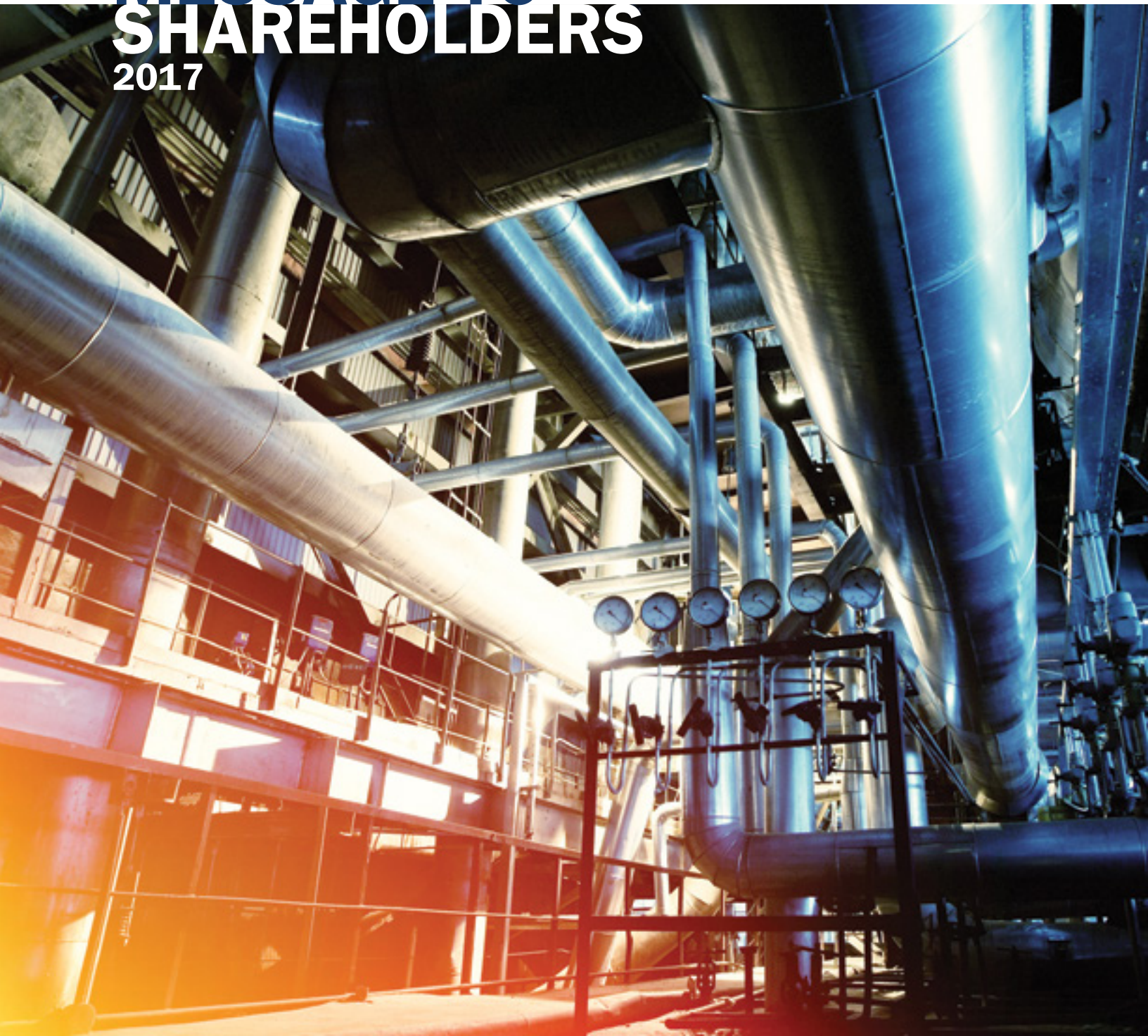


AltaGas

MESSAGE TO SHAREHOLDERS

2017







Gas

 Gas Processing

 Regional LNG Facility


 LPG Export Terminal Under Construction


 Storage Facility

 Storage Facility Under Construction


Power

 Wind Power Generation

 Hydro Power Generation

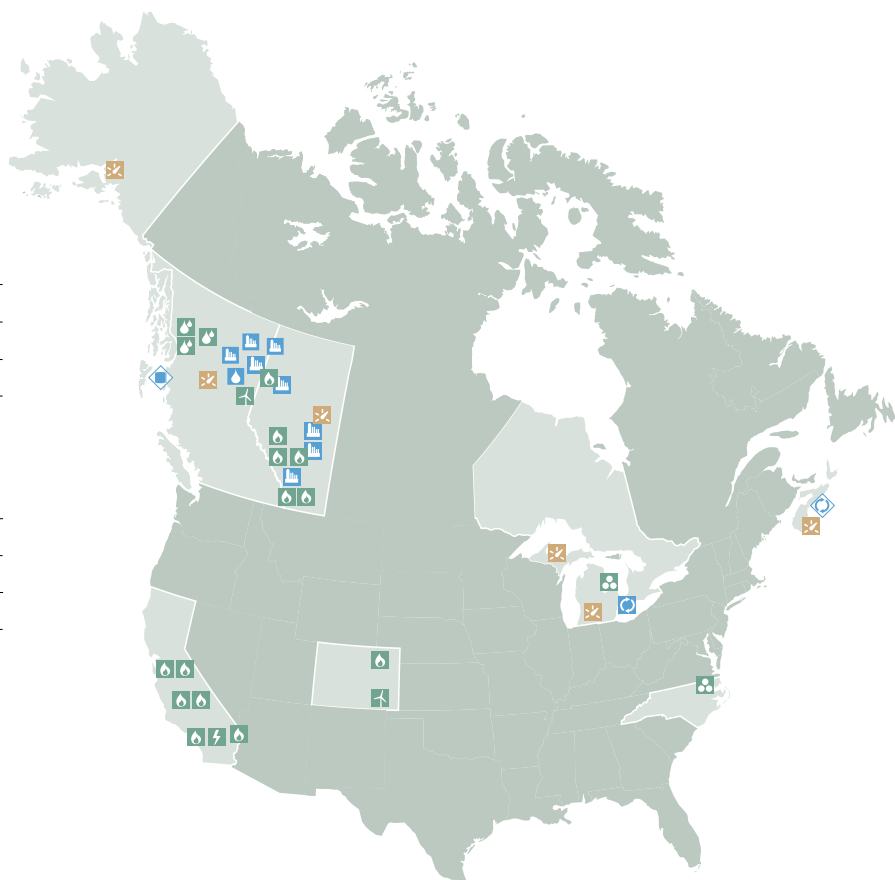
 Biomass Power Generation

 Gas-Fired Power Generation

 Energy Storage

Utilities

 Utilities



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

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.

~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 580,000 customers¹

¹ Including transportation and non-regulated business lines.



Dear Shareholders,

2017 was a pivotal year at AltaGas

2017 was a year of transformation with the announcement of the pending acquisition of WGL Holdings, Inc. This acquisition further cements AltaGas' position as a leading North American diversified energy infrastructure company. The combination creates a premier footprint in both Canada and the U.S. for all three of our business segments, and provides a long-term platform for growth.

The combination will be comprised of stable, high quality assets, is materially accretive, and supports strong dividend growth. We are confident in the long-term value creation it will deliver to our shareholders.

AltaGas continues to achieve key milestones related to closing the WGL acquisition, and we remain firmly committed to this business combination. Milestones include key regulatory approvals, as well as the disposition of approximately \$2 billion in assets to support the financing of the acquisition. The disposition of assets not only supports the financing, but also allows us to further refine and define AltaGas' business moving forward. The financing for this transaction is fully backstopped, and the disposition of assets is not required for AltaGas to close the acquisition of WGL.

