 for required ownership of \$626,004 within the five-year period referenced above. Share closing price on the TSX on December 30, 2016 was \$33.90. 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.
- (3) Calculated as follows for 2016: for Shares, using the December 30, 2016 closing price on the TSX of \$33.90 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 30, 2016 closing price on the TSX of \$17.90 for preferred shares series A, \$16.97 for preferred shares series B, US\$23.24 for preferred shares series C (and an exchange rate of 1.3427), \$23.62 for preferred shares series E, \$22.12 for preferred shares series G and \$25.73 for preferred shares series I. 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.
- (4) Annual board retainer was \$120,000 in 2016 and 2015.
- (5) Ms. Best has until October 29, 2019 to achieve the Share Ownership guideline. Ms. Calvert and Mr. Knoll have until November 1, 2020 to achieve the Share Ownership guideline.

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 2016 and 2015 were as follows:

Category of External Auditor Service Fee	2016	2015
Audit Fees	\$2,140,368	\$2,296,411
Audit-Related Fees ⁽¹⁾	\$293,701	\$433,206
Tax Fees ⁽²⁾	\$66,595	\$80,189
All Other Fees ⁽³⁾	\$118,190	\$118,190
TOTAL	\$2,618,854	\$2,927,996

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”. During 2016 and 2015, the nature of the services provided included review of prospectuses, systems implementation, acquisitions and dispositions, review of 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. During 2015 and 2016, the nature of the services was for tax advice and transfer pricing.
- (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. During 2015 and 2016, 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, 2016, under the heading “*Capital Structure – Audit Committee - 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 2016 annual meeting, the voting results on the motion to appoint E&Y as auditors of AltaGas were 80,453,444 (98.45%) in favour and 1,268,732 (1.55%) 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 2016 annual meeting, the voting results on the non-binding advisory vote on executive compensation were 70,019,115 (86.80%) in favour and 10,652,502 (13.20%) 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 15, 2017 delivered in advance of the 2017 annual 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.

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 2016 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, 2016, indebted to AltaGas or any of its subsidiaries, or whose indebtedness to another entity is, or at any time since January 1, 2016 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.

AGGREGATE INDEBTEDNESS ⁽¹⁾		
Purpose	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 ⁽¹⁾						
Name and Principal Position	Involvement of AltaGas or Subsidiary	Largest Amount Outstanding During 2016 Financial Year (\$)	Amount Outstanding as at the Record Date (\$)	Financially Assisted Securities Purchases During 2016 Financial Year (#)	Security for Indebtedness	Amount Forgiven During 2016 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 Executive 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. Accordingly, the board of directors is 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 2016 met eleven 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. The board of directors works closely with the HR Committee (as hereinafter defined), and is responsible for selecting, evaluating and compensating the CEO, for CEO and senior management succession planning, and for approving compensation of senior management and the appropriate compensation programs for AltaGas employees.

Management’s responsibilities are defined by the board of directors. This is accomplished by identifying the roles and responsibilities of the CEO and the CFO of AltaGas, delegating authorities to management and establishing 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, directors and officers would be covered for amounts where AltaGas is unable or precluded from indemnifying, and 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, 2016 was \$225,300 for the policy year October 1, 2016 to October 1, 2017.

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.

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 successfully implemented David W. Cornhill's retirement as CEO on April 15, 2016, and his succession by David M. Harris 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, the Chairman of the board of directors, retired as CEO of AltaGas and as a member of management on April 15, 2016, and 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 was Lead Director until his retirement on April 20, 2016. Mr. M. Neil McCrank was appointed Lead Director effective April 20, 2016.

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	Allan L. Edgeworth (chair)	Victoria A. Calvert	Catherine M. Best
Allan L. Edgeworth	Daryl H. Gilbert	Robert B. Hodgins	Daryl H. Gilbert (chair)
Robert B. Hodgins (chair)	Phillip R. Knoll	David F. Mackie	David F. Mackie
Phillip R. Knoll	M. Neil McCrank	M. Neil McCrank (chair)	

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, 2016. 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, Robert B. Hodgins and Phillip R. Knoll, all of whom are independent directors. Mr. Hodgins is the chair of the Audit Committee. Mr. Knoll was appointed to the Audit Committee effective January 1, 2017.

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, David F. Mackie and M. Neil McCrank, all of whom are independent directors. Mr. McCrank is 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 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.

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 four times per year to fulfill its mandate. The HR Committee currently consists of Catherine M. Best, Daryl H. Gilbert, and David F. Mackie, all of whom are independent directors. Mr. Gilbert is the chair 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 2016, 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 the CEO in 2016. The retirement of Mr. David W. Cornhill as CEO on April 15, 2016, and the succession by Mr. David M. Harris as President and CEO on April 16, 2016, was successfully implemented. 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 2016, 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. This continues to be an important area of focus for the HR Committee into the future.

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.

Advance Notice By-Law

On February 24, 2016, the board of directors adopted, and on April 20, 2016 the Shareholders confirmed, By-Law No. 2 of AltaGas (the "**Advance Notice By-Law**"), which sets out advance notice requirements for director nominations. 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.

