ALTAGAS REPORTS STRONG SECOND QUARTER 2024 RESULTS

Driven by Record Global Export Volumes and Strong Utilities Cost Management

Calgary, Alberta (August 1, 2024)

AltaGas Ltd. ("AltaGas" or the "Company") (TSX: ALA) reported second quarter 2024 financial results and provided an update on its operations and other corporate developments.

HIGHLIGHTS

(all financial figures are unaudited and in Canadian dollars unless otherwise noted)

- Normalized EPS[1] was $0.14 in the second quarter of 2024 compared to $0.07 in the second quarter of 2023, while GAAP EPS[2] was a $0.14 loss in the second quarter of 2024 compared to $0.47 in the second quarter of 2023. Normalized EPS growth was driven by strong performance across the enterprise.
- Normalized EBITDA[1] was $295 million in the second quarter of 2024 compared to $239 million in the second quarter of 2023, while loss before income taxes was $46 million in the second quarter of 2024 compared to income before taxes of $182 million in the second quarter of 2023. The quarter included strong year-over-year growth in the Midstream and Utilities businesses, driven by record global export volumes, strong cost management, and the benefit of recent capital investments.
- Normalized FFO per share[1] was $0.61 in the second quarter of 2024 compared to $0.53 in the second quarter of 2023, while cash from operations per share[3] was $1.52 in the second quarter of 2024 compared to $1.32 in the second quarter of 2023.
- The Utilities segment reported normalized EBITDA of $122 million in the second quarter of 2024 compared to $102 million in the second quarter of 2023, while income before taxes was $31 million in the second quarter of 2024 compared to $105 million in the second quarter of 2023. The largest drivers of the year-over-year growth in Utilities normalized EBITDA were active cost management, contribution from continued investments in rate base, and strong performance from the Retail business.
- The Midstream segment reported normalized EBITDA of $175 million in the second quarter of 2024 compared to $134 million in the second quarter of 2023, while income before taxes was $46 million in the second quarter of 2024 compared to $181 million in the second quarter of 2023. The largest contributors to the year-over-year increase in Midstream normalized EBITDA were record global export volumes, strong fractionation and liquids handling contribution, and the addition of the Pipestone gas processing and storage assets. AltaGas exported a record of 123,285 Bbl/d of liquified petroleum gases (“LPGs") to Asia in the quarter, a seven percent year-over-year increase.
- AltaGas continued to advance key Midstream growth projects in the second quarter. This included AltaGas and Royal Vopak reaching a positive final investment decision (“FID”) on the Ridley Island Energy Export Facility (“REEF”), a large-scale LPG and bulk liquids terminal on Ridley Island, B.C. REEF is a $1.35 billion project slated to come online near 2026 year-end, with an initial export capacity of 55,000 Bbls/d of propane and butane and will have large expansion opportunities. The partnership continues to de-risk the project, having executed fixed price engineering, procurement and construction ("EPC") contracts for approximately 40 percent of projected costs with an additional 10 percent expected to be awarded in the coming weeks and the remaining balance to be awarded over the project execution plan.

(1) Non-GAAP measure; see discussion and reconciliation to US GAAP financial measures in the advisories of this news release or in AltaGas' Management's Discussion and Analysis (MD&A) as at and for the period ended June 30, 2024, which is available on www.sedarplus.ca. (2) GAAP EPS is equivalent to Net income applicable to common shares divided by shares outstanding. (3) GAAP FFO per share is equivalent to cash from operations divided by shares outstanding.

- Work continued on the Pipestone II expansion project in the Alberta Montney during and subsequent to quarter-end with the two acid gas injection wells drilled, completed and awaiting tie-in. Work is also currently advancing on the gas gathering system with cooperative weather conditions to date. 92 percent of the Pipestone expansion project costs are now fixed, and we remain on budget and on track for a late 2025 in-service date.
- The Mountain Valley pipeline ("MVP") in the Appalachian Basin was completed and placed into service in June of 2024 with firm service contracts coming into effect July 1, 2024. The 2.0 Bcf/d pipeline is fully subscribed with 20-year contracts with investment grade counterparties. The pipeline is expandable by an additional 500 MMcf/d through additional compression. AltaGas has a ten percent non-operated equity stake in the pipeline and the Company is evaluating a sale of its interest to accelerate AltaGas' deleveraging strategy.
- During the second quarter of 2024, AltaGas executed an agreement to construct and contract an additional time charter for a very large gas carrier ("VLGC") for a ten-year term with optional extensions. The time charter is expected to be commissioned in late 2026. The agreement represents AltaGas' fifth time charter with three currently operating and two under construction. This fifth agreement will further reduce and de-risk AltaGas' shipping costs, with materially all of AltaGas' expected Baltic freight exposure protected through time charters, financial hedges, and tolled volumes in 2024.
- Subsequent to the quarter, AltaGas issued $250 million of senior unsecured medium-term notes with a 5.60 percent coupon, due on March 14, 2054. The net proceeds were used to pay down amounts drawn on the syndicated credit facility, which was incurred when the Company repaid its term loan on June 28, 2024.
- Following a strong second quarter, AltaGas is reiterating the Company's 2024 full year guidance, including normalized EPS[1] of $2.05 to $2.25, and normalized EBITDA[1] of $1,675 million to $1,775 million.

CEO MESSAGE

"We're pleased with our strong second quarter results, which reflect the strength of operating businesses and the structural tailwinds behind them. Performance in the quarter was modestly ahead of our expectations and positions AltaGas well to deliver on our 2024 guidance" said Vern Yu, President and Chief Executive Officer. "As we look ahead we will continue to execute on our strategic priorities of lowering the business risk profile, executing on our organic growth projects and sustainably growing our earnings and cash flows.

"Midstream performance was strong in the second quarter, including record global export volumes. These volumes highlight the strength of our export business. Performance across the other parts of the Midstream segment were also strong with gas processing volumes up six percent, fractionation and liquids handling volumes up 14 percent, and extraction volumes up 32 percent on a year-over-year basis.

"We continue to focus on de-risking our Midstream operations to generate stable and predictable results. This includes recently finalizing long-term agreements for an additional 18 percent of REEF's Phase I throughput capacity. We continue to have advanced tolling negotiations with multiple counterparties for more than 100 percent of REEF's initial capacity. These agreements build on AltaGas' previously announced success in securing 56 percent of our expected export volumes under tolling agreements, which started in the second quarter of 2024. During the second quarter we also executed an additional agreement to construct a fifth VLGC time charter, which continues to lock in maritime shipping costs and de-risk long-term operations.

"Performance in our Utilities business was in line with our expectations and continued to deliver stable earnings growth for the enterprise, despite warmer-than-normal weather in Michigan and the District of Columbia ("D.C."). The quarter included the benefit of active cost management through reduced operating and administrative costs, increased revenue from ongoing rate base investments across our network, and strong Retail performance. Our Utilities capital investment during the quarter was focused on meeting the needs of our expanding customer base and supporting long-term safety and reliability needs through our asset modernization programs. Our natural gas

Utilities have a bright future as the lowest cost and most reliable form of residential and commercial heating across our jurisdictions.

"We're excited about AltaGas' long-term outlook and the value that can be created through continuing to execute on our strategic plan. We remain very positive on the macro fundamentals for natural gas, natural gas liquids ("NGLs") and the outlook for both our businesses. We continue to make significant progress optimizing and expanding our Midstream business, including filling remaining latent capacity, while constructing the REEF and Pipestone II projects that support our next phase of growth. We also continue to make large investments in our Utilities to meet our customers' long-term needs and ensure that we are positioned to deliver the critical energy required to keep society moving forward."

RESULTS BY SEGMENT

Normalized EBITDA (1)		Three Months Ended June 30		
($ millions)		**2024**		2023
Utilities	**$**	**122**	$	102
Midstream		**175**		134
Corporate/Other		**(2)**		3
Normalized EBITDA (1)	**$**	**295**	$	239

(1) Non-GAAP financial measure; see discussion in Non-GAAP Financial Measures section of this news release.

Income (Loss) Before Income Taxes		Three Months Ended June 30		
($ millions)		**2024**		2023
Utilities	**$**	**31**	$	105
Midstream		**46**		181
Corporate/Other		**(123)**		(104)
Income (Loss) Before Income Taxes	**$**	**(46)**	$	182

BUSINESS PERFORMANCE

Midstream

The Midstream segment reported normalized EBITDA of $175 million in the second quarter of 2024 compared to $134 million in the second quarter of 2023, while income before income taxes was $46 million in the second quarter of 2024 compared to $181 million in the second quarter of 2023. The largest drivers of the year-over-year increase in Midstream normalized EBITDA included strong performance from the global exports business driven by record volumes, stronger contributions from the fractionation and liquids handling business, the addition of the Pipestone gas processing and storage assets, and the absence of wildfire impacts that were present in the second quarter of 2023. These factors were partially offset by the absence of certain acquisition-related commercial disputes and contingencies that were present in the second quarter of 2023, higher operating and administrative expenses, lower sales of greenhouse gas credits, and lower contribution at the extraction facilities due to higher re-injection of ethane volumes.

AltaGas continues to actively de-risk the Midstream platform with a focus on generating stable and predictable earnings and cash flow. We have recently finalized long-term agreements for an additional 18 percent of REEF's Phase I throughput capacity and continue to have advanced tolling discussions with multiple counterparties for more than 100 percent of REEF's initial capacity. A portion of these incremental long-term volumes will be moved through AltaGas' export platform immediately while others will be delivered as REEF enters service. These agreements build on our previously announced success in securing 56 percent of AltaGas' expected export volumes under tolling agreements starting in the second quarter of 2024. These announcements are aligned with AltaGas' long-term target of reaching approximately 60 percent tolling across its global export platform by 2027.

During the second quarter of 2024, AltaGas executed an agreement to construct and contract an additional VLGC time charter for a ten-year term with optional extensions. The time charter is expected to be commissioned during 2026. The agreement represents AltaGas' fifth time charter with three time charters currently operating and two under construction. This fifth agreement will further reduce and de-risk AltaGas' maritime shipping costs, with materially all of AltaGas' expected Baltic freight exposure protected through time charters, financial hedges, and tolled volumes in 2024.

AltaGas exported 123,285 Bbls/d of LPGs to Asia in the second quarter of 2024, including 12 VLGCs at RIPET, and 8 VLGCs at Ferndale. This represented a seven percent year-over-year increase from the second quarter of 2023 and was underpinned by strong execution at both terminals, increased LPG supply in Western Canada, and robust demand in Asia.

Over the longer-term, AltaGas continues to see growing demand for LPG exports driven by the Company's structural shipping advantage to Asia and access to low-cost Canadian supply. This structural advantage was amplified in recent quarters due to the restricted vessel traffic through the Panama Canal, which has resulted in additional demand for reliable and ratably-sourced Canadian LPGs. This highlights the mutual benefits of a growing Canadian-Pacific energy partnership and the critical role Canada can play in providing long-term energy security.

