



~2 Bcf/d of natural gas transacted



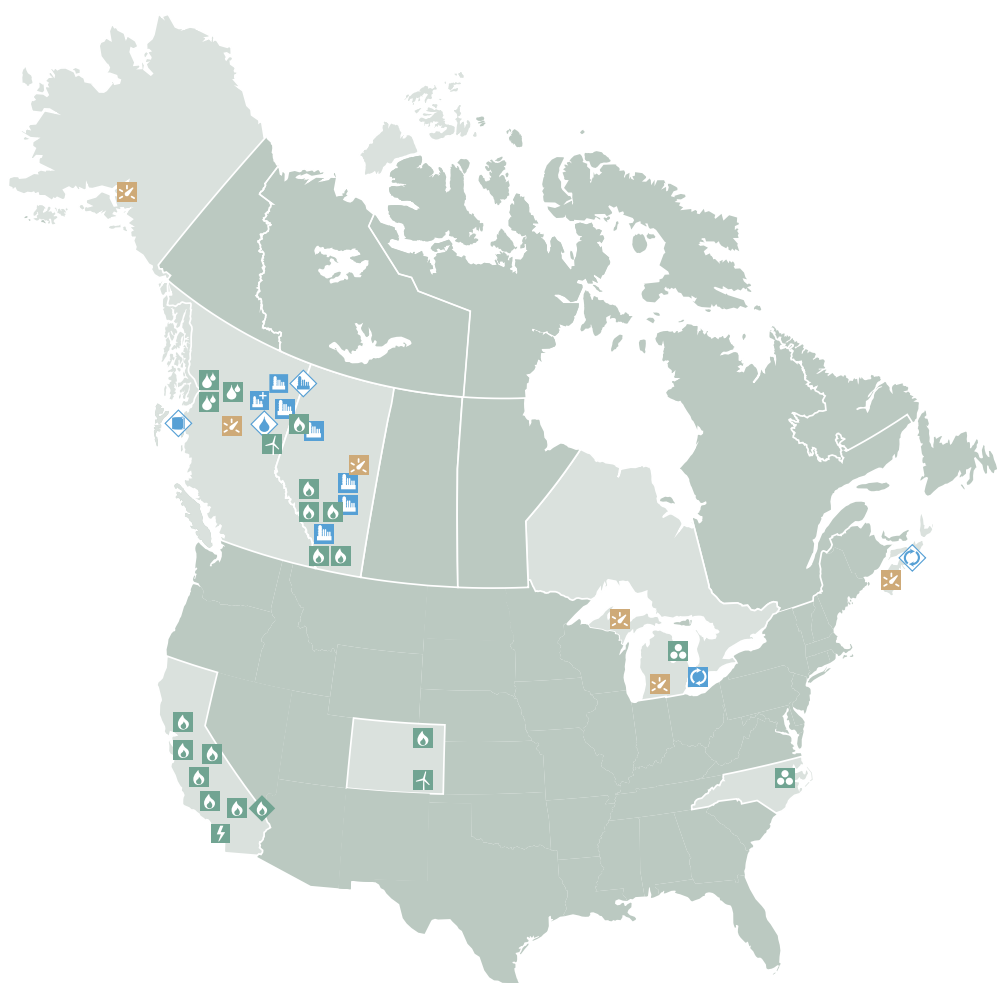
1,688 MW of power generation in four fuel types and 20 MW of energy storage



5 Regulated Gas Distribution franchises serving over 570,000 customers



AltaGas is a leading, North American diversified energy infrastructure company with strong growth opportunities in Gas, Power and Utilities.



Gas

	Gas Processing
	Proposed Expansion to Existing Facility
	Gas Processing Under Construction
	Regional LNG Facility Under Construction
	LPG Under Development
	Storage Facility
	Storage Facility Under Construction

Power

	Wind Power Generation
	Hydro Power Generation
	Biomass Power Generation
	Gas-Fired Power Generation
	Gas-Fired Power Generation Under Development
	Energy Storage

Utilities

	Utilities
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AltaGas operates in a safe, reliable manner in close partnership with First Nations and communities. AltaGas has three guiding principles for developing energy infrastructure: Respect the land, share the benefits, and nurture long-term relationships.

Our success has been driven by our employees' commitment to these principles and the support and trust of our shareholders.



Dear Shareholders,

2016 was a transition year for me. Now as Chairman and Founder of AltaGas, I make sure we remain focused and do not deviate. I am able to focus on our opportunities while ensuring the dedication to our strategy remains.