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, provided in the AltaGas management information circular dated March 11, 2016.

- 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.

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 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 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 2016 compensation, which meets the foregoing criteria, is as follows:

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

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, and (iii) the provision of long term incentive plan design market practice. 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 2016 and 2015:

	2016	2015
Executive Compensation – Related Fees: services related to determining compensation for any of AltaGas' directors and executive officers.	\$71,300	\$22,467
All Other Fees (in 2016 and 2015 other fees consisted of general employee compensation, benefits and pension consulting services).	\$268,961	\$145,680

Compensation services are not necessarily 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 Mercer, 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 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 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

Element	Entitlement	Component	Performance Period	Form
• 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(s) in 2016	Base Salary and benefits ⁽¹⁾ (%)	Short Term Incentive Plan (%)	Long Term Incentives ⁽²⁾ (%)	Total (%)	Pay at Risk ⁽³⁾ (%)
David W. Cornhill ⁽⁴⁾⁽⁵⁾ Chairman of the Board of Directors	30	20	50	100	70
David M. Harris ⁽⁵⁾ President and Chief Executive Officer	30	20	50	100	70
Timothy W. Watson Executive Vice President and Chief Financial Officer	40	20	40	100	60
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
Joy S. Thakur Senior Vice President Commercial and Business Operations	40	20	40	100	60

Notes:

- (1) Includes perquisites and ⅓ of Employee Share Purchase Savings Plan.
- (2) Includes MTIP, Share Option Plan, ⅓ 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 did not participate in the DC Plan. See discussion below under "Retirement Plan Benefits – Group RRSP".
- (5) Mr. Cornhill was Chairman of the Board and CEO to April 15, 2016, and Chairman of the Board from April 16, 2016. Mr. Harris was President and Chief Operating Officer to April 15, 2016, and President and CEO from April 16, 2016.

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 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 in 2016 were 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 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 2016 for the Gas and Power division were EBITDA of \$480 million and ROEBITDA of 8.9 percent. The Gas and Power division achieved an EBITDA of \$448 million and an ROEBITDA of 8.3 percent. The board of directors approved a rating of "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 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 2016 year were AFFO of \$462 million and AFFOROE of 14.6 percent, and AltaGas achieved in 2016 an AFFO of \$476 million and AFFOROE of 14.2 percent. In addition to these metrics, several strategic objectives were identified and are weighted 152 percent of the overall result. These objectives were identified in 2016 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 "met" for the financial measures and a rating of "exceptional" for 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 2016.

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 gains (losses) on risk management contracts, gains (losses) on long term investments, transaction costs related to acquisitions, gains (losses) on the sale of assets, accretion expenses, foreign exchange gains(losses), provisions on investments accounted for by the equity method, provision on certain long-lived assets, restructuring costs, dilution loss on an investment accounted for by the equity method, the Sundance B PPA's termination costs, and the recovery of development costs for the PNG Pipeline Looping Project. 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, maintenance capital, 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 2016, the Short Term Incentive Plan was structured, and paid, as follows for the Named Executive Officers:

Name and Principal Position(s) in 2016	Corporate Weighting ⁽¹⁾ (%)	Division Weighting ⁽²⁾ (%)	Individual Weighting ⁽³⁾ (%)	Min ⁽⁴⁾ (%)	Target ⁽⁴⁾ (%)	Max ⁽⁴⁾ (%)	Corporate Weighting ⁽¹⁾ Multiplier for 2016 Results (%)	Division Weighting ⁽²⁾ Multiplier for 2016 Results (%)	Individual Weighting ⁽³⁾ Multiplier for 2016 Results (%)	Combined Weighting Multiplier for 2016 Results (%)	Result for 2016 ⁽⁴⁾ (%)
David W. Cornhill⁽⁵⁾ Chairman of the Board of Directors	70	0	30	0	75	150	140	n/a	355	205	153
David M. Harris⁽⁵⁾ President and Chief Executive Officer	70	0	30	0	75	150	140	n/a	297	187	132
Timothy W. Watson Executive Vice President and Chief Financial Officer	60	0	40	0	60	120	140	n/a	163	149	89
John E. Lowe Executive Vice President	60	0	40	0	50	100	140	n/a	150	144	72
John D. O'Brien President of AltaGas Services (U.S.) Inc.	60	0	40	0	40	80	140	n/a	125	134	54
Joy S. Thakur Senior Vice President Commercial and Business Operations	60	0	40	0	40	80	140	n/a	100	124	58

Notes:

- (1) Weighting reflects AFFO, AFFOROE and strategic performance measures.
- (2) 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.
- (5) Mr. Cornhill was Chairman of the Board and CEO to April 15, 2016, and Chairman of the Board from April 16, 2016. Mr. Harris was President and Chief Operating Officer to April 15, 2016 and had a 60% target bonus, and President and CEO from April 16, 2016 and had a 75% target bonus.