Late in the second quarter, MVP was completed and placed into service with firm service contracts effective July 1, 2024. The interstate natural gas pipeline spans more than 300 miles from Northwestern West Virginia to Southern Virginia, where it connects into Transco Pipeline system. MVP has 2.0 Bcf/d of capacity, which is fully subscribed with 20-year contracts with investment grade counterparties. The pipeline is expandable by an additional 500 MMcf/d through incremental low-cost compression. As previously disclosed, AltaGas has a 10 percent non-operated equity stake in the pipeline and the Company is evaluating a sale of its interest to accelerate AltaGas' deleveraging strategy.

In line with the Company's de-risking focus, AltaGas' Midstream operations are well-hedged for 2024 with approximately 87 percent of the remaining 2024 expected global export volumes tolled or financially hedged. Merchant volumes are hedged at an average Far East Index ("FEI") to North American financial hedge price of approximately US$16.96/Bbl. Tolling volumes are in line with historical tolls. Approximately 86 percent of the Company's 2024 expected frac exposed volumes are hedged at approximately US$25.64/Bbl, prior to transportation costs.

Midstream Hedge Program	Q3 2024	Q4 2024	Remainder of 2024
Global Exports volumes hedged (%) [(1)]	93	80	87
Average propane/butane FEI to North America hedge (US$/Bbl) [(2) (3)]	16.66	17.28	16.96
Fractionation volume hedged (%) [(3)]	92	80	86
Frac spread hedge rate - (US$/Bbl) [(3)]	26.75	24.54	25.64

(1) Approximate expected volumes hedged. Includes contracted tolling volumes and financial hedges. Based on AltaGas' internally assumed export volumes. AltaGas is hedged at a higher percentage for firmly committed volumes.
(2) Does not include physical differential to FSK for C3 volumes. Butane is hedged as a percentage of WTI.
(3) Approximate average for the period.

Utilities

The Utilities segment reported normalized EBITDA of $122 million in the second quarter of 2024 compared to $102 million in the second quarter of 2023, while income before income taxes was $31 million in the second quarter of 2024 compared to $105 million in the second quarter of 2023. The largest drivers of the year-over-year growth in Utilities normalized EBITDA included active cost management, contribution from continued investments in rate base on behalf of our customers, strong performance from the Retail business, and the positive impact of the D.C. rate case. These factors were partially offset by the impact of the Maryland and Virginia rate cases, decreased asset optimization activities at Washington Gas, and warmer weather in Michigan, where AltaGas does not have weather normalization.

During the second quarter of 2024, AltaGas took several active steps focused on ensuring the Company's long-term operating costs are aligned with existing rate structures and allowed operations and maintenance costs in each jurisdiction. These cost efficiencies will also provide additional room to continue to make ongoing rate base investments to expand and modernize the network while managing customer bills. Looking ahead, AltaGas will continue to manage costs for the long-term benefit of our customers while maintaining the same regulatory and capital discipline.

AltaGas continued to make investments across its Utilities assets to improve the safety and reliability of the system on behalf of customers during the second quarter of 2024. This included investing $178 million across the Utilities network, with approximately $92 million through the Company’s various asset modernization programs. These investments continue to be directed towards improving the safety and reliability of the system and connecting customers to the critical energy they require to carry out everyday life. These investments should also reduce leak rates and bring long-term operating cost benefits to our customers. AltaGas will continue to make these critical investments, while balancing the need for ongoing customer affordability, which is particularly important during the current economic environment of higher interest rates and affordability challenges.

During the quarter, SEMCO Energy submitted its Main Replacement Program ("MRP") and Infrastructure Reliability Improvement Program ("IRIP") amendment application, seeking approval from the Michigan Public Service Commission ("MPSC") to extend these modernization programs for approximately US$46 million and US$68 million, respectively, for the period 2025 to 2027. This will allow AltaGas to make critical long-term investments in Michigan to reinforce our network and deliver safe and reliable operations.

Corporate/Other

In the Corporate/Other segment, normalized EBITDA was a loss of $2 million in the second quarter of 2024 compared to normalized EBITDA of $3 million in the same quarter of 2023, while loss before income taxes was $123 million in the second quarter of 2024 compared to a loss of $104 million in the second quarter of 2023. After some extended downtime in the first quarter, the Blythe Power Plant operated at full capacity in the second quarter of 2024 and is expected to remain operating at capacity for the remainder of the year.

CONSOLIDATED FINANCIAL RESULTS

		Three Months Ended June 30		
($ millions)		**2024**		2023
Normalized EBITDA [(1)]	**$**	**295**	$	239
Add (deduct):				
Depreciation and amortization		**(117)**		(112)
Interest expense		**(111)**		(93)
Normalized income tax expense		**(13)**		(6)
Preferred share dividends		**(4)**		(7)
Other [(2)]		**(9)**		(1)
Normalized net income [(1)(3)]	**$**	**41**	$	20
Net income (loss) applicable to common shares	**$**	**(42)**	$	133
Normalized funds from operations [(1)]	**$**	**180**	$	150
($ per share, except shares outstanding)				
Shares outstanding - basic (millions)				
During the period [(4)]		**297**		282
End of period		**297**		282
Normalized net income - basic [(1)(3)]		**0.14**		0.07
Normalized net income - diluted [(1)(3)]		**0.14**		0.07
Net income (loss) per common share - basic		**(0.14)**		0.47
Net income (loss) per common share - diluted		**(0.14)**		0.47

(1) Non-GAAP financial measure; see discussion in *Non-GAAP Financial Measures* section at the end of this news release.

(2) "Other" includes accretion expense, net income applicable to non-controlling interests, foreign exchange gains (losses), unrealized foreign exchange losses on intercompany balances and NCI portion of non-GAAP adjustments. The portion of non-GAAP adjustments applicable to non-controlling interests are excluded in the computation of normalized net income to ensure consistency of normalizations applied to controlling and non-controlling interests. These amounts are included in the “net income applicable to non-controlling interests” line item on the Consolidated Statements of Income.

(3) In the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. Prior periods have been restated to reflect this change. Please refer to the Q2 2024 MD&A for additional details.

(4) Weighted average.

Normalized EBITDA for the second quarter of 2024 was $295 million compared to $239 million for the same quarter in 2023. The largest factors contributing to the year-over-year increase are described in the Business Performance sections above.

Loss before income taxes was $46 million for the second quarter of 2024 compared to income before income taxes of $182 million for the same quarter in 2023. The decrease was mainly due to unrealized losses on risk management contracts compared to unrealized gains in the second quarter of 2023, higher interest expense, the absence of favourable working capital adjustments related to the Alaska Utilities Disposition in the second quarter of 2023, higher transition and restructuring costs, and higher depreciation and amortization expense, partially offset by the same previously referenced factors impacting normalized EBITDA. Please refer to the *"Three Months Ended June 30"* section of the Q2 2024 management's discussion and analysis ("MD&A") for further details on the variance in income before income taxes and net income applicable to common shareholders.

Normalized net income was $41 million or $0.14 per share for the second quarter of 2024, compared to $20 million or $0.07 per share reported for the same quarter of 2023.

Normalized FFO was $180 million or $0.61 per share for the second quarter of 2024, compared to $150 million or $0.53 per share for the same quarter in 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA and the impact of non-cash items included in normalized EBITDA, partially offset by higher interest expense and higher normalized current income tax expense.

Depreciation and amortization expense was $117 million for the second quarter of 2024, compared to $112 million for the same quarter in 2023. The increase was mainly due to depreciation expense on the Pipestone Assets and the impact of new assets placed in-service.

Interest expense for the second quarter of 2024 was $111 million, compared to $93 million for the same quarter in 2023. The increase was mainly due to higher average interest rates, higher average debt balances, and incremental hybrid interest costs due to the issuance of additional hybrid notes in the third quarter of 2023 which replaced preferred shares, and a higher average Canadian/U.S. dollar exchange rate, partially offset by higher capitalized interest. Interest expense recorded on the subordinated hybrid notes in the second quarter of 2024 was $13 million compared to $8 million in the second quarter of 2023.

Income tax recovery was $12 million for the second quarter of 2024, compared to an income tax expense of $38 million for the same quarter of 2023. The decrease in income tax expense was mainly due to lower income before income taxes.

FORWARD FOCUS, GUIDANCE AND FUNDING

AltaGas continues to execute on its long-term strategy of building a diversified platform that operates long-life energy infrastructure assets that connect customers and markets and are positioned to provide resilient and growing value for the Company's stakeholders.

AltaGas expects to achieve its previously disclosed 2024 guidance, including:

- 2024 normalized EPS guidance of $2.05 - $2.25, compared to normalized EPS of $1.90 and GAAP EPS of $2.27 in 2023; and
- 2024 normalized EBITDA guidance of $1,675 million - $1,775 million, compared to normalized EBITDA of $1,575 million and income before taxes of $912 million in 2023.

AltaGas is focused on delivering resilient and growing normalized EPS and FFO per share while targeting lower leverage ratios. This strategy is designed to support steady dividend growth and provide the opportunity for ongoing capital appreciation for long-term shareholders.

AltaGas is maintaining a disciplined, self-funded capital program of approximately $1.3 billion, excluding asset retirement obligations ("ARO"). The Company is allocating approximately 54 percent of AltaGas' consolidated 2024 capital to its Utilities business, approximately 42 percent to the Midstream business and the balance to the Corporate/Other segment.

The Company expects to maintain an equity self-funding model in 2024, for the fifth consecutive year, and will fund capital requirements through a combination of internally generated cash flows and investment capacity associated with rising EBITDA levels. Asset sales will be considered on an opportunistic basis, with any potential proceeds to be used to reduce outstanding debt and continue to increase the financial flexibility of AltaGas.

QUARTERLY COMMON SHARE DIVIDEND AND PREFERRED SHARE DIVIDENDS

The Board of Directors approved the following schedule of Dividends:

Type (1)	Dividend (per share)	Period	Payment Date	Record
Common Shares	$0.2975	n.a.	27-Sep-24	16-Sep-24
Series A Preferred Shares	$0.19125	30-Jun-24 to 29-Sep-24	27-Sep-24	16-Sep-24
Series B Preferred Shares	$0.47332	30-Jun-24 to 29-Sep-24	27-Sep-24	16-Sep-24
Series G Preferred Shares	$0.265125	30-Jun-24 to 29-Sep-24	27-Sep-24	16-Sep-24
Series H Preferred Shares	$0.49846	30-Jun-24 to 29-Sep-24	27-Sep-24	16-Sep-24

(1) Dividends on common shares and preferred shares are eligible dividends for Canadian income tax purposes.