Earlier in the year, AltaGas had identified a set of assets that we felt would be appropriate for disposition, but our thinking evolved in this regard. This was the result of three factors: how we wish to shape our company moving forward; the return

profile of each of our assets; as well as the market appetite for different assets in our portfolio where potential valuations may make them very attractive to monetize.

First and foremost in our minds during this process is to make decisions in a prudent manner that deliver the best financial outcome for AltaGas, the right combination of businesses on a go forward basis, and a corresponding strong financial return for our shareholders. We continue to make good progress in this regard.

The strength of our underlying business resulted in strong operational and financial performance

With all of the activity associated with the acquisition of WGL announced last January, it could be easy to overlook the strong operational and financial results achieved in 2017. These results truly illustrate the strength of our underlying business. We achieved record normalized EBITDA; increased normalized funds from operations; and increased our dividend over four per cent.

These financial results were the outcome of the prudent deployment of capital and operational excellence across our business segments.

Growth continues in 2018 and beyond

In 2018 our base business is expected to deliver solid results, growing in both normalized EBITDA and



North Pine NGL Separation Facility

funds from operations. We will allocate capital in a prudent manner that delivers results consistent with our highly contracted, low risk business model.

We expect to invest between \$500 - \$600 million in our capital program (excluding WGL) this year. The majority of AltaGas' investments will be focused on the continued construction at our Ridley Island Propane Export Terminal, as well as investing in and growing rate base at our existing utilities.