The role of the Board of Directors has been changing dramatically over the past five years and expectations for individual directors are increasing significantly. The relationship between the Board and Management has also been evolving. As Founder, I think the long-term responsibility of a corporation is to maximize shareholder, employee, and community value. Different stakeholders have different needs and you need to find the best balance to maximize value. As chair, I ensure the Board has the proper governance and control framework in place to reach consensus. My belief is that if you do this correctly, you will be successful. Finding the right balance is not always easy or popular, but it is the Directors'

responsibility. The Board succeeds when it makes sound decisions and provides sound advice to Management consistent with AltaGas' corporate values.

Our Board is proud of the accomplishments of 2016, moving our northeast B.C. and Energy Export strategies forward, maintaining a strong dedication to our safety culture, achieving solid operational and financial results and continuing to provide our customers with creative solutions while maximizing long-term shareholder value. We will remain focused in 2017, enhancing our strong reputation of engagement with First Nations, maintaining our commitment to clean energy, including natural gas, and developing a diverse and respectful workplace critical for our success. The AltaGas Board believes the acquisition of WGL Holdings, Inc., announced in January, is consistent with AltaGas' long-term strategy and will provide long-term growth for the company and long-term value to our stakeholders. The AltaGas Board will work with Management to ensure the full potential of the acquisition is realized.

I would like to thank my fellow Directors for their ongoing commitment to the fundamental beliefs, values and objectives of AltaGas. Their commitment shaped the success of AltaGas in 2016 and positioned the company for success going forward.

I would also like to thank David Harris and our executive team for their dedicated pursuit of our strategy and our committed employees for their continued enthusiasm to achieving our operational and financial goals. I would also like to thank our shareholders for your continuing support. As we look towards another successful year in 2017, our Board remains committed to providing open lines of communication with all of our stakeholders including our shareholders, our communities, First Nations members and our employees.

On behalf of the Board of Directors,

David W. Cornhill
Chairman of the Board



AltaGas remembers Director, Hugh Fergusson

It was with great sadness that we announced the passing of Mr. Hugh Fergusson in October 2016. Mr. Fergusson was a valued member of AltaGas' Board and its predecessor since May 7, 2008, and a director of Taylor NGL Limited Partnership, which AltaGas acquired in January 2008. His counsel to the Board of Directors and management, and his contributions, insights and knowledge across AltaGas' business lines, were greatly appreciated and will be missed by our Board of Directors.



AltaGas moves ahead with final investment decision on Canada's first propane export terminal off the west coast of British Columbia.



2017 has already proven to be a transformational year with the announcement of the pending acquisition of WGL Holdings, Inc. Together we will be a stronger, more diverse company, with a complementary set of energy businesses that will open up even more opportunities to provide significant value for all of our stakeholders.

Dear Shareholders,

In my inaugural letter to shareholders as Chief Executive Officer, I'm proud to report on 2016, a banner year for AltaGas. We've also positioned 2017 as truly transformational with two strategic investments. First, our C\$8.4 billion pending acquisition of U.S.-based WGL Holdings, Inc. We expect to receive regulatory approval by mid-2018, creating a more diversified energy infrastructure company with leading natural gas distribution utilities, high-growth midstream platforms in two premier basins, the Montney and Marcellus/Utica, and clean power generation across North America. Second, our positive final investment decision to proceed with Canada's first West Coast propane export terminal delivers a complete energy value chain from the field to premium Asian markets. We are a leading energy infrastructure company spanning the continent, fully focused on safety and creating lasting value for shareholders, customers and communities.

This past year has been a testimonial to the strength, determination and commitment of our employees across North America. They have stayed true to the company's entrepreneurial roots and pursued innovative new opportunities to grow AltaGas' portfolio of energy infrastructure assets while optimizing the value of our current assets.

Key highlights include:

- A record \$701 million in normalized EBITDA in 2016, a 20 percent increase compared to 2015;
- Normalized funds from operations increased approximately 18 percent to \$554 million;
- A 6.1 percent increase to our common share dividend to \$2.10 per share annually;
- Safely commissioned the 198 Mmc/d Townsend shallow-cut processing facility on-time and under budget;



AltaGas was recognized as “Supplier of the Year”, by oilweek magazine for its financial performance, growth into new markets both geographically and into new power sectors, and its efforts to move further “downstream” in creating a new and much needed export market for propane.

- Significantly advanced our Northeast B.C. strategy and energy export strategy with the announcement of almost \$1 billion in permitted projects including the potential to double the Townsend Facility, development of the North Pine NGL Separation Facility and the Ridley Island Propane Export Terminal;
- Filed an application with the Michigan Public Service Commission seeking approval to construct, own, and operate the Marquette Connector Pipeline;
- Began commercial operations, on-time and on-budget, of the Pomona Energy Storage Facility in California under the terms of the 10-year Energy Storage Resource Adequacy Purchase Agreement – one of the largest battery storage facilities in North America; and
- Created social value through partnerships, discussions and learnings with Aboriginal and local communities.