CONFERENCE CALL AND WEBCAST

AltaGas will hold a conference call today, August 1, 2024, at 8:00 a.m. MT (10:00 a.m. ET) to discuss second quarter of 2024 results and other corporate developments.

Date:	Thursday, August 1, 2024
Time:	8:00 a.m. MT (10:00 a.m. ET)
Webcast:	https://app.webinar.net/lgkqJE3AQyR
Dial-in (Audio only):	1-416-764-8659 or toll free at 1-888-664-6392

Shortly after the conclusion of the call a replay will be available on the Company's website or by dialing 416-764-8677 or toll free 1-888-390-0541. Passcode 686116#.

AltaGas' Consolidated Financial Statements and accompanying notes for the second quarter of 2024, as well as its related MD&A, are now available online at www.altagas.ca. All documents will be filed with the Canadian securities regulatory authorities and will be posted under AltaGas' SEDAR+ profile at www.sedarplus.ca.

NON-GAAP MEASURES

This news release contains references to certain financial measures that do not have a standardized meaning prescribed by U.S. GAAP and may not be comparable to similar measures presented by other entities. The non-GAAP measures and their reconciliation to U.S. GAAP financial measures are shown below and within AltaGas' Management's Discussion and Analysis (MD&A) as at and for the period ended June 30, 2024. 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. Readers are cautioned that these non-GAAP measures should not be construed as alternatives to other measures of financial performance calculated in accordance with U.S. GAAP.

Change in Composition of Non-GAAP Measures

In the fourth quarter of 2023, Management changed the composition of certain of AltaGas' non-GAAP measures such that normalized net income now excludes the impact of unrealized intercompany foreign exchange gains (losses) resulting from intercompany balances between a U.S. subsidiary and a Canadian entity, where the foreign exchange impact in the U.S. subsidiary is recorded through gain (loss) on foreign currency translation in the Consolidated Statements of Comprehensive Income (Loss) and the Canadian entity revaluation is recorded through the foreign exchange gain (loss) line item on the Consolidated Statements of Income (Loss). This change was made as a result of Management's assessment that excluding these intercompany foreign exchange impacts from normalized net income is more representative of the Company's ongoing financial performance. Prior period calculations of the relevant non-GAAP measures have been restated to reflect this change. The following table summarizes the impact of this change on the periods presented in this news release:

Increase as result of change	Three Months Ended June 30		Six Months Ended June 30	
($ millions, except where noted)	**2024**	2023	**2024**	2023
Normalized net income [1]	**$ —**	$ 4	**$ —**	$ 6
Normalized income tax expense	**$ —**	$ 1	**$ —**	$ 2
Normalized effective tax rate (%)	**— %**	0.6 %	**— %**	— %

(1) Corresponding per share amounts have also been adjusted.

Normalized EBITDA

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2024**	2023	**2024**	2023
Income (loss) before income taxes (GAAP financial measure)	**$ (46)**	$ 182	**$ 495**	$ 802
Add:				
Depreciation and amortization	**117**	112	**233**	223
Interest expense	**111**	93	**218**	198
EBITDA	**$ 182**	$ 387	**$ 946**	$ 1,223
Add (deduct):				
Transaction costs related to acquisitions and dispositions [(1)]	**2**	4	**7**	20
Unrealized losses (gains) on risk management contracts [(2)]	**90**	(150)	**(27)**	(115)
Losses (gains) on sale of assets [(3)]	**3**	(11)	**2**	(319)
Transition and restructuring costs [(4)]	**18**	5	**31**	5
Wind-up of pension plan [(5)]	**—**	2	**—**	2
Accretion expenses	**1**	2	**2**	5
Foreign exchange gains	**(1)**	—	**(6)**	—
Normalized EBITDA	**$ 295**	$ 239	**$ 955**	$ 821

(1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. These costs are included in the "cost of sales" and "operating and administrative" line items on the Consolidated Statements of Income (Loss). Transaction costs include expenses, such as legal fees, that are directly attributable to the acquisition or disposition.

(2) Included in the “revenue” and “cost of sales” line items on the Consolidated Statements of Income (Loss). Please refer to Note 13 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2024 for further details regarding AltaGas’ risk management activities.

(3) Included in the “other income” line item on the Consolidated Statements of Income (Loss).

(4) Comprised of transition and restructuring costs (including CEO transition). These costs are included in the "operating and administrative" line item on the Consolidated Statements of Income (Loss).

(5) Relates to the completion of the wind-up of the Canadian defined benefit pension plan in the second quarter of 2023. The settlement charge is included in the "other income" line on the Consolidated Statements of Income (Loss).

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 Statements of Income (Loss) using income (loss) before income taxes adjusted for pre-tax depreciation and amortization and interest expense.

AltaGas presents normalized EBITDA as a supplemental measure. Normalized EBITDA is used by Management to enhance the understanding of AltaGas' earnings over periods, as well as for budgeting and compensation related purposes. The metric is frequently used by analysts and investors in the evaluation of entities within the industry as it excludes items that can vary substantially between entities depending on the accounting policies chosen, the book value of assets, and the capital structure.

Normalized Net Income

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2024**	2023	**2024**	2023
Net income (loss) applicable to common shares (GAAP financial measure)	**$ (42)**	$ 133	**$ 366**	$ 578
Add (deduct) after-tax:				
Transaction costs related to acquisitions and dispositions (1)	**2**	2	**6**	15
Unrealized losses (gains) on risk management contracts (2)	**68**	(116)	**(21)**	(89)
Losses (gains) on sale of assets (3)	**2**	(9)	**4**	(217)
Transition and restructuring costs (4)	**15**	4	**24**	4
Wind-up of pension plan (5)	**—**	2	**—**	2
Unrealized foreign exchange losses (gains) on intercompany balances (6)	**(4)**	4	**—**	6
Normalized net income	**$ 41**	$ 20	**$ 379**	$ 299

(1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. The pre-tax costs are included in the "cost of sales" and "operating and administrative" line items on the Consolidated Statements of Income (Loss). Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.

(2) The pre-tax amounts are included in the “revenue” and “cost of sales” line items on the Consolidated Statements of Income (Loss). Please refer to Note 13 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2024 for further details regarding AltaGas’ risk management activities.

(3) The pre-tax amounts are included in the “other income” line item on the Consolidated Statements of Income (Loss).

(4) Comprised of transition and restructuring costs (including CEO transition). The pre-tax costs are included in the "operating and administrative" line item on the Consolidated Statements of Income (Loss).

(5) Relates to the completion of the wind-up of the Canadian defined benefit pension plan in the second quarter of 2023. The settlement charge is included in the "other income" line on the Consolidated Statements of Income.

(6) Relates to unrealized foreign exchange losses (gains) on intercompany accounts receivable and accounts payable balances between a U.S. subsidiary and a Canadian entity, where the impact to the U.S. subsidiary is recorded through accumulated other comprehensive income as a loss on foreign currency translation, and the impact to the Canadian entity is recorded through the "foreign exchange gains" line item on the Consolidated Statements of Income (Loss). In the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. The amounts presented in this table reflect the restated figures to align with the revised policy. Please refer to the Q2 2024 MD&A for further details.

Normalized net income and normalized net income per share are used by Management to enhance the comparability of AltaGas’ earnings, as these metrics reflect the underlying performance of AltaGas’ business activities.

Normalized Funds from Operations

($ millions)	Three Months Ended June 30 2024	2023	Six Months Ended June 30 2024	2023
Cash from operations (GAAP financial measure)	**$ 452**	$ 373	**$ 1,009**	$ 964
Add (deduct):				
Net change in operating assets and liabilities	**(292)**	(231)	**(364)**	(422)
Asset retirement obligations settled	**—**	3	**—**	5
Funds from operations	**$ 160**	$ 145	**$ 645**	$ 547
Add (deduct):				
Transaction costs related to acquisitions and dispositions [(1)]	**2**	4	**7**	20
Transition and restructuring costs [(2)]	**18**	5	**31**	5
Current tax expense (recovery) on asset sales [(3)]	**—**	(4)	**7**	38
Normalized funds from operations	**$ 180**	$ 150	**$ 690**	$ 610

(1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. These costs exclude non-cash amounts and are included in the "cost of sales" and "operating and administrative" line items on the Consolidated Statements of Income (Loss). Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.

(2) Comprised of transition and restructuring costs (including CEO transition). The pre-tax costs are included in the "operating and administrative" line item on the Consolidated Statements of Income (Loss).

(3) Included in the "current income tax expense (recovery)" line item on the Consolidated Statements of Income (Loss).

Normalized funds from operations and funds from operations are used to assist Management and investors in analyzing the liquidity of the Corporation. Management uses these measures to understand the ability to generate funds for capital investments, debt repayment, dividend payments, and other investing activities.

Invested Capital and Net Invested Capital

($ millions)	Three Months Ended June 30 2024	2023	Six Months Ended June 30 2024	2023
Cash used in (from) investing activities (GAAP financial measure)	**$ 305**	$ 231	**$ 580**	$ (638)
Add (deduct):				
Net change in non-cash capital expenditures [(1)]	**11**	(7)	**(4)**	(35)
AFUDC [(2)]	**1**	—	**1**	—
Contributions from non-controlling interests	**(11)**	—	**(17)**	—
Net Invested Capital	**$ 306**	$ 224	**$ 560**	$ (673)
Asset dispositions	**1**	—	**2**	1,072
Invested capital	**$ 307**	$ 224	**$ 562**	$ 399

(1) Comprised of non-cash capital expenditures included in the "accounts payable and accrued liabilities" line item on the Consolidated Balance Sheets. Please refer to Note 19 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2024 for further details.

(2) AFUDC is the amount that a rate-regulated enterprise is allowed to recover for its cost of financing assets under construction, and excludes any AFUDC within investments accounted for by the equity method. AFUDC is included in the "property, plant and equipment" line item on the Consolidated Balance Sheets.

Invested capital is a measure of AltaGas' use of funds for capital expenditure activities. It includes expenditures relating to property, plant, and equipment and intangible assets, capital contributed to long term investments, and contributions from non-controlling interests. Net invested capital is invested capital presented net of proceeds from disposals of assets in the period. Net invested capital is calculated based on the investing activities section in the Consolidated Statements of Cash Flows, adjusted for items including the net change in non-cash capital expenditures, AFUDC, and contributions from non-controlling interests. Invested capital and net invested capital are used by Management, investors, and analysts to enhance the understanding of AltaGas' capital expenditures from period to period and provide additional detail on the Company's use of capital.