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 (“**PUs**”). Vesting is determined by the HR Committee.

- Except for 2014 grants to executives, the RUs granted to executives, directors and other employees 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 following the retirement of the director.

- The PUs granted prior to and subsequent to 2014 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 Toronto Stock Exchange ("TSX" or the "**Exchange**") (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, if awarded) 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. 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. The HR Committee is aware of existing Share Options held by executive officers. 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 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 TSX, 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 or 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. 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 financial measures used in the Short Term Incentive Plan's bonus pool determination (EBITDA, ROEBITDA, AFFO and AFFOROE) provide a balanced scorecard, measuring cash flow 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 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. Effective May 1, 2016, AltaGas adopted a policy whereby, in the event of a restatement of the financial results of AltaGas for any reason other than a restatement caused by a change in applicable accounting rules or interpretations, the board of directors may: (a) require that an executive officer return or repay to AltaGas, or reimburse AltaGas for, all or part of the after-tax portion of any excess compensation; and/or (b) cause all or part of any

awarded and unpaid or unexercised performance-based compensation (whether vested or unvested) that constitutes excess compensation for an executive officer to be cancelled.

PERFORMANCE GRAPH

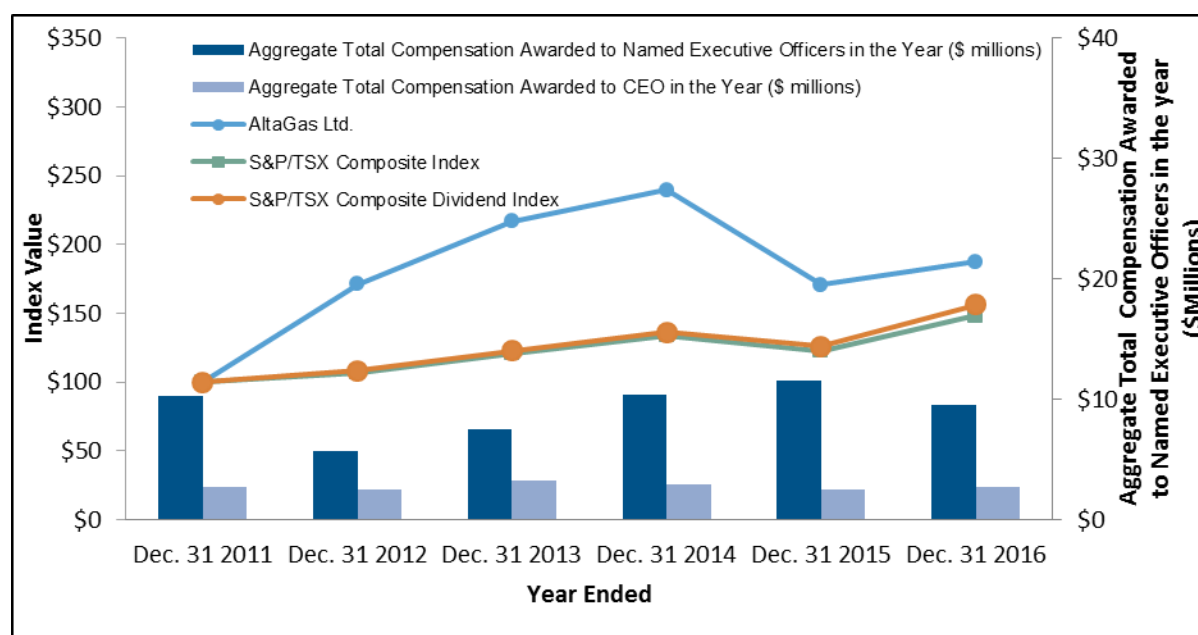
The common shares of AltaGas Services Inc. were listed on the TSX on January 17, 2000. On May 1, 2004, trust units of AltaGas Income Trust were listed on the TSX in substitution for the common shares of AltaGas Services Inc. following the Trust Arrangement. On July 1, 2010, the Shares were listed on the TSX in substitution for the trust units of AltaGas Income Trust following the Corporate Arrangement. As of December 31, 2016 the Shares were included in the S&P/TSX Composite Index and the S&P/TSX Composite Dividend Index, and such indices are accordingly used for comparison purposes below.

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, 2011), 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 2011	Dec. 31 2012	Dec. 31 2013	Dec. 31 2014	Dec. 31 2015	Dec. 31 2016
AltaGas Ltd.	100	171	217	240	171	187
S&P/TSX Composite Index	100	107	121	134	123	149
S&P/TSX Composite Dividend Index	100	109	123	136	126	156
Aggregate Total Compensation Awarded to Named Executive Officers in the Year (\$ millions)⁽¹⁾	10.23	5.69	7.54	10.38	11.56	9.51
Aggregate Total Compensation Awarded to CEO in the Year (\$ millions)	2.74	2.50	3.22	2.98	2.55	2.77

Note:

- (1) There are six Named Executive Officers for 2016, seven Named Executive Officers for 2015 and five named Executive Officers for each of 2011 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 current CEO over the past five years and the value realized or realizable as at December 31, 2016. The realized and realizable value includes the value at vesting of Shares, RUs and PUs granted and current value of Shares, 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 Share 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 (\$)	Non-equity Incentive Plan Compensation			Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
			Share Option-based Awards (\$)	Annual Incentive Plans (\$)	Long-term Incentive Plans (\$)			
2016A	767,476	429,156	nil	993,600	nil	534,934	52,272	2,777,438
2016R	767,476	469,560	nil	993,600	nil	534,934	52,272	2,817,842
2015A	617,283	nil	nil	148,209	nil	1,780,663	119,965	2,666,120
2015R	617,283	nil	nil	148,209	nil	1,780,663	119,965	2,666,120
2014A	492,851	1,102,000	1,384,574	243,961	nil	292,380	83,362	3,599,128
2014R	492,851	963,262	nil	243,961	nil	292,380	83,362	2,075,816
2013A	429,299	279,601	431,250	348,806	nil	252,920	77,178	1,819,054
2013R	429,299	251,300	nil	348,806	nil	252,920	77,178	1,359,503
2012A	356,597	nil	260,200	187,213	nil	136,023	57,104	997,137
2012R	356,597	nil	343,288	187,213	nil	136,023	57,104	1,080,225

Note:

- (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 Share Option-based awards. "R" denotes the value realized or realizable as at December 31, 2016.

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, 2016, December 31, 2015 and December 31, 2014.

Name and Principal Position	Year Ended Dec. 31	Salary (\$)	Share-based Awards ⁽¹⁾⁽²⁾ (\$)	Share Option-based Awards ⁽¹⁾⁽³⁾ (\$)	Non-equity Incentive Plan Compensation			All Other Compensation ⁽⁵⁾ (\$)	Total Compensation (\$)
					Annual Incentive Plans ⁽⁴⁾ (\$)	Long-term Incentive Plans (\$)	Pension Value (\$)		
David W. Cornhill ⁽⁶⁾⁽⁷⁾	2016	261,418	nil	nil	400,000	nil	97,722	2,126,991	2,886,131
Chairman of the Board of Directors	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
David M. Harris ⁽⁷⁾⁽¹⁰⁾	2016	767,476	429,156	nil	993,600	nil	534,934	52,272	2,777,438
President and Chief Executive 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
Timothy W. Watson ⁽⁸⁾	2016	400,000	nil	nil	357,600	nil	195,251	25,972	978,824
Executive Vice President and Chief Financial Officer	2015	323,077	819,400	377,693	79,665	nil	137,267	4,058	1,741,160
John E. Lowe	2016	357,567	nil	nil	257,450	nil	143,451	189,381	947,850
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
John D. O'Brien ⁽⁶⁾⁽⁹⁾	2016	516,672	nil	nil	276,936	nil	293,650	105,362	1,192,620
President of AltaGas Services (U.S.) Inc.	2015	365,376	613,050	126,104	58,460	nil	191,304	171,973	1,526,267
Joy S. Thakur ⁽⁹⁾	2016	384,408	nil	nil	252,149	nil	8,580	77,584	722,722
Senior Vice President Commercial and Business Operations	2015	345,920	nil	nil	37,615	nil	17,296	109,918	510,749
	2014	330,000	320,506	107,003	142,218	nil	15,813	74,894	990,434

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.
- (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". The amounts in this column for Named Executive Officers paid in USD\$ may not exactly match the percentage award under the Short Term Incentive Plan noted in a prior table, due to differences in CAD\$ - USD\$ exchange rates.
- (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". Mr. Cornhill's amount includes a retirement allowance of \$1,700,284 (\$1,020,597 paid in 2016 and \$679,688 paid in 2017) in accordance with his employment agreement, accrued vacation payment of \$356,403, and a retirement gift in the amount of \$40,430. Mr. Lowe's amount includes cash paid as an advance towards future incentive plan obligations, in the amount of \$150,000. Mr. O'Brien's amount includes cash paid as a substitute for a 401K plan, in the amount of \$38,750. Mr. Thakur's amount includes an annual living allowance of \$18,000 and a cross-border allowance of \$22,314.
- (6) Mr. Cornhill received no base pay compensation for his role as a director but continued to receive company paid group benefits and parking.
- (7) Mr. Cornhill was Chairman of the Board and CEO to April 15, 2016, and Chairman of the Board from April 16, 2016. Mr. Harris was President and Chief Operating Officer to April 15, 2016, and President and CEO from April 16, 2016.
- (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.