Our Power and Utility segments were the key performance drivers in 2016, with a full year of operations at our McLymont Creek Hydroelectric Facility, and the addition of our San Joaquin Facilities in California. Our Utilities segment continues to provide strong growth opportunities through the upgrading of existing infrastructure and the ability to deliver clean, affordable natural gas to a growing customer base.

I’m also extremely proud of the progress we made last year in our Gas segment. Over the last few

years we have been adding more and more value to natural gas here in Canada and building egress to international markets. Today, that vision of developing a Northeast B.C. energy hub has taken hold. The Townsend Facility began operations last year and in December we received permits to double its size. In fact, we have already ordered major equipment for the first of two new gas processing trains for Townsend Phase 2. The first train will add another 99 Mmcfd of shallow-cut gas processing capability by October 2017. Construction is also underway at the North Pine Facility, a new source of propane supply for the Ridley Island Propane Export Terminal. These new facilities strengthen our existing infrastructure. AltaGas can now deliver to producers a complete energy value chain to multiple markets.

I would like to thank our Chairman and Founder David Cornhill and our Board of Directors for their leadership and solid guidance. David’s excellence in the North American energy sector earned him the honour of Chairman of the Year by a panel of his peers. His vision and intelligence are an inspiration to all of us at AltaGas. And finally, I would like to thank you, our shareholders, for your continued confidence as we grow this leading North American energy infrastructure company.

Yours sincerely,

David Harris
Chief Executive Officer

Board of Directors



David W. Cornhill
Chairman and Founder ⁽¹⁾



Catherine M. Best
Independent Director ⁽³⁾⁽⁴⁾



Victoria A. Calvert
Independent Director ⁽⁵⁾



Allan L. Edgeworth
Independent Director ⁽²⁾⁽³⁾



Daryl H. Gilbert
Independent Director ⁽²⁾⁽⁴⁾



Robert B. Hodgins
Independent Director ⁽³⁾⁽⁵⁾



Phillip R. Knoll
Independent Director ⁽²⁾⁽³⁾



David F. Mackie
Independent Director ⁽⁴⁾⁽⁵⁾



M. Neil McCrank
Independent Lead
Director ⁽²⁾⁽⁵⁾⁽⁶⁾

(1) Chairman of the Board

(2) Member of the Environment, Occupational Health and Safety Committee, chaired by Allan Edgeworth

(3) Member of the Audit Committee, chaired by Robert Hodgins

(4) Member of the Human Resources and Compensation Committee, chaired by Daryl Gilbert

(5) Member of the Governance Committee, chaired by Neil McCrank

(6) The Lead Director acts as chair of the Board whenever the Board meets in-camera and independently of management

Corporate Governance

The members of the Board of Directors of AltaGas Ltd. are elected by the shareholders to manage, or supervise the management of, its business and affairs. It is the responsibility of the Board of Directors to ensure that the interests of shareholders and other stakeholders are properly represented. To that end, the Board of Directors has assumed responsibility for the stewardship of, and accountability at, AltaGas, and developed standards and procedures for its operations that meet a high standard of governance. The Board of Directors regularly reviews AltaGas' activities, with a view to ensuring its business affairs are conducted appropriately, with the honesty, integrity, transparency and accountability that shareholders expect. The Board of Directors is committed to continuously meeting those high standards.

The annual meeting of shareholders provides AltaGas' executives with the opportunity to communicate AltaGas' goals and strategy to shareholders. The meeting offers shareholders the chance to hear first-hand from management and to understand AltaGas' strategy for seeking to continually increase shareholder value and grow AltaGas. The Board of Directors and AltaGas' management team encourage you to attend the annual meeting of shareholders, either in person in Calgary or through the live webcast that can be viewed at altagas.ca.

The annual meeting will be held at 3:00 p.m. MDT on April 26, 2017 at The Calgary Petroleum Club, 319 - 5 Avenue SW, Calgary, Alberta.

Corporate Information

AltaGas is an energy infrastructure business with a focus on natural gas, power and regulated utilities. AltaGas creates value by acquiring, growing and optimizing its energy infrastructure, including a focus on clean energy sources.

MANAGEMENT TEAM

David Harris
President and Chief Executive Officer

Tim Watson
Executive Vice President and
Chief Financial Officer

John Lowe
Executive Vice President

Corine Bushfield
Executive Vice President
Chief Administrative Officer

John O'Brien
President AltaGas Services U.S.