CONSOLIDATED FINANCIAL REVIEW

($ millions, except effective income tax rates)	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	**2024**	2023
Revenue	**2,775**	2,631	**6,430**	6,679
Normalized EBITDA (1)	**295**	239	**955**	821
Income (loss) before income taxes	**(46)**	182	**495**	802
Net income (loss) applicable to common shares	**(42)**	133	**366**	578
Normalized net income (1) (2)	**41**	20	**379**	299
Total assets	**23,932**	21,336	**23,932**	21,336
Total long-term liabilities	**12,524**	11,196	**12,524**	11,196
Invested capital (1)	**307**	224	**562**	399
Cash from (used in) investing activities	**(305)**	(231)	**(580)**	638
Dividends declared (3)	**88**	79	**176**	158
Cash from operations	**452**	373	**1,009**	964
Normalized funds from operations (1)	**180**	150	**690**	610
Normalized effective income tax rate (%) (1) (2)	**21.0**	16.2	**22.2**	20.3
Effective income tax rate (%)	**26.2**	21.2	**22.9**	25.2

($ per share, except shares outstanding)	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	**2024**	2023
Net income (loss) per common share - basic	**(0.14)**	0.47	**1.24**	2.05
Net income (loss) per common share - diluted	**(0.14)**	0.47	**1.23**	2.04
Normalized net income - basic (1) (2)	**0.14**	0.07	**1.28**	1.06
Normalized net income - diluted (1) (2)	**0.14**	0.07	**1.27**	1.06
Dividends declared (3)	**0.30**	0.28	**0.60**	0.56
Cash from operations	**1.52**	1.32	**3.41**	3.42
Normalized funds from operations (1)	**0.61**	0.53	**2.33**	2.16
Shares outstanding - basic (millions)				
During the period (4)	**297**	282	**296**	282
End of period	**297**	282	**297**	282

(1) Non-GAAP financial measure or non-GAAP financial ratio; see discussion in *Non-GAAP Financial Measures* section of the MD&A.

(2) In the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. Prior periods have been restated to reflect this change. Please refer to the Q2 2024 MD&A for additional details.

(3) Dividends declared per common share per quarter: $0.28 per share beginning March 2023, increased to $0.2975 per share effective March 2024.

(4) Weighted average.

ABOUT ALTAGAS

AltaGas is a leading North American infrastructure company that connects customers and markets to affordable and reliable sources of energy. The Company operates a diversified, lower-risk, high-growth Utilities and Midstream business that is focused on delivering resilient and durable value for its stakeholders.

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FORWARD-LOOKING INFORMATION

This news release contains forward-looking information (forward-looking statements). Words such as "may", "can", "would", "could", "should", "likely", "will", "intend", "plan", "anticipate", "believe", "aim", "seek", "future", "commit", "propose", "contemplate", "estimate", "focus", "strive", "forecast", "expect", "project", "potential", "target", "guarantee", "potential", "objective", "continue", "outlook", "guidance", "growth", "long-term", "vision", "opportunity" and similar expressions suggesting future events or future performance, as they relate to the Company or any affiliate of the Company, are intended to identify forward-looking statements. In particular, this news release 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 Company's 2024 guidance including normalized earnings per share of $2.05 to $2.25 and normalized EBITDA of $1,675 to $1,775 million; the Company's ability to deliver on its 2024 guidance; de-risking the REEF project; the status of EPC contracts for REEF and plans to award additional EPC contracts; the Pipestone II expansion project including advancing on the gas gathering system and the anticipated in-service date; AltaGas' intention to sell its ten percent interest in MVP and the use of proceeds therefrom; expected timing for the new time charter to be commissioned and the anticipated benefits of AltaGas' VLGCs; AltaGas' ability to execute on its strategic priorities; the Company's focus on de-risking the Midstream operations and the benefits therefrom; the status of tolling negotiations for REEF's initial capacity; the role and importance of natural gas utilities for residential and commercial heating; the Company's focus on optimizing and expanding its Midstream business; AltaGas' continued investment in its Utilities business, the benefits therefrom and its ability to deliver energy to its customers; AltaGas' long-term target of reaching approximately 60 percent tolling across its global platform and the timing thereof; the expectation that 56 percent of 2024 global export volumes will be under tolling agreements starting in the second quarter of 2024 and the anticipated benefits of such tolling contracts; the Company's structural shipping advantage to Asia and its effect on demand for LPG exports; Canada's role in providing long-term energy security; the Company's hedging program and AltaGas' 2024 Midstream Hedge Program quarterly estimates; the Company's ability to continue making rate base investments and the benefits therefrom; AltaGas' intention to manage costs for the long-term benefits of its customers while maintaining regulatory and capital discipline; SEMCO Energy's MRP and IRIP amendment application and AltaGas' ability to make critical long-term investments in Michigan should the MPSC approve the application; the expectation that Blythe will operate at capacity for the remainder of 2024; AltaGas' ability to execute its long-term corporate strategy; AltaGas' focus on *growing normalized EPS and FFO per share while targeting lower leverage ratios; the allocation of consolidated 2024 capital to the Company's Utilities, Midstream and Corporate/Other segments; AltaGas' commitment to maintaining an equity self-funding model in 2024 and that it will fund capital requirements through a combination of internally generated cash flows and investment capacity associated with rising EBITDA; opportunistic consideration of asset sales and the anticipated proceeds therefrom; and AltaGas' dividend policy*

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: effective tax rates; U.S./Canadian dollar exchange rates; inflation; interest rates, credit ratings, regulatory approvals and policies; expected commodity supply, demand and pricing; volumes and rates; propane price differentials; degree day variance from normal; pension discount rate; financing initiatives; the performance of the businesses underlying each sector; impacts of the hedging program; weather; frac spread; access to capital; future operating and capital costs; timing and receipt of regulatory approvals; seasonality; planned and unplanned plant outages; timing of in-service dates of new projects and acquisition and divestiture activities; taxes; operational expenses; returns on investments; dividend levels; and transaction costs.

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: health and safety risks; operating risks; infrastructure; natural gas supply risks; volume throughput; service interruptions; transportation of petroleum products; market risk; inflation; general economic conditions; cybersecurity, information, and control systems; climate-related risks; environmental regulation risks; regulatory risks; litigation; changes in law; Indigenous and treaty rights; dependence on certain partners; political uncertainty and civil unrest; risks related to conflict, including the conflicts in Eastern Europe and the Middle East; decommissioning, abandonment and reclamation costs; reputation risk; weather data; capital market and liquidity risks; interest rates; internal credit risk; foreign exchange risk; debt financing, refinancing, and debt service risk; counterparty and supplier risk; technical systems and processes incidents; growth strategy risk; construction and development; underinsured and uninsured losses; impact of competition in AltaGas' businesses; counterparty credit risk; composition risk; collateral; rep agreements; market value of common shares and other securities; variability of dividends; potential sales of additional shares; labor relations; key personnel; risk management costs and limitations; cost of providing retirement plan benefits; failure of service providers; risks related to pandemics, epidemics or disease outbreaks; and the other factors discussed under the heading "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2023 ("AIF") and set out in AltaGas' other continuous disclosure documents.

Many factors could cause AltaGas' or any particular business segment's actual results, performance or achievements to vary from those described in this press release, 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 news release as intended, planned, anticipated, believed, sought, proposed, estimated, forecasted, expected, projected or targeted and such forward-looking statements included in this news release, 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 news release. 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 news release are expressly qualified by these cautionary statements.

Financial outlook information contained in this news release about prospective financial performance, financial position, or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on AltaGas management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this news release should not be used for purposes other than for which it is disclosed herein.

Additional information relating to AltaGas, including its quarterly and annual MD&A and Consolidated Financial Statements, AIF, and press releases are available through AltaGas' website at www.altagas.ca or through SEDAR+ at www.sedarplus.ca.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") dated July 30, 2024 is provided to enable readers to assess the results of operations, liquidity, and capital resources of AltaGas Ltd. ("AltaGas", the "Company" or the "Corporation") as at and for the three and six months ended June 30, 2024. This MD&A should be read in conjunction with the accompanying unaudited condensed interim Consolidated Financial Statements and notes thereto of AltaGas as at and for the three and six months ended June 30, 2024 and the audited Consolidated Financial Statements and MD&A as at and for the year ended December 31, 2023.

The Consolidated Financial Statements and comparative information have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("U.S. GAAP") and in Canadian dollars, unless otherwise indicated. Throughout this MD&A, references to GAAP refer to U.S. GAAP and dollars refer to Canadian dollars, unless otherwise indicated.

Abbreviations, acronyms, and capitalized terms used in this MD&A without express definition shall have the same meanings given to those terms in the MD&A as at and for the year ended December 31, 2023 or the Annual Information Form for the year ended December 31, 2023.

This MD&A 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 MD&A 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: AltaGas' belief in the role and importance of global resource exports; the projected capital expenditures on REEF; expected timing of REEF coming online; anticipated initial export capacity of propane and butane from REEF and opportunities for expansion; continued de-risking of REEF; advances on the acid gas injection wells and the gas gathering system at Pipestone II; expected timing of the Pipestone II expansion project coming in-service; expected timing for the new time charter to be commissioned and the anticipated benefits of AltaGas' VLGCs; AltaGas' 2024 guidance including normalized earnings per share of $2.05 to $2.25 and normalized EBITDA of $1.675 billion to $1.775 billion; the Company's ability to deliver on its 2024 guidance; the expectation that the Utilities segment will contribute approximately 55 percent of normalized EBITDA for 2024; expected growth drivers of normalized EBITDA in the Utilities segment; the expectation that the Midstream segment will contribute approximately 45 percent of normalized EBITDA for 2024; drivers of expected growth in the Midstream segment; expected growth drivers of 2024 normalized earnings per share; AltaGas' focus on de-risking its business and managing direct commodity price exposure; the Company's intention to maintain an active hedging program and the anticipated outcomes therefrom; AltaGas' 2024 Midstream Hedge Program quarterly estimates; estimated impact of changes in commodity prices, exchange rates, discount rates and weather on normalized annual EBITDA; AltaGas' commitment to maintaining a disciplined, self-funded capital program; expected invested capital expenditures of approximately $1.3 billion in 2024; anticipated segment allocation and focus of capital expenditures in 2024; the expectation that AltaGas' 2024 committed capital program will be funded through internally-generated cash flow, asset sales and normal course borrowings on existing committed credit facilities; the estimated cost, status and expected in-service dates for growth capital projects in the Midstream and Utilities businesses; anticipated benefits of the Pipestone Phase II expansion project; the expectation that REEF will be developed in phases and the anticipated benefits therefrom including maximizing capital efficiency, matching supply and demand, mitigating impacts on local communities and providing long-term employment opportunities; AltaGas' responsibilities with respect to the construction and operation of REEF; AltaGas' 50 percent interest in the Rolling Hills carbon sequestration hub; anticipated completion and in-service date of MVP Southgate and the anticipated benefits thereof; Washington Gas' ARP replacement programs and the *expected benefits therefrom; expected filing, procedure and decision dates for rate cases in the Utilities business; timing of material regulatory filings, proceedings and decisions in the Utilities business; expected penalties for breaching merger conditions associated with the WGL acquisition; Washington Gas' Prince William County biogas pipeline and the SCC of VA's approval of a Rider RNG; the expectation that the restrictions on Washington Gas' ability to pay dividends to AltaGas as a result of certain commitments in respect of the WGL Acquisition will not have an impact on AltaGas' ability to meet its obligations; AltaGas' objective for managing capital; AltaGas' 2024 strategic priorities; AltaGas' dividend policy; and the impact of future changes in accounting policies and adoption of new accounting standards on AltaGas' financial statements.*

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: effective tax rates; U.S./Canadian dollar exchange rates; inflation; interest rates, credit ratings, regulatory approvals and policies; expected commodity supply, demand and pricing; volumes and rates; propane price differentials; degree day variance from normal; pension discount rate; financing initiatives; the performance of the businesses underlying each sector; impacts of the hedging program; weather; frac spread; access to capital; future operating and capital costs; timing and receipt of regulatory approvals; seasonality; planned and unplanned plant outages; timing of in-service dates of new projects and acquisition and divestiture activities; taxes; operational expenses; returns on investments; dividend levels; and transaction costs.