- (9) Mr. O'Brien and Mr. Thakur are compensated in USD\$, which have been converted to CAD\$ using a rate of 1.3248 and 1.3193, respectively, in this table, with the exception of Mr. Thakur's Short Term Incentive Plan payment which was converted into CAD\$ using the rate of 1.3248. Mr. Thakur was paid in CAD\$ from January 1 to July 3, 2016.
- (10) Share grant to Mr. Harris in 2016 reflects the acquisition cost of 14,000 Shares purchased on June 22, 2016 on the TSX by the administrator of AltaGas' Employee Share Purchase Savings Plan, on behalf of AltaGas, for Mr. Harris' benefit. 7,000 shares vested and were released to Mr. Harris on July 31, 2016. The remaining 7,000 shares will vest and be released to Mr. Harris on July 31, 2017 if he is employed by AltaGas on that date, or returned to AltaGas if he ceases to be employed by AltaGas prior to that date. Mr. Harris' salary is in USD\$, but converted to and paid in CAD\$ using the Bank of Canada noon exchange rate on the Tuesday prior to the bi-weekly salary payment day. Mr. Harris' Short Term Incentive Plan payment was converted into CAD\$ using a conversion rate of 1.3248.

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, 2016.

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 2016 salary	Share Ownership Requirement Met (yes/no)
David M. Harris President and Chief Executive Officer	5x	39,166	28,746 PU	67,912	2,344,217	3.1x	no ⁽³⁾
Timothy W. Watson Executive Vice President and Chief Financial Officer	2x	6,000	22,153 PU	28,153	1,001,688	2.5x	yes
John E. Lowe Executive Vice President	2x	25,571	11,498 PU	37,069	973,453	2.7x	yes
John D. O'Brien President of AltaGas Services (U.S.) Inc.	2x	nil	998 RU	998	388,924	0.8x	no ⁽³⁾
Joy S. Thakur Senior Vice President Commercial and Business Operations	1.5x	410	7,473 PU	7,883	278,186	0.7x	no ⁽³⁾

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 30, 2016 (\$33.90), and for RUs and PUs using the values disclosed under the heading "Market or payout value of share-based awards that have not vested". 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. Harris has until April 16, 2021, Mr. O'Brien has until May 1, 2020 and Mr. Thakur has until October 1, 2018 to meet this 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. Excluding Mr. Cornhill who was not an officer as at December 31, 2016, three of the five Named Executive Officers increased their Share ownership of Shares, RUs and PUs in 2016 as compared to year-end 2015.

INCENTIVE PLAN AWARDS

Outstanding Share 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, 2016.

Name	Share 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 Dec 2020	3,212,500	14,373 RU ⁽⁴⁾	508,245	nil
	275,000	29.85	25 Nov 2021	1,137,500	15,507 RU ⁽⁴⁾	543,140	
	100,000	29.32	07 June 2022	458,000			
	150,000	32.84	06 Dec 2022	159,000			
	175,000	38.63	07 Nov 2019	nil			
David M. Harris	7,500	26.94	06 Oct 2021	52,200	28,746 PU ⁽⁵⁾	1,016,490	nil
	12,500	29.85	25 Nov 2021	50,625	7,000 Shares	237,300	
	6,250	29.32	07 June 2022	28,625			
	20,000	32.84	06 Dec 2022	21,200			
	75,000	38.63	07 Nov 2019	nil			
	250,000	45.49	13 Nov 2020	nil			
Timothy W. Watson	100,000	40.61	16 Mar 2021	nil	22,153 PU ⁽⁶⁾	798,288	nil
	10,000	34.45	17 Aug 2021	nil			
John E. Lowe	7,500	29.85	25 Nov 2021	30,375	11,498 PU ⁽⁵⁾	106,596	nil
	17,500	29.32	07 June 2022	80,150			
	12,500	32.84	06 Dec 2022	13,250			
	25,000	38.63	07 Nov 2019	nil			
	25,000	45.49	13 Nov 2020	nil			
	10,000	34.45	17 Aug 2021	nil			
John D. O'Brien	20,000	41.00	04 May 2021	nil	10,998 RU ⁽⁴⁾	388,924	nil
	20,000	34.45	17 Aug 2021	nil			
Joy S. Thakur	25,000	36.61	19 May 2021	nil	7,473 PU ⁽⁵⁾	264,287	nil
	12,000	38.63	17 Aug 2021	nil			
	20,000	45.43	27 Nov 2020	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 30, 2016 (\$33.90) 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, 2016 with respect to those original grants, multiplying such sum by the average closing price for the last 20 trading days of 2016 (\$33.51) and adding the distributions that would accumulate on those Shares until vesting assuming a dividend of \$2.02 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 each month 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.

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, 2016 and annual cash incentives earned during that year by such Named Executive Officers.

Name	Share 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	46,500	647,574	400,000
David M. Harris	11,625	232,820	933,600
Timothy W. Watson	nil	nil	357,600
John E. Lowe	16,275	nil	257,450
John D. O'Brien	nil	166,742	276,936
Joy S. Thakur	nil	116,429	252,149

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) For Mr. Harris, 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 29, 2016 (\$33.26).