Randy Toone
Executive Vice President
Commercial and Business
Development

Brad Grant
Vice President and General Counsel

Kent Stout
Senior Vice President
Organizational Development

AUDITORS

Ernst & Young LLP
Calgary, Alberta, Canada

TRANSFER AGENT

Computershare Trust
Company of Canada
Calgary, Alberta, Canada
Toll free: 1.800.564.6253
Email: service@computershare.com

Investors are encouraged to contact
Computershare for information
concerning their security holdings.

STOCK EXCHANGE LISTING

Toronto Stock Exchange:
ALA, ALA.PR.A, ALA.PR.B, ALA.PR.U,
ALA.PR.E, ALA.PR.G, ALA.PR.I, ALA.
PR.K and ALA.R

DEFINITIONS

Bbls/d barrels per day
Bcf billion cubic feet
EBITDA earnings before interest,
taxes, depreciation, and amortization
GJ gigajoule
GWh gigawatt-hour
Mcf thousand cubic feet
Mmcf/d million cubic feet per day
MW megawatt
MWh megawatt-hour
PJ petajoule
MMBTU million British thermal unit

Forward-looking Information

This message to shareholders may contain certain statements that are forward-looking and are subject to risks and uncertainties. The words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "expect", "believe", "aim", "focus", "seek", "propose", "estimate", "project", "grow", "target", "opportunity", "outlook", "forecast" or other similar words are used to identify such forward-looking statements. Forward looking statements in this message are intended to provide security holders and potential investors with information regarding AltaGas and its subsidiaries, including management's assessment of AltaGas' and its subsidiaries' future financial and operations plans and outlook. Forward-looking information in this message include, among other things, AltaGas' focus for 2017; AltaGas' transformational positioning for 2017; AltaGas' ability to enhance its reputation, to continue engagement with stakeholders and to maintain its commitment to clean energy; expectations regarding the acquisition of WGL Holdings, Inc. including the expected closing date, ability to obtain, and timeline for obtaining, regulatory and other approvals, the aggregate cash consideration, anticipated benefits of the acquisition including the portfolio of assets of the combined entity, nature, number, value and timing of growth and investment opportunities available to AltaGas, the quality and growth potential of the assets, the strategic focus of the business, further diversity and the significance and quality of growth potential in the Montney and Marcellus/Utica formation; expectations with respect to the proposed Ridley Island Propane Export Terminal including expectations of being the first propane export terminal off the west coast of British Columbia, AltaGas' ability to offer a complete energy value chain to multiple markets, quality of Asian markets, sources of propane supply and timing of construction and commercial operations; expectations with respect to the Townsend Facility including AltaGas' ability to increase the size of the Townsend Facility, to retrofit to deep cut facility and timing of retrofit; expectations with respect to the Townsend Phase 2 and related infrastructure including design specifications, phased development or development in trains, capacity, and expected timeline for commercial operations; and expectations relating to construction at the North Pine Facility and the ability of the facility to provide a new source of propane supply for Ridley Island Propane Export Terminal. All forward-looking statements reflect AltaGas' beliefs and assumptions based on information available at the time the statements were made. Actual results or events may differ from those predicted in these forward-looking statements. Factors that could cause actual results or events to differ materially from current expectations include, among others, the ability of AltaGas to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits, the operating performance of AltaGas' assets, the construction and completion of projects, costs of labour, equipment and materials, access to capital markets, interest and currency exchange rates, the price, generation and availability of commodities and hedging, regulatory, First Nations and other stakeholder processes and decisions, changes in environmental and other laws and regulations, competitive factors in the natural gas and power energy sectors, performance and credit risk of counterparties, weather, and economic conditions. This list should not be considered to be exhaustive. By its nature, forward-looking statements are subject to various risks and uncertainties, which could cause AltaGas' actual results and experience to differ materially from the anticipated results or expectations expressed in such forward-looking statements. Additional information on these and other factors are available in the reports filed by AltaGas with Canadian securities regulators, including in the Annual Information Form available on SEDAR at www.sedar.com. Readers are cautioned to not place undue reliance on such forward-looking information that is given as of the date it is expressed in this message or other document in which it is contained and which is expressly qualified by cautionary statements contained in this message or other document in which such forward-looking information is contained. Readers are also cautioned not to use future-oriented information or financial outlooks for anything other than their intended purpose. AltaGas undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.



For investor relations enquiries contact:

Tel: 1.403.691.7100

Toll Free: 1.877.691.7199

Email: investor.relations@altagas.ca

1700, 355 - 4th Avenue SW Calgary, Alberta T2P 0J1

altagas.ca