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: health and safety risks; operating risks; infrastructure; natural gas supply risks; volume throughput; service interruptions; transportation of petroleum products; market risk; inflation; general economic conditions; cybersecurity, information, and control systems; climate-related risks; environmental regulation risks; regulatory risks; litigation; changes in law; Indigenous and treaty rights; dependence on certain partners; political uncertainty and civil unrest; risks related to conflict, including the conflicts in Eastern Europe and the Middle East; decommissioning, abandonment and reclamation costs; reputation risk; weather data; capital market and liquidity risks; interest rates; internal credit risk; foreign exchange risk; debt financing, refinancing, and debt service risk; counterparty and supplier risk; technical systems and processes incidents; growth strategy risk; construction and development; underinsured and uninsured losses; impact of competition in AltaGas' businesses; counterparty credit risk; composition risk; collateral; rep agreements; market value of the Common Shares and other securities; variability of dividends; potential sales of additional shares; labor relations; key personnel; risk management costs and limitations; commitments associated with regulatory approvals for the acquisition of WGL; cost of providing retirement plan benefits; failure of service providers; risks related to pandemics, epidemics or disease outbreaks; and the other factors discussed under the heading "Risk Factors" in the Corporation's Annual Information Form for the year ended December 31, 2023 ("AIF") and set out in AltaGas' other continuous disclosure documents.

Many factors could cause AltaGas' or any particular business segment's actual results, performance or achievements to vary from those described in this MD&A, 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 MD&A as intended, planned, anticipated, believed, sought, proposed, estimated, forecasted, expected, projected or targeted and such forward-looking statements included in this MD&A, 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 MD&A. 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 MD&A are expressly qualified by these cautionary statements.

Financial outlook information contained in this MD&A about prospective financial performance, financial position, or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on AltaGas Management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this MD&A should not be used for purposes other than for which it is disclosed herein.

Additional information relating to AltaGas, including its quarterly and annual MD&A and Consolidated Financial Statements, Annual Information Form, and press releases are available through AltaGas' website at www.altagas.ca or through SEDAR+ at www.sedarplus.ca.

AltaGas Business Overview and Organization

AltaGas is a leading North American energy infrastructure company that connects customers and markets to affordable and reliable sources of energy. The Company operates a diversified, lower-risk, high-growth energy infrastructure business that is focused on delivering resilient and durable value for its stakeholders. AltaGas has three reporting segments - Utilities, Midstream, and Corporate/Other.

Utilities Segment

AltaGas' Utilities segment owns and operates franchised, cost-of-service, rate-regulated natural gas distribution and storage utilities that are focused on providing safe, reliable, and affordable energy to its customers. AltaGas' Utilities provided energy to approximately 1.6 million residential and commercial customers in the second quarter of 2024 with an average rate base of approximately US$5.2 billion.

The Utilities segment includes two utilities that operate across four major U.S. jurisdictions:

- Washington Gas Light Company ("Washington Gas"), which is the Company's largest operating utility that serves approximately 1.2 million customers across Maryland, Virginia and the District of Columbia; and
- SEMCO Energy, Inc. ("SEMCO Energy"), which delivers essential energy to approximately 327,000 customers in Southern Michigan and Michigan's Upper Peninsula.

The Utilities segment also includes other storage facilities and contracts for interstate natural gas transportation and storage services, as well as WGL Energy Services, Inc., an affiliated retail energy marketing business, which sells natural gas and electricity directly to residential, commercial, and industrial customers located in Maryland, Virginia, Delaware, Pennsylvania, Ohio, and the District of Columbia ("D.C."). AltaGas also previously owned ENSTAR Natural Gas Company and a 65 percent indirect interest in Cook Inlet Natural Gas Storage Alaska ("CINGSA") and other ancillary operations in Alaska (the "Alaska Utilities"), which were divested to TriSummit Utilities Inc. on March 1, 2023 (the "Alaska Utilities Disposition").

Midstream Segment

AltaGas' Midstream segment is a leading North American platform that connects customers and markets. From wellhead to tidewater, the Company is focused on providing its customers with safe and reliable service and connectivity that facilitates the best outcomes for their businesses. This includes global market access for North American Liquified Petroleum Gases ("LPGs"), which provides North American producers and aggregators with attractive netbacks for propane and butane while delivering diversity of supply and supporting stronger energy security in Asia to AltaGas' downstream customers.

Throughout AltaGas' Midstream operations, the Company is playing a vital role within the larger energy ecosystem that keeps the global economy moving forward in a safe, reliable and affordable manner.

AltaGas' Midstream platform is heavily focused on the Montney and Deep Basin resource plays and centers around global exports, which is where the Company believes the market is headed for Canadian resource development over the long-term. AltaGas also operates a broader set of midstream infrastructure assets across the Western Canadian Sedimentary Basin ("WCSB") and select regions in the U.S., which are all focused on connecting customers and markets in the most efficient manner possible.

There are three core pillars to AltaGas' Midstream platform that are integral to each other and facilitate the Company's wellhead to tidewater and beyond value chain. These include:

- **Global Exports**, which includes AltaGas' two operational LPG export terminals where the Company has capacity to export up to 150,000 Bbl/d of propane and butane to key markets in Asia;
- **Natural Gas Gathering, Processing and Extraction**, which includes 1.2 Bcf/d of extraction processing capacity and approximately 1.2 Bcf/d of raw field gas processing capacity, which is heavily focused on the Montney and Deep Basin; and
- **Fractionation and Liquids Handling**, which includes 65 MBbl/d of fractionation capacity and a sizable liquids handling footprint.

The Midstream segment also consists of natural gas and natural gas liquids ("NGLs") marketing businesses, domestic logistics, trucking and rail terminals, and approximately 3.2 million barrels of liquid storage capability through a network of underground salt caverns through the Company's Strathcona Storage JV with ATCO Energy Solutions Ltd., 15 Bcf of natural gas storage through the Dimsdale natural gas storage facility ("Dimsdale") which was acquired as part of AltaGas' acquisition of natural gas processing and storage infrastructure assets in the Pipestone area of the Alberta Montney (the "Pipestone Acquisition" or "Pipestone Assets") in December 2023, as well as AltaGas' 10 percent interest in the Mountain Valley Pipeline ("MVP").

Corporate/Other Segment

AltaGas' Corporate/Other segment consists of the Company's corporate activities and a small portfolio of gas-fired power generation and distribution assets capable of generating 508 MW of power primarily in California.

Subsidiary Entities

The businesses of AltaGas are operated by the Company and a number of its subsidiaries including, without limitation, AltaGas Services (U.S.) Inc., AltaGas Utility Holdings (U.S.) Inc., WGL Holdings, Inc. ("WGL"), Wrangler 1 LLC, Wrangler SPE LLC, Washington Gas Resources Corp., WGL Energy Services, Inc. ("WGL Energy Services"), and SEMCO Holding Corporation; in regard to the Utilities business, Washington Gas Light Company ("Washington Gas"), Hampshire Gas Company, and SEMCO Energy, Inc.; and in regard to the Midstream business, AltaGas Extraction and Transmission Limited Partnership, AltaGas Pipeline Partnership, AltaGas Processing Partnership, AltaGas Northwest Processing Limited Partnership, Harmattan Gas Processing Limited Partnership, Ridley Island LPG Export Limited Partnership, AltaGas Pacific Partnership, AltaGas LPG Limited Partnership, Petrogas Energy Corporation ("Petrogas"), Petrogas Holdings Partnership, and Petrogas, Inc. In the Corporate/Other segment the main subsidiary is AltaGas Power Holdings (U.S.) Inc. SEMCO Energy conducts its Michigan natural gas distribution business under the name SEMCO Energy Gas Company ("SEMCO").

Second Quarter Highlights

(Normalized EBITDA, normalized funds from operations, and normalized net income are non-GAAP financial measures. Normalized funds from operations per share and normalized net income per share are non-GAAP ratios. Please see Non-GAAP Financial Measures section of this MD&A.)