We remain true to our core values and long-term value creation for shareholders

The transformative change we are undergoing does not change our vision or our values. We will continue to conduct ourselves in a manner that maximizes shareholder, employee, and community value, while still remaining true to the culture and values that make us who we are.

AltaGas' success is driven by the trust and confidence of our shareholders in our vision; the commitment of our employees and the tremendous effort they bring to the company day in and day out; our directors for their knowledge, time and dedication; and our executive team for their unyielding drive and pursuit of our strategy and commitment to working closely with Indigenous peoples and communities in which we operate.

David Mackie, beloved director and founding member of AltaGas will be greatly missed

2017 has also been an emotional year for AltaGas with the passing of our beloved director, David Mackie, in the summer of 2017. His presence is deeply missed at our Boardroom table. David was a founding member of AltaGas and a valued member of AltaGas' Board. He was a trusted friend and mentor to all of us.

In Closing

We remain deeply committed to delivering long-term value creation, while balancing the needs of all our stakeholders.

We are proud of what we have accomplished since the founding of AltaGas, and believe deeply that as we grow this company, we will continue to strengthen it.

On behalf of the Board of Directors,

A handwritten signature in black ink, appearing to read 'David W. Cornhill'. The signature is fluid and cursive, written on a white background.

David W. Cornhill
Chairman of the Board and Founder





Dear Shareholders,

AltaGas is firmly focused on meeting the energy needs of a growing, low carbon economy

At AltaGas, our vision is to be a leading North American diversified energy infrastructure company. Over the past two decades AltaGas steadily grew and has strong assets and operations in gas, utilities and power generation. In 2017, we set the foundation to not only realize this vision, but we also ushered in a new era of long-term value creation for our stakeholders with the announced acquisition of WGL Holdings, Inc. – a leading diversified U.S. energy company.

The business combination with WGL provides us with a robust North American footprint and greatly increases our scale and diversity

WGL is a top decile utility in North America, growing at 8 to 10 percent per year. WGL will contribute top quality, complementary assets to AltaGas. Combined, we will have a significant North American footprint across all of our business segments. Our enhanced scale and scope creates multiple organic growth opportunities, including over \$4 billion in secured growth, and an additional \$1.5 billion in advanced growth opportunities.

Our position in the Montney, combined with WGL's role in strategic pipelines tied to the Marcellus – the most prolific gas plays in North America – provide significant opportunities to expand our midstream business in both markets. WGL's distributed

generation in over 20 states opens up new markets and new customers, and complements AltaGas' renewable, battery storage and larger scale power generation.

A materially accretive transaction that will deliver long-term value creation

WGL will be materially accretive to AltaGas. In the first full year following close, WGL will strengthen our per share metrics of earnings and funds from operations. Post close, we also expect an enhanced growth profile, an improved balance sheet, as well as improvement on key credit metrics such as debt to EBITDA and FFO to debt.

Our financing strategy for the WGL acquisition is clear

The acquisition is being financed through \$2.6 billion in proceeds raised through our subscription receipt offering and private placement that were announced concurrent with the announcement of the WGL acquisition with the balance fully backstopped by our bridge facility. Although not required to close the WGL acquisition, approximately \$2 billion in asset monetization opportunities will further support the financing.

Given the breadth, depth, and value of AltaGas' assets, we are fortunate in the choices we have with respect to our monetization strategy and we have very clear assessment criteria: appropriate value for the asset and shareholder value creation, credit metric accretive, and having the resulting assets be aligned with the long-term vision of the business.



We are confident in our ability to monetize the appropriate assets.

With the revolution that is happening in the power generation markets today, our California operations have an important role in our combined business. They are well aligned with our long-term vision for the company. This, as well as our confidence in our ability to monetize any number of our high quality assets in a timely fashion, led us to make the decision to discontinue our sale process in California, and turn our attention to other strategies. While this decision for us is clearly the right one for the company and its stakeholders, it did result in some concern and uncertainty within the investment community.

We take responsibility for this. We can assure you that this experience has only strengthened our commitment to strong, clear and transparent communications with our key stakeholders.

We recorded record financial results in 2017

As excited as we are about the future combination of AltaGas and WGL, we are also very proud of our core business. In 2017 we delivered strong financial and operational results:

- We achieved record normalized EBITDA of \$797 million, a 14 percent increase over 2016;
- Normalized funds from operations increased 11 percent to \$615 million; and
- We increased our common share dividend by 4.3 percent, to \$2.19 per share annually.