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 2016:

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	25,000	29.32	07 June 2016	31.18	46,500
	37,500	32.84	06 Dec 2016	32.67	nil
	43,750	38.63	07 Nov 2016	32.09	nil
David M. Harris	6,250	29.32	07 June 2016	31.18	11,625
	10,000	32.84	06 Dec 2016	32.67	nil
	18,750	38.63	07 Nov 2016	32.09	nil
	62,500	45.49	13 Nov 2016	31.39	nil
Timothy W. Watson	25,000	40.61	16 Mar 2016	33.32	nil
	2,500	34.45	17 Aug 2016	34.28	nil
John E. Lowe	8,750	29.32	07 June 2016	31.18	16,275
	6,250	32.84	06 Dec 2016	32.67	nil
	6,250	38.63	07 Nov 2016	32.09	nil
	6,250	45.49	13 Nov 2016	31.39	nil
	2,500	34.45	17 Aug 2016	34.28	nil
John D. O'Brien	5,000	41.00	04 May 2016	29.55	nil
	5,000	34.45	17 Aug 2016	34.28	nil
Joy S. Thakur	6,250	36.61	01 Oct 2016	33.74	nil
	3,000	38.63	07 Nov 2016	32.09	nil
	5,000	45.43	27 Nov 2016	32.54	nil

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

In support of the column titled “Share-based awards - Value vested during the year” in the table above, the following RUs and PUs vested in 2016:

Name	Shares underlying RUs and PUs 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 ⁽³⁾ (\$)
David W. Cornhill	12,500	1,069	01/13/2016	30.30	411,150
	7,000	397	03/02/2016	31.96	236,424
David M. Harris	nil	nil	nil	nil	nil
Timothy W. Watson	nil	nil	nil	nil	nil
John E. Lowe	nil	nil	nil	nil	nil
John D. O'Brien	5,000	300	05/04/2016	31.46	166,742
Joy S. Thakur	3,000	467	10/01/2016	33.58	116,429

Notes:

- (1) 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 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) 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 2016” due to rounding.

Share Options – Value Exercised During 2016

The following Share Options were exercised in 2016:

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	nil	n/a	n/a	n/a	n/a
David M. Harris	nil	n/a	n/a	n/a	n/a
Timothy W. Watson	nil	n/a	n/a	n/a	n/a
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
Joy S. Thakur	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 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, 2016:

Name	Accumulated value at start of year (\$)	Compensatory (\$)	Accumulated value at year end (\$)
David W. Cornhill ⁽¹⁾	n/a	n/a	n/a
David M. Harris	111,397	19,744	164,306
Timothy W. Watson	11,708	19,194	40,185
John E. Lowe	108,280	19,134	158,266
John D. O'Brien ⁽²⁾	n/a	n/a	n/a
Joy S. Thakur ⁽²⁾	12,583	9,240	67,582

Notes:

- (1) Mr. Cornhill did not participate in the DC Plan. See discussion below under “*Retirement Plan Benefits – Group RRSP*”
(2) AltaGas Services (U.S.) Inc. employees are not eligible to participate in the DC Plan. For Mr. Thakur, the values accumulated prior to his transfer to AltaGas Services (U.S.) Inc. in July 2016 are shown.

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, 2016:

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 ⁽¹⁾	22.04	1,510,776	1,510,776	8,222,196	97,722	606,425	8,926,343
David M. Harris ⁽²⁾	6.58	108,607	608,899	2,770,977	515,190	277,661	3,563,827
Timothy W. Watson	1.79	19,547	184,131	125,575	176,057	18,407	320,039
John E. Lowe	5.25	46,154	131,928	508,703	124,317	63,764	696,785
John D. O'Brien	1.67	22,054	132,340	191,304	264,400	-130,015	325,689
Joy S. Thakur ⁽³⁾	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes:

- (1) Mr. Cornhill commenced receiving retirement benefits from the SERP concurrent with his retirement as CEO effective April 15, 2016.
- (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.
- (3) Mr. Thakur does not participate in the SERP.

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 continued to receive matching in lieu of participation in the DC Plan until his retirement as CEO.

EXECUTIVE EMPLOYMENT AGREEMENTS

AltaGas is party to employment agreements with David M. Harris, Timothy W. Watson, John E. Lowe, and John D. O'Brien. AltaGas is not a party to an employment agreement with Joy S. Thakur. The agreements are discussed below.

AltaGas was a party to an employment agreement with David W. Cornhill, AltaGas' Chairman and CEO (as amended and restated, the "Services Employment Agreement"), until his retirement as CEO on April 15, 2016. Mr. Cornhill was paid a retirement allowance in accordance with the terms of the Services Employment Agreement which is included and noted in the Summary Compensation Table.

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 Employment Agreement to comply with United States employment and tax law requirements.

The Services Employment Agreement, the Harris Agreement, the Watson Agreement, the Lowe Agreement and the O'Brien 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.

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 provided 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
- termination by either the executive or AltaGas in the event of a change of control, as defined in the Services Employment Agreement, subject in the case of the Services Employment Agreement to certain other criteria discussed below.

Similarly, the Harris Agreement, the Watson Agreement, the Lowe Agreement and the O'Brien 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 and the O'Brien 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 and the O'Brien Agreement, as applicable.