- Normalized earnings per share was $0.14 in the second quarter of 2024 compared to $0.07 in the second quarter of 2023, while GAAP earnings per share was a loss of $0.14 in the second quarter of 2024 compared to GAAP earnings per share of $0.47 in the second quarter of 2023. Normalized earnings per share growth was driven by strong performance across the enterprise.
- Normalized EBITDA was $295 million in the second quarter of 2024 compared to $239 million in the second quarter of 2023, while loss before income taxes was $46 million in the second quarter of 2024 compared to income before taxes of $182 million in the second quarter of 2023. The quarter included strong year-over-year growth in the Midstream and Utilities businesses, driven by record global export volumes, strong cost management, and the benefit of recent capital investments.
- Normalized funds from operations per share was $0.61 in the second quarter of 2024 compared to $0.53 in the second quarter of 2023, while cash from operations per share was $1.52 in the second quarter of 2024 compared to $1.32 in the second quarter of 2023.
- The Utilities segment reported normalized EBITDA of $122 million compared to $102 million in the second quarter of 2023, while income before income taxes was $31 million in the second quarter of 2024 compared to $105 million in the same quarter of 2023. The largest drivers of the year-over-year growth in Utilities normalized EBITDA were active cost management, contribution from continued investments in rate base, and strong performance from the Retail business.
- The Midstream segment reported normalized EBITDA of $175 million in the second quarter of 2024 compared to $134 million in the second quarter of 2023, while income before income taxes was $46 million in the second quarter of 2024 compared to $181 million in the same quarter of 2023. The largest contributors to the year-over-year increase in Midstream normalized EBITDA were record global export volumes, strong fractionation and liquids handling contribution, and the addition of the Pipestone gas processing and storage assets.
- AltaGas exported a record of 123,285 Bbl/d of LPGs to Asia, a seven percent year-over-year increase.
- AltaGas continued to advance key Midstream growth projects in the second quarter. This included AltaGas and Royal Vopak reaching a positive final investment decision (“FID”) on the Ridley Island Energy Export Facility (“REEF”), a large-scale LPG and bulk liquids terminal on Ridley Island, B.C. REEF is a $1.35 billion project slated to come online near 2026 year-end, with an initial export capacity of 55,000 Bbls/d of propane and butane and will have large expansion opportunities. The partnership continues to de-risk the project, having executed fixed price engineering, procurement and construction ("EPC") contracts for approximately 40 percent of projected costs with an additional 10 percent expected to be awarded in the coming weeks and the remaining balance to be awarded over the project execution plan.
- Work continued on the Pipestone II expansion project in the Alberta Montney during and subsequent to quarter-end with the two acid gas injection wells drilled, completed and awaiting tie-in. Work is also currently advancing on the gas gathering system with cooperative weather conditions to date. 92 percent of the Pipestone expansion project costs are now fixed, and we remain on budget and on track for a late 2025 in-service date.
- MVP was completed and placed into service in June of 2024 with firm service contracts coming into effect July 1, 2024. The 2.0 Bcf/d pipeline is fully subscribed with 20-year contracts with investment grade counterparties. The pipeline is expandable by an additional 500 MMcf/d through additional compression.

- During the second quarter of 2024, AltaGas executed an agreement to construct and contract an additional time charter for a very large gas carrier ("VLGC") for a ten-year term with optional extensions. The time charter is expected to be commissioned in late 2026. The agreement represents AltaGas' fifth time charter with three currently operating and two under construction. This fifth agreement will further reduce and de-risk AltaGas' shipping costs, with materially all of AltaGas' expected Baltic freight exposure protected through time charters, financial hedges, and tolled volumes in 2024.
- On June 13, 2024, AltaGas announced an agreement with Birchcliff Energy whereby AltaGas transferred operatorship of its Gordondale facility to Birchcliff on a contract basis. AltaGas continues to own 100 percent of the facility and there is no change in the long-term take-or-pay commitments. In conjunction with the agreement, Birchcliff has committed additional butane volumes to AltaGas' global export platform on a long term basis.
- Following a strong second quarter, AltaGas is reiterating the Company's 2024 full year guidance, including normalized earnings per share of $2.05 - $2.25, and normalized EBITDA of $1,675 million to $1,775 million.

Highlights Subsequent to Quarter End

- On July 9, 2024, AltaGas issued $250 million of senior unsecured medium-term notes with a 5.60 percent coupon, due on March 14, 2054. The net proceeds were used to pay down amounts drawn on the syndicated credit facility, which was incurred when the Company repaid its term loan on June 28, 2024.

Consolidated Financial Review

	Three Months Ended June 30		Six Months Ended June 30	
($ millions, except effective income tax rates)	**2024**	2023	**2024**	2023
Revenue	**2,775**	2,631	**6,430**	6,679
Normalized EBITDA (1)	**295**	239	**955**	821
Income (loss) before income taxes	**(46)**	182	**495**	802
Net income (loss) applicable to common shares	**(42)**	133	**366**	578
Normalized net income (1) (2)	**41**	20	**379**	299
Total assets	**23,932**	21,336	**23,932**	21,336
Total long-term liabilities	**12,524**	11,196	**12,524**	11,196
Invested capital (1)	**307**	224	**562**	399
Cash from (used in) investing activities	**(305)**	(231)	**(580)**	638
Dividends declared (3)	**88**	79	**176**	158
Cash from operations	**452**	373	**1,009**	964
Normalized funds from operations (1)	**180**	150	**690**	610
Normalized effective income tax rate (%) (1) (2)	**21.0**	16.2	**22.2**	20.3
Effective income tax rate (%)	**26.2**	21.2	**22.9**	25.2

	Three Months Ended June 30		Six Months Ended June 30	
($ per share, except shares outstanding)	**2024**	2023	**2024**	2023
Net income (loss) per common share - basic	**(0.14)**	0.47	**1.24**	2.05
Net income (loss) per common share - diluted	**(0.14)**	0.47	**1.23**	2.04
Normalized net income - basic (1) (2)	**0.14**	0.07	**1.28**	1.06
Normalized net income - diluted (1) (2)	**0.14**	0.07	**1.27**	1.06
Dividends declared (3)	**0.30**	0.28	**0.60**	0.56
Cash from operations	**1.52**	1.32	**3.41**	3.42
Normalized funds from operations (1)	**0.61**	0.53	**2.33**	2.16
Shares outstanding - basic (millions)				
During the period (4)	**297**	282	**296**	282
End of period	**297**	282	**297**	282

(1) Non-GAAP financial measure or non-GAAP financial ratio; see discussion in *Non-GAAP Financial Measures* section of this MD&A.

(2) In the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. Prior periods have been restated to reflect this change. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for additional details.

(3) Dividends declared per common share per quarter: $0.28 per share beginning March 2023, increased to $0.2975 per share effective March 2024.

(4) Weighted average.

Three Months Ended June 30

Normalized EBITDA for the second quarter of 2024 was $295 million, compared to $239 million for the same quarter of 2023. The largest positive impact was from the Midstream segment, followed by the Utilities segment.

In the Midstream segment, normalized EBITDA was positively impacted by higher volumes and profitability from the global exports business, higher contributions from the fractionation and liquids handling business, contributions from the recently acquired Pipestone Assets, and the absence of wildfire impacts that were present in the second quarter of 2023. These factors were partially offset by the absence of the favourable resolution of certain commercial disputes and contingencies in the second quarter of 2023, higher operating and administrative expenses, lower sales of greenhouse gas ("GHG") credits, lower power revenue at Harmattan primarily due to lower power prices, and lower contribution from the extraction facilities due to higher re-injection of ethane volumes.

Within the Utilities segment, the largest drivers of the year-over-year growth in normalized EBITDA were active cost management through lower normalized operating and administrative expenses, contribution from continued investments in rate base on behalf of customers through higher revenue associated with various modernization programs, strong performance from WGL's retail marketing business, and the impact of the 2022 D.C. rate case. These factors were partially offset by the impact of the Maryland and Virginia rate cases, decreased asset optimization activities at Washington Gas, and warmer weather in Michigan where AltaGas does not have weather normalization.

In the Corporate/Other segment, normalized EBITDA was mainly impacted by higher expenses related to employee incentive plans, primarily as a result of the increasing share price in the second quarter of 2024.

Loss before income taxes for the second quarter of 2024 was $46 million, compared to income before income taxes of $182 million for the same quarter in 2023. The decrease was mainly due to unrealized losses on risk management contracts compared to unrealized gains in the second quarter of 2023, higher interest expense, the absence of favourable working capital adjustments related to the Alaska Utilities Disposition in the second quarter of 2023, higher transition and restructuring costs, and higher depreciation and amortization expense, partially offset by the same previously referenced factors impacting normalized EBITDA. Net loss applicable to common shares for the second quarter of 2024 was $42 million ($0.14 per share), compared to net income applicable to common shares of $133 million ($0.47 per share) for the same quarter in 2023. The decrease was mainly due to the same previously referenced factors impacting loss before income taxes, partially offset by lower income tax expense and lower preferred share dividends.

Normalized funds from operations for the second quarter of 2024 was $180 million ($0.61 per share), compared to $150 million ($0.53 per share) for the same quarter in 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA and the impact of non-cash items included in normalized EBITDA, partially offset by higher interest expense and higher normalized current income tax expense.

Cash from operations in the second quarter of 2024 was $452 million ($1.52 per share), compared to $373 million ($1.32 per share) for the same quarter in 2023. The increase was mainly due to favourable variances in the net change in operating assets and liabilities, primarily as a result of fluctuations in commodity prices and sales volumes, as well as higher net income after taxes (after adjusting for non-cash items). Please refer to the *Liquidity* section of this MD&A for further details on the variance in cash from operations.

In the second quarter of 2023, AltaGas recorded a pre-tax gain on disposition of assets of approximately $11 million primarily due to favourable working capital adjustments related to the Alaska Utilities Disposition as well as cash proceeds received from an escrow account related to the 2019 disposition of AltaGas' investment in Meade Pipeline Co. LLC ("Meade"), which held the Company's indirect, non-operating interest in the Central Penn pipeline ("Central Penn").

Operating and administrative expenses for the second quarter of 2024 were $426 million, compared to $389 million for the same quarter in 2023. The increase was due to a number of factors, including the absence of the favourable resolution of certain commercial disputes and contingencies in the second quarter of 2023 and expenses related to the recently acquired Pipestone Assets. Depreciation and amortization expense for the second quarter of 2024 was $117 million, compared to $112 million for the same quarter in 2023. The increase was mainly due to depreciation expense on the Pipestone Assets and the impact of new assets placed in-service. Interest expense for the second quarter of 2024 was $111 million, compared to $93 million for the same quarter in 2023. The increase was mainly due to higher average interest rates, higher average debt balances, and incremental hybrid interest costs due to the issuance of additional hybrid notes in the third quarter of 2023 which replaced preferred shares, and a higher average Canadian/U.S. dollar exchange rate, partially offset by higher capitalized interest. Interest expense recorded on the subordinated hybrid notes in the second quarter of 2024 was $13 million, compared to $8 million for the same quarter in 2023.

AltaGas recorded an income tax recovery of $12 million for the second quarter of 2024, compared to income tax expense of $38 million for the same quarter of 2023. The decrease in income tax expense was mainly due to lower income before income taxes.

Normalized net income was $41 million ($0.14 per share) for the second quarter of 2024, compared to $20 million ($0.07 per share) for the same quarter of 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA and lower preferred share dividends, partially offset by higher interest expense, foreign exchange impacts net of unrealized foreign exchange gains (losses) on intercompany balances, higher normalized income tax expense, and higher depreciation expense. Normalizing items in the second quarter of 2024 increased normalized net income by $83 million and included after-tax amounts related to unrealized losses on risk management contracts, transition and restructuring costs, unrealized foreign exchange gains on intercompany balances, transaction costs related to acquisitions and dispositions, and losses on sale of assets. Normalizing items in the second quarter of 2023 reduced normalized net income by $113 million and included after-tax amounts related to unrealized gains on risk management contracts, gains on sale of assets, transaction costs related to acquisitions and dispositions, transition and restructuring costs, the wind up of the Canadian defined benefit pension plan, and unrealized foreign exchange losses on intercompany balances. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further details on normalization adjustments.