Delivering projects on time and on budget and advancing our Northeast B.C. and Energy Export strategy to provide new market access for Western Canadian propane producers to Asia

The Townsend 2A Gas Processing Facility and the first train of the North Pine NGL Facility were completed on-time and under budget. These facilities are connected to AltaGas infrastructure and the Canadian National Railway rail network, allowing for the transportation of propane, butane and condensate to North American markets. We expect connectivity to Asian markets via the Ridley Island Propane Export Terminal (RIPET) to follow in 2019, completing our global energy value chain. From processing, to liquids separation, to global exports, AltaGas expects to offer producers access to premium netbacks.

Construction of RIPET commenced in April 2017. The final concrete pour for the propane tank's outer wall was completed in December, with the roof raised into position in late January. The Project is ahead of schedule and on-budget. As the first propane export facility off the west coast of Canada, RIPET is a great example of AltaGas' swift execution of opportunities guided by our strategy to bring new market access to producers.



Ridley Island Propane Export Terminal

Furthered growth in clean energy, achieving a full year of operations at Pomona Energy Storage Facility

AltaGas' power assets generate clean energy with natural gas and renewable sources. In 2017, we achieved a full year of operations at the award-winning Pomona Energy Storage Facility. We entered the year with reduced carbon-intense emissions by having dismissed our coal contracts in December 2016 and retaining a generation fleet of clean energy, using only natural gas and renewable resources. We see enhanced growth from clean energy, including battery storage, solar and distributed generation in North America's new energy economy, and we are well-positioned to deliver sustainable value through our asset mix and proven capabilities.

AltaGas' utility operations continued to deliver clean and affordable natural gas to ratepayers

As well, AltaGas' five utilities - Semco, Enstar, PNG, AUI and Heritage Gas - continue to deliver clean and affordable natural gas to homes and businesses. Our existing Utilities see good rate base and customer growth through increased customer count and system betterment. We are able to develop growth opportunities like the Marquette Connector Pipeline in northern Michigan with a targeted in-service date in late 2019.

Our employees are at the heart of our company, and at the heart of the communities they serve

AltaGas' talented employees continue to drive strong performance from our three business segments while ensuring our operations are safe, reliable and efficient. As we grow, we continue to create lasting relationships and benefits in all our communities in which we operate.

I would like to thank our Board of Directors for their continued guidance and all of our employees for their dedication. As well, I extend my thanks to you, our shareholders, for supporting AltaGas as it continues to deliver sustainable growth as a leading North American diversified energy infrastructure company.

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 ⁽²⁾⁽⁵⁾



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



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



David Harris
President and Chief Executive Officer,
Non-Independent Director



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



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



M. Neil McCrank
Independent Lead Director ⁽⁴⁾⁽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.

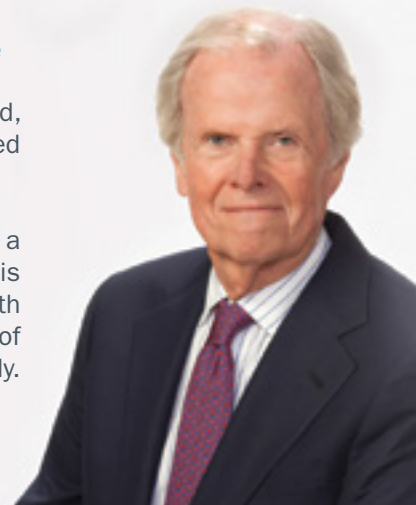
The annual meeting of shareholders provides AltaGas' executives with the opportunity to communicate AltaGas' goals and strategy to shareholders. The meeting offers shareholders the chance to hear first-hand from management and to understand AltaGas' strategy for seeking to continually increase shareholder 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 May 1, 2018 at The Metropolitan Conference Centre, 333 - 4 Avenue SW, Calgary, Alberta.

AltaGas Remembers Founding Member and Independent Director, David F. Mackie

As one of the founders and a long serving director of AltaGas, David F. Mackie was admired, and will be remembered for his grace, insight, wisdom and friendship. Mr. Mackie passed away on August 14, 2017.

Mr. Mackie had been a director of AltaGas since January 12, 1995. Mr. Mackie brought a broad range of experience to the Board of Directors. Over the last 23 years, he shared his deep knowledge of the North American gas industry and contributed greatly to the growth and success of AltaGas. His presence on the Board will be deeply missed. The Board of Directors and AltaGas management extend their deepest condolences to Mr. Mackie's family.