In addition, the Services Employment Agreement provided for a Retirement Allowance if Mr. Cornhill provided 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 was 2.0x, with the following exceptions: (1) if Mr. Cornhill resigned, the Retirement Allowance multiple was 1.0x; and (2) if Mr. Cornhill resigned or was terminated as a result of a change of control in the circumstances contemplated below, the Retirement Allowance multiple was 2.5x, being an increment of 1.5x above Mr. Cornhill's Retirement Allowance entitlement if he resigned 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.

The following table shows the amounts payable to each of the Named Executive Officers in the event of termination as at December 31, 2016, 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 M. Harris ⁽⁴⁾⁽⁵⁾	24	2,827,577	1,045,261	1,406,440	5,279,278
David M. Harris ⁽⁶⁾	0	0	112,906	1,406,440	1,519,346
Timothy W. Watson ⁽⁴⁾	24	1,369,187	487,555	798,288	1,691,408
Timothy W. Watson ⁽⁵⁾	24	1,369,187	535,181	798,288	2,655,030
Timothy W. Watson ⁽⁶⁾	0	0	266,347	798,288	2,702,656
John E. Lowe ⁽⁷⁾	24	1,189,815	271,222	230,371	1,064,635
John D. O'Brien ⁽⁴⁾	24	1,610,560	747,658	388,924	2,747,142
John D. O'Brien ⁽⁵⁾	24	1,610,560	766,280	388,924	2,765,764

Name	Months used to calculate Retirement Allowance	Value of Retirement Allowance (\$) ⁽¹⁾	Additional SERP Value (\$) ⁽²⁾	Value of Long Term Incentives (\$) ⁽³⁾	Total Value (\$)
John D. O'Brien ⁽⁶⁾	0	0	375,113	388,924	764,037
Joy S. Thakur	n/a	n/a	n/a	264,287	264,287

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, 2016.
- (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, 2016. See "Incentive Plan Awards – Outstanding Share-based Awards and Share Option-based Awards".
- (4) 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.
- (5) Payable upon termination of the Named Executive Officer's employment by AltaGas as a result of a change of control of AltaGas.
- (6) Payable upon termination of the Named Executive Officer's employment voluntarily within six months of a change of control in AltaGas.
- (7) 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, 2016:

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	4,119,386	\$32.39	12,571,297 ⁽¹⁾
Equity compensation plans not approved by securityholders	n/a ⁽²⁾	n/a	n/a ⁽²⁾
Total	4,119,386	\$32.39	12,571,297

Notes:

- (1) Of the 12,571,297 Shares available for future issuance pursuant to the Share Option Plan at December 31, 2016, only 10,107,078 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, 2016:

Dilution	number of Share Options granted but not exercised (4,119,386) / issued and outstanding Shares as at December 31, 2016 (166,906,833)	2.47%
Overhang (reserved for issuance with TSX)	number of Share Options reserved for issuance with the TSX (10,107,078) plus number of Share Options granted but not exercised (4,119,386) / issued and outstanding Shares as at December 31, 2016 (166,906,833)	8.52%
Overhang (available for issuance pursuant to Share Option Plan)	number of Share Options available to be granted pursuant to Share Option Plan (12,571,297) plus number of Share Options granted but not exercised (4,119,386) / issued and outstanding Shares as at December 31, 2016 (166,906,833)	10.00%

Burn Rate

number of Share Options granted in 2016 (89,500) / issued and outstanding Shares as at December 31, 2016 (166,906,833) 0.05%

Weighted average remaining term of Share Options

4.39 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, 2016.

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 15, 2017.