Six Months Ended June 30

Normalized EBITDA for the first half of 2024 was $955 million, compared to $821 million for the same period in 2023. The largest positive impact was from the Midstream segment, followed by the Utilities segment.

In the Midstream segment, normalized EBITDA was positively impacted by higher profitability from the global exports business, higher contributions from the fractionation and liquids handling business, higher Allowance for Funds Used During Construction ("AFUDC") at MVP, contributions from the recently acquired Pipestone Assets, the absence of wildfire impacts that were present in the second quarter of 2023, and the gain on settlement of an asset retirement obligation. These factors were partially offset by the absence of the favourable resolution of certain commercial disputes and contingencies in the first half of 2023, lower earnings at the extraction facilities, higher operating and administrative expenses, lower power revenue at Harmattan due to lower power prices compared to the same period in 2023, and lower sales of GHG credits.

In the Utilities segment, factors positively impacting normalized EBITDA included higher contributions from WGL's retail marketing business, higher revenue from ARP investments, the impact of the 2022 D.C. rate case, the impact of realized foreign exchange hedge gains, lower operating and administrative expenses, customer growth, and colder weather in D.C. where AltaGas does not have weather normalization. These factors were partially offset by the impact of the Alaska Utilities Disposition in the first quarter of 2023, the absence of the gain resulting from the partial debt defeasance associated with the Alaska Utilities Disposition in the first quarter of 2023, decreased asset optimization activities at Washington Gas, and warmer weather in Michigan.

In the Corporate/Other segment, normalized EBITDA was impacted by higher expenses related to employee incentive plans, primarily as a result of the increasing share price in the first half of 2024, as well as lower contributions from Blythe primarily due to a planned turnaround that was completed in the first quarter.

Income before income taxes for the first half of 2024 was $495 million, compared to $802 million for the same period in 2023. The decrease was mainly due to the absence of the gain on the Alaska Utilities Disposition as well as additional proceeds received in the first quarter of 2023 for the favourable settlement of contract contingencies related to the sale of the Goleta energy storage development in California ("Goleta") in 2022, lower unrealized gains on risk management contracts, higher transition and restructuring costs, higher interest expense, and higher depreciation and amortization expense, partially offset by the same previously referenced factors impacting normalized EBITDA, lower transaction costs related to acquisitions and dispositions, and higher foreign exchange gains. Net income applicable to common shares for the first half of 2024 was $366 million ($1.24 per share), compared to $578 million ($2.05 per share) for the same period in 2023. The decrease was mainly due to the same previously referenced factors impacting income before income taxes, partially offset by lower income tax expense and lower preferred share dividends.

Normalized funds from operations for the first half of 2024 was $690 million ($2.33 per share), compared to $610 million ($2.16 per share) for the same period in 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA and higher foreign exchange gains, partially offset by higher normalized current income tax expense, higher interest expense, and the impact of non-cash items included in normalized EBITDA.

Cash from operations for the first half of 2024 was $1,009 million ($3.41 per share), compared to $964 million ($3.42 per share) for the same period in 2023. The increase was mainly due to higher net income after taxes (after adjusting for non-cash items), partially offset by unfavourable variances in the net change in operating assets and liabilities, primarily as a result of fluctuations in commodity prices and sales volumes. Please refer to the *Liquidity* section of this MD&A for further details on the variance in cash from operations.

In the first half of 2023, AltaGas recorded pre-tax gains on dispositions of assets of approximately $319 million which was primarily due to the gain on the Alaska Utilities Disposition, additional proceeds received for the favourable settlement of contract contingencies related to the sale of Goleta, and the previously mentioned Meade escrow proceeds in the second quarter of 2023.

Operating and administrative expenses for the first half of 2024 were $894 million, compared to $774 million for the same period in 2023. The increase was due to a number of factors, including the absence of the favourable resolution of certain commercial disputes and contingencies in the first quarter of 2023, expenses related to the recently acquired Pipestone Assets, and higher expenses related to employee incentive plans, primarily driven by AltaGas' rising share price, partially offset by the impact of the Alaska Utilities Disposition. Depreciation and amortization expense for the first half of 2024 was $233 million, compared to $223 million for the same period in 2023. The increase was mainly due to depreciation expense on the Pipestone Assets and the impact of new assets placed in-service. Interest expense for the first half of 2024 was $218 million, compared to $198 million for the same period in 2023. The increase was mainly due to higher average interest rates, higher average debt balances, incremental hybrid interest costs due to the issuance of additional hybrid notes in the third quarter of 2023 replacing preferred shares, and a higher average Canadian/U.S. dollar exchange rate, partially offset by higher capitalized interest. For the six months ended June 30, 2024, AltaGas recorded total interest expense of $26 million on the subordinated hybrid notes compared to $17 million for the same period of 2023.

AltaGas recorded income tax expense of $113 million for the first half of 2024, compared to $202 million in the same period of 2023. The decrease in tax expense was mainly due to lower income before income taxes and the tax impact of the Alaska Utilities Disposition that occurred in the first quarter of 2023.

Normalized net income was $379 million ($1.28 per share) for the first half of 2024, compared to $299 million ($1.06 per share) for the same period in 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA and lower preferred share dividends, partially offset by higher normalized income tax expense, higher interest expense, and higher depreciation expense. Normalizing items in the first half of 2024 increased normalized net income by $13 million and included after-tax amounts related to transition and restructuring costs, transaction costs related to acquisitions and dispositions, losses on sale of assets, and unrealized gains on risk management contracts. Normalizing items in the first half of 2023 reduced normalized net income by $279 million and included after-tax amounts related to gains on sale of assets, unrealized gains on risk management contracts, transaction costs related to acquisitions and dispositions, unrealized foreign exchange losses on intercompany balances, transition and restructuring costs, and the wind up of the Canadian defined benefit pension plan. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further details on normalization adjustments.

2024 Outlook

In 2024, AltaGas expects to achieve normalized EBITDA of approximately $1.675 to $1.775 billion compared to actual normalized EBITDA of $1.58 billion in 2023, and normalized earnings per share of approximately $2.05 to $2.25 compared to actual normalized earnings per share of $1.90 and GAAP net income per share of $2.27 in 2023. For the year ended December 31, 2023, income before income taxes and net income applicable to common shares were $912 million and $641 million, respectively.

The Utilities segment is expected to contribute approximately 55 percent of normalized EBITDA in 2024, with year-over-year growth primarily driven by positive contribution from the continued rate base growth through ongoing capital investments in asset modernization programs on behalf of AltaGas' customers, the D.C. rate case, and new customer growth, partially offset by the lost contribution from the Alaskan Utilities due to the Alaska Utilities Disposition in the first quarter of 2023. The Midstream segment is expected to contribute approximately 45 percent of normalized EBITDA, with year-over-year expected growth driven primarily by strong expected global export volumes and margins, higher NGL marketing margins, higher utilization at the Company's Northeastern B.C. facilities, and contributions from the Pipestone Assets added at the end of 2023, partially offset by the absence of the favourable resolution of certain commercial disputes in 2023, lower earnings at the extraction facilities, and lower co-generation revenue at the Harmattan gas processing facility and extraction plant.

The expected variance in normalized earnings per share from $1.90 in 2023 to approximately $2.05 to $2.25 in 2024 is expected to be primarily due to the same factors impacting normalized EBITDA and lower expected preferred share dividends, partially offset by higher expected interest expense, higher depreciation and amortization expense, and higher normalized income tax expense.

The forecasted normalized EBITDA and earnings per share include assumptions around the Canadian/U.S. dollar exchange rate. Within each segment, the performance of the underlying businesses has the potential to vary. Any variance from AltaGas' current assumptions could impact the forecasted normalized EBITDA and normalized earnings per share. For further discussion of the risks impacting AltaGas please refer to the *Risk Factors* section of AltaGas' 2023 Annual Information Form, which is available on SEDAR+ at www.sedarplus.ca.

AltaGas continues to focus on de-risking its business and managing direct commodity price exposure to drive predictable and durable results. While the Company does have exposure, it plans to maintain an active hedging program that proactively hedges commodity price and spread risk to mitigate the impact of fluctuations in margins and cash flows. For the remainder of 2024, AltaGas has hedged:

- Approximately 87 percent of its remaining 2024 expected global export volumes through a combination of tolls and financial hedges, with the average Far East Index ("FEI") to North American financial hedge price of approximately US$17/Bbl for non-tolled propane and butane volumes.
- Approximately 86 percent of its 2024 expected frac exposed volumes hedged at approximately US$26/Bbl, prior to transportation costs.
- Materially all of AltaGas' expected Baltic freight exposure is protected through time charters, financial hedges, and tolled volumes in 2024.

Midstream Hedge Program	Q3 2024	Q4 2024	Remainder of 2024
Global Exports volumes hedged (%) (1)	93	80	87
Average propane/butane FEI to North America hedge (US$/Bbl) (2) (3)	16.66	17.28	16.96
Fractionation volumes hedged (%) (3)	92	80	86
Frac spread hedge rate (US$/Bbl) (3)	26.75	24.54	25.64

(1) Approximate expected volumes hedged. Includes contracted tolling volumes and financial hedges. Based on AltaGas' internally assumed export volumes. AltaGas is hedged at a higher percentage for firmly committed volumes.
(2) Does not include physical differential to FSK for C3 volumes. Butane is hedged as a percentage of WTI.
(3) Approximate average for the period.

Sensitivity Analysis

AltaGas' financial performance is affected by factors such as changes in commodity prices, exchange rates, discount rates, and weather. The following table illustrates the approximate effect of these key variables on AltaGas' expected normalized annual results for 2024:

Factor	Increase or decrease	Approximate impact on normalized annual results *($ millions)*
Degree day variance from normal - Utilities (1) (2)	5 percent	8
Change in Canadian dollar per U.S. dollar exchange rate (3) (4)	0.05	2
Propane and butane FEI to North America spreads (1) (5)	US$1/Bbl	5
Pension discount rate (1)	1 percent	2

(1) Represents impact on annual normalized EBITDA.
(2) Degree days – Utilities relate to SEMCO and District of Columbia service areas. Degree days are a measure of coldness determined daily as the numbers of degrees the average temperature during the day in question is below 65 degrees Fahrenheit. Degree days for a particular period are the average of degree days during the prior 15 years for SEMCO and during the prior 30 years for Washington Gas.
(3) Represents impact on annual normalized net income.
(4) The sensitivity is net of hedges on U.S. denominated earnings currently in place. Refer to the *Risk Management* section of this MD&A for more details.
(5) The sensitivity is net of hedges currently in place. The impact on normalized EBITDA due to changes in the spread will vary and is being managed through an active hedging program.

Growth Capital

AltaGas is maintaining a disciplined, equity self-funded capital program, and currently expects to deploy approximately $1.3 billion of invested capital in 2024, compared to actual invested capital of $946 million in 2023. The increase compared to the original guidance of $1.2 billion is due to expected capital expenditures on REEF as a result of the positive FID announced in the second quarter of 2024. The Utilities segment is expected to account for approximately 54 percent of total 2024 capital expenditures, while the Midstream segment is expected to account for approximately 42 percent, and the Corporate/Other segment will account for the balance. In 2024, AltaGas’ capital expenditures for the Utilities segment are expected to focus primarily on safety and reliability programs including system betterment, asset modernization and pipeline replacement programs, and new customer additions. In the Midstream segment, capital expenditures are anticipated to primarily relate to new project development including REEF and Pipestone Phase II, maintenance and administrative capital, optimization of existing assets, and environmental initiatives. The Corporation continues to focus on capital efficient organic growth and disciplined capital allocation while improving balance sheet strength and flexibility.

AltaGas' 2024 committed capital program is expected to be funded through internally-generated cash flow, opportunistic asset sales, and normal course borrowings on existing committed credit facilities.

Please refer to the *Net Invested Capital* and *Non-GAAP Financial Measures* sections of this MD&A for additional information on the components of AltaGas' invested capital.

Growth Capital Project Updates

The following table summarizes the status of AltaGas' significant growth projects:

Project	AltaGas' Ownership Interest	Estimated Cost (1)	Project Description and Status	Expected In-Service Date
Midstream Projects				
Pipestone Phase II	100%	$425 million - $450 million	Pipestone Phase II is a 100 MMcf/d sour deep-cut natural gas processing facility with 20,000 Bbls/d of liquids handling capabilities. The project reached a positive FID in December 2023 and is 100 percent contracted under long-term take-or-pay agreements. The project will be adjacent to Pipestone Phase I, which AltaGas acquired in December 2023, and is being constructed on a fixed price turnkey basis for the majority of the capital costs. Construction is underway and when complete, will deliver critical gas processing and liquids handling capacity in the Pipestone region of Alberta, which is one of the fastest growing liquids-rich natural gas developments in Canada.	2025 Year-end
REEF	50%	$675 million	REEF is a proposed large-scale LPG and bulk liquids export terminal with supporting marine infrastructure that is to be constructed on Ridley Island, British Columbia. The project is being developed by AltaGas and Vopak Development Canada Holdings Inc. ("Vopak") and will be located adjacent to the partners' existing RIPET facility. On May 29, 2024, a positive FID was announced on the project. All major gating items including front-end engineering design ("FEED") and a detailed Class III capital estimate have been completed. Site clearing work is complete, in water works has commenced, and early earthworks is also progressing. The project is planned to be developed and brought online in phases. This approach will provide the most capital efficient build out of the project, match energy export supply with throughput capacity, mitigate the challenges that a large development project can have on the local community, and provide local construction and employment opportunities that would extend over longer time horizons. AltaGas will hold a 50 percent working interest in REEF and will be the project operator with Vopak holding the other 50 percent interest. Phase 1 includes construction of a new deep water marine jetty with significant capacity for potential future phases.	2026 Year-end

Project	AltaGas' Ownership Interest	Estimated Cost [1]	Project Description and Status	Expected In-Service Date
Midstream Projects, continued				
Rolling Hills Carbon Sequestration Hub ("Rolling Hills")	50%	Currently undergoing evaluation work.	Rolling Hills is a prospective open-access carbon hub being evaluated by AltaGas and Whitecap Resources Inc. ("Whitecap"). Rolling Hills would be strategically located near AltaGas' Harmattan gas plant and is surrounded by Whitecap's extensive production and geological leadership in Central Alberta. The project is designed to include CO2 injection wells, carbon storage in underground reservoirs, and various intra-hub pipelines. AltaGas would have a 50 percent interest in the project with Whitecap holding the other 50 percent interest. The project has been awarded carbon sequestration hub evaluation rights with evaluation work progressing.	In-service date to be determined
MVP	10%	US$352 million	MVP is an interstate natural gas pipeline system that spans more than 300 miles from northwestern West Virginia to southern Virginia. The project is owned by a consortium with AltaGas owning a 10 percent equity stake. The project provides up to 2 Bcf/day of firm transmission capacity to markets in the Mid- and South Atlantic regions of the United States. On June 14, 2024, MVP was placed into service after satisfying all legal and regulatory requirements. Long-term firm capacity service started on July 1, 2024, in which MVP has agreements with multiple shippers for the full capacity of the pipeline for at least 20 years. Prior to July 1, 2024, MVP was available for interruptible or short-term firm transportation service. The total project costs are estimated to be approximately US$7.9 billion. AltaGas' exposure related to the initial project construction is contractually capped to the original estimated contributions of approximately US$352 million.	Placed in service on June 14, 2024.

Project	AltaGas' Ownership Interest	Estimated Cost [1]	Project Description and Status	Expected In-Service Date
Midstream Projects, continued				
MVP Southgate Project	5%	US$19 million	The MVP Southgate Project is an interstate natural gas pipeline that will extend MVP from southern Virginia into central North Carolina. The project is owned by a consortium with AltaGas owning a 5 percent equity stake. In December 2023, MVP announced it entered into precedent agreements with two counterparties to collectively provide 550,000 Dth per day of firm capacity commitments for 20-year terms with two potential five-year extensions. The precedent agreements contemplate a redesigned project, which would extend 31-miles from the terminus of MVP in Pittsylvania County, Virginia to planned new delivery points in Rockingham County, North Carolina using a 30-inch diameter pipe, substantially fewer water crossings, and would not require a new compressor station. MVP expects to finalize the redesigned project scope after it conducts an open season and executes any additional agreements for firm capacity. The redesigned MVP Southgate Project is expected to cost approximately US$370 million, of which approximately US$19 million will be AltaGas' portion. In the fourth quarter of 2021, AltaGas impaired its equity investment in the MVP Southgate project to a carrying value of $nil as a result of legal and regulatory challenges the project has encountered. Despite the asset write down in the fourth quarter of 2021, AltaGas remains committed to supporting the MVP Southgate project and connecting downstream customers to this critical transportation capacity.	June 2028 with majority of the spend expected in 2027.

Project	AltaGas' Ownership Interest	Estimated Cost [1]	Project Description and Status	Expected In-Service Date
Utilities Projects [2]				
Accelerated Utility Pipe Replacement Programs – ***Washington Gas – District of Columbia***	100%	Estimated US$50 million for the period March 2024 to February 2025. Previous three years totaled US$150 million.	The second phase of Washington Gas' ARP in D.C. was scheduled to end in December 2023. On December 22, 2022, Washington Gas filed an application with the Public Service Commission of the District of Columbia ("PSC of DC") for PROJECTpipes 3, seeking approval of approximately US$672 million for the five-year period from January 1, 2024 to December 31, 2028. On November 6, 2023, Washington Gas filed a request to extend PROJECTpipes 2 through December 31, 2024, while the PSC of DC continues to evaluate the PROJECTpipes 3 application. On February 23, 2024, the PSC of DC granted Washington Gas' request to extend PROJECTpipes 2 and the surcharge for 12 months, through February 2025, with a surcharge spending limit of US$50 million. The District of Columbia Government ("DCG") filed a Petition for Reconsideration of the order approving the extension of the program, and Washington Gas filed a response requesting denial of DCG's Petition. On June 12, 2024, the PSC of DC issued an order dismissing Washington Gas' PROJECTpipes 3 application, and concurrently opened a new docket and directed Washington Gas to file a new and restructured application that comports with DC's climate goals within 45 days of the date of the order, or by July 29, 2024. On July 12, 2024, Washington Gas filed an Application for Reconsideration and on July 19, 2024, several parties filed a response. On July 17, 2024, the DCG filed a motion to extend the time, by at least 90 days, for Washington Gas to file its restructured plan. On July 23, 2024, Washington Gas filed a response to the DCG motion. On July 26, 2024, the PSC of DC granted an extension of time, until September 27, 2024, for Washington Gas to file its restructured plan and directed the parties to immediately begin meeting biweekly until the restructured plan is filed with the PSC of DC.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.
Accelerated Utility Pipe Replacement Programs – **Washington Gas – Maryland**	100%	Estimated US$330 million over the five year period from January 2024 to December 2028, plus additional expenditures for subsequent phases upon approval.	On December 13, 2023, the Public Service Commission of Maryland ("PSC of MD") affirmed a public law judge's proposed order for the third phase of Washington Gas' ARP ("STRIDE 3") in Maryland, with a total five-year spending cap of approximately US$330 million. On January 10, 2024, the PSC of MD issued a memorandum explaining its December 13, 2023 decision. On February 9, 2024, the Maryland Office of People's Counsel ("MD OPC") filed a motion for rehearing with the PSC of MD. Washington Gas filed a response on February 22, 2024. On April 19, 2024, the PSC of MD denied the MD OPC's request for rehearing.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.

Project	AltaGas' Ownership Interest	Estimated Cost [(1)]	Project Description and Status	Expected In-Service Date
Utilities Projects, continued				
Accelerated Utility Pipe Replacement Programs – ***Washington Gas – Virginia***	100%	Estimated US$878 million over the five year period from January 2023 to December 2027, plus additional expenditures for subsequent phases upon approval.	On May 26, 2022, the Commonwealth of Virginia State Corporation Commission ("SCC of VA") approved Washington Gas' proposed amendment for the 2023 to 2027 SAVE Plan with a total five-year spending cap of approximately US$878 million, which may be exceeded by up to 5 percent.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.
Accelerated Mains Replacement and Infrastructure Reliability Improvement Programs – ***SEMCO ENERGY – Michigan***	100%	Estimated US$115 million over five year period from 2021 to 2025, plus additional expenditures for subsequent phases upon approval.	A MRP was agreed to in SEMCO's last rate case settled in December 2019. The five-year MRP program began in 2021 with a total spend of approximately US$60 million. In addition to the MRP program, SEMCO was also granted an IRIP, which is also a five-year program with a total spend of approximately US$55 million beginning in 2021. On April 1, 2024, SEMCO submitted its MRP and IRIP amendment application, seeking approval from the MPSC to extend its MRP and IRIP programs for approximately US$46 million and US$68 million, respectively, for the period from 2025 to 2027.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.

(1) These amounts are estimates and are subject to change based on various factors. Where appropriate, the amounts reflect AltaGas' share of the various projects.

(2) The utility accelerated replacement programs are long-term projects with multiple phases for which expenditures are approved by the regulators and managed in multi-year increments.

Non-GAAP Financial Measures

This MD&A contains references to certain financial measures used by AltaGas that do not have a standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other entities. Readers are cautioned that these non-GAAP measures should not be construed as alternatives to other measures of financial performance calculated in accordance with GAAP. The non-GAAP measures