Corporate Information

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

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 document contains forward-looking information (forward-looking statements). Words such as "may", "can", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "aim", "seek", "propose", "contemplate", "estimate", "focus", "strive", "forecast", "expect", "project", "target", "potential", "objective", "continue", "outlook", "vision", "opportunity" and similar expressions suggesting future events or future performance, as they relate to the Corporation or any affiliate of the Corporation, are intended to identify forward-looking statements. In particular, this document contains forward-looking statements with respect to, among other things, business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results. Specifically, such forward-looking statements included in this document include, but are not limited to, statements with respect to the following: the expected close and timing of the WGL acquisition; the expected benefits of the WGL acquisition, including accretion, dividend growth, improved balance sheet, improved credit metrics, expected secured and advanced growth opportunities and the complementary nature of the assets; the expected growth of WGL; receipt of key regulatory approvals; the expected successful execution of AltaGas' asset sale strategy and WGL funding plan; the expected factors used to evaluate the assets to be monetized; potential asset sales and associated value and timing; WGL's expected growth; expected capital program; the expected completion and timing of RIPET; the strategic goals of RIPET and the expected benefits to producers; expected clean energy growth in the Power segment, including battery storage, solar and distributed generation; the expected utilities rate base and customer growth; and the expected timing of the MCP. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events and achievements to differ materially from those expressed or implied by such statements. Such statements reflect AltaGas' current expectations, estimates and projections based on certain material factors and assumptions at the time the statement was made. Material assumptions include: expected commodity supply, demand and pricing; volumes and rates; exchange rates; inflation; interest rates; credit rating; regulatory approvals and policies; future operating and capital costs; project completion dates; capacity expectations; implications of recent U.S. tax legislation changes; the outcomes of significant commercial contract negotiation; financing of the WGL Acquisition; and timing and completion of the WGL acquisition. AltaGas' forward-looking statements are subject to certain risks and uncertainties which could cause results or events to differ from current expectations, including, without limitation: access to and use of capital markets; market value of AltaGas' securities; AltaGas' ability to pay dividends; AltaGas' ability to service or refinance its debt and manage its credit rating and risk; prevailing economic conditions; potential litigation; AltaGas' relationships with external stakeholders, including Aboriginal stakeholders; volume throughput and the impacts of commodity pricing, supply, composition and other market risks; available electricity prices; interest rate, exchange rate and counterparty risks; legislative and regulatory environment; the potential for service interruptions; AltaGas' ability to economically and safely develop, contract and operate assets; AltaGas' ability to update infrastructure on a timely basis; AltaGas' dependence on certain partners; impacts of climate change and carbon taxing; cybersecurity risks; risks associated with the acquisition of WGL, the financing of the WGL acquisition and the underlying business of WGL; and the other factors discussed under the heading "Risk Factors" in the most recent AIF. Many factors could cause AltaGas' or any particular business segment's actual results, performance or achievements to vary from those described in this document, including, without limitation, those listed above and the assumptions upon which they are based proving incorrect. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this document, and such forward-looking statements included in this document, should not be unduly relied upon. The impact of any one assumption, risk, uncertainty or other factor on a particular forward-looking statement cannot be determined with certainty because they are interdependent and AltaGas' future decisions and actions will depend on management's assessment of all information at the relevant time. Such statements speak only as of the date of this document. AltaGas does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this document are expressly qualified by these cautionary statements.

This document contains references to certain financial measures that do not have a standardized meaning prescribed by US GAAP and may not be comparable to similar measures presented by other entities. The non-GAAP measures and their reconciliation to US GAAP financial measures are shown in AltaGas' Management's Discussion and Analysis (MD&A) as at and for the period ended December 31, 2017. These non-GAAP measures provide additional information that management believes is meaningful regarding AltaGas' operational performance, liquidity and capacity to fund dividends, capital expenditures, and other investing activities. The specific rationale for and incremental information associated with each non-GAAP measure is discussed in AltaGas' MD&A as at and for the period ended December 31, 2017. Readers are cautioned that these non-GAAP measures should not be construed as alternatives to other measures of financial performance calculated in accordance with US GAAP. Specifically, normalized EBITDA is a measure of AltaGas' operating profitability prior to how business activities are financed, assets are amortized, or earnings are taxed. 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, normalized funds from operations is used to assist Management and investors in analyzing the liquidity of the Corporation without regard to changes in operating assets and liabilities in the period and non operating related expenses (net of current taxes) such as transaction costs related to acquisitions, the Sundance B PPAs termination costs, the recovery of development costs for the PNG Pipeline Looping Project, certain non-capitalizable development costs, and restructuring costs. Normalized funds from operations should not be viewed as an alternative to cash from operations or other cash flow measures calculated in accordance with US GAAP.

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