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																					
a.	<p>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>Victoria A. Calvert</td> </tr> <tr> <td>Allan L. Edgeworth</td> <td>Daryl H. Gilbert</td> </tr> <tr> <td>Robert B. Hodgins</td> <td>Phillip R. Knoll</td> </tr> <tr> <td>David F. Mackie</td> <td>M. Neil McCrank</td> </tr> </table> <p>This disclosure is also set forth above under <i>"Matters to be Considered at the Meeting - Election of Directors"</i>.</p>	Catherine M. Best	Victoria A. Calvert	Allan L. Edgeworth	Daryl H. Gilbert	Robert B. Hodgins	Phillip R. Knoll	David F. Mackie	M. Neil McCrank												
Catherine M. Best	Victoria A. Calvert																				
Allan L. Edgeworth	Daryl H. Gilbert																				
Robert B. Hodgins	Phillip R. Knoll																				
David F. Mackie	M. Neil McCrank																				
b.	<p>Disclose the identity of directors who are not independent, and describe the basis for that determination.</p> <p>David W. Cornhill has been within the last three years an employee or executive officer of AltaGas, and therefore is not considered independent.</p> <p>David M. Harris, a nominee for director, is President and CEO of AltaGas and is a member of management, and if elected a director of AltaGas will not be considered independent.</p>																				
c.	<p>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, eight of nine, 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, eight of ten, are independent within the meaning of NI 58-201.</p>																				
d.	<p>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 nominees for director 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%;">Catherine M. Best</td> <td>Badger Daylighting Ltd. Canadian Natural Resources Limited Superior Plus Corp.</td> </tr> <tr> <td>Victoria A. Calvert</td> <td>None</td> </tr> <tr> <td>David W. Cornhill</td> <td>Alterra Power Corp. Painted Pony Petroleum Ltd.</td> </tr> <tr> <td>Allan L. Edgeworth</td> <td>Emera Incorporated</td> </tr> <tr> <td>Daryl H. Gilbert</td> <td>Cequence Energy Ltd. Connacher Oil and Gas Limited Falcon Oil & Gas Ltd. Leucrotta Exploration Inc. Surge Energy Inc. Whitcap Resources Inc.</td> </tr> <tr> <td>David M. Harris</td> <td>None</td> </tr> <tr> <td>Robert B. Hodgins</td> <td>Enerplus Corporation Gran Tierra Energy Inc. MEG Energy Corp.</td> </tr> <tr> <td>Phillip R. Knoll</td> <td>Corridor Resources Inc.</td> </tr> <tr> <td>David F. Mackie</td> <td>None</td> </tr> <tr> <td>M. Neil McCrank</td> <td>None</td> </tr> </tbody> </table>	Catherine M. Best	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	Daryl H. Gilbert	Cequence Energy Ltd. Connacher Oil and Gas Limited Falcon Oil & Gas Ltd. Leucrotta Exploration Inc. Surge Energy Inc. Whitcap Resources Inc.	David M. Harris	None	Robert B. Hodgins	Enerplus Corporation Gran Tierra Energy Inc. MEG Energy Corp.	Phillip R. Knoll	Corridor Resources Inc.	David F. Mackie	None	M. Neil McCrank	None
Catherine M. Best	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																				
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David M. Harris	None																				
Robert B. Hodgins	Enerplus Corporation Gran Tierra Energy Inc. MEG Energy Corp.																				
Phillip R. Knoll	Corridor Resources Inc.																				
David F. Mackie	None																				
M. Neil McCrank	None																				

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.**

In 2016, the independent directors had six regularly scheduled meetings and five special meetings at which the non-independent director and management were not in attendance. See disclosure above under "Sessions without Management and Meetings Held".

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.**

David W. Cornhill is Chairman of the board of directors and 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. The Lead Director acts as Chair of the board of directors at meetings where the Chairman is not in attendance.

Mr. Myron F. Kanik was Lead Director until his retirement on April 20, 2016. Mr. M. Neil McCrank was appointed Lead Director effective April 20, 2016.

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.**

See disclosure of attendance record above under "Election of Directors".

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.

The board of directors has the following mandate:

I. CONSTITUTION

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 *Canada Business Corporations Act (the "Act")* as amended from time to time.

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.

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.

II. MEMBERSHIP AND ORGANIZATION

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.

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.

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.

D. The Board of Directors may delegate certain of their responsibilities to committees of the Board of Directors. The 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 Chairman, the Lead Director, the CEO, 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. **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:**
(i) disclose how a person or company may obtain a copy of the code;
(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
(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.

The board of directors has adopted a Code of Business Ethics ("COBE").

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.

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.

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.

- b. **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.**

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.

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.

- c. **Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.**

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.

6. Nomination of Directors

- a. **Describe the process by which the board identifies new candidates for board nomination.**

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.

- b. **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.**

The Governance Committee consists of Victoria A. Calvert, Robert B. Hodgins, David F. Mackie and M. Neil McCrank, all of whom are independent directors. Mr. McCrank is the chair of the Governance Committee.

- c. **If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.**

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.

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.

7. Compensation	
a.	<p>Describe the process by which the board determines the compensation for the issuer’s directors and officers.</p> <p>See the discussion under the heading “<i>Matters to be Considered at the Meeting – Election of Directors – Director Compensation</i>” and “<i>Compensation Discussion and Analysis</i>” in the Information Circular.</p>
b.	<p>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.</p> <p>The HR Committee consists of Catherine M. Best, Daryl H. Gilbert, and David F. Mackie, all of whom are independent directors. Mr. Gilbert is the chair of the HR Committee.</p>
c.	<p>If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p> <p>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.</p>
8. Other Board Committees	
<p>If the board has other standing committees other than audit, compensation and nominating committees, identify the committee and describe their function.</p> <p>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.</p> <p>The EOHS Committee consists of 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.</p>	
9. Assessments	
<p>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.</p> <p>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.</p> <p>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.</p>	
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	<p>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.</p> <p>All members of the Audit Committee are “financially literate” and have “accounting or related financial</p>

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.

<p>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 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>	
<p>13. Consideration Given to the Representation of Women in Executive Officer Appointments</p>	
<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>	
<p>14. Issuer's Targets Regarding the Representation of Women on the Board of Directors and in Executive Officer Positions</p>	
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>
<p>15. Number of Women on the Board of Directors and in Executive Officer Positions</p>	
a.	<p>Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.</p> <p>Two (22%) as at December 31, 2016.</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 (11%) as at December 31, 2016.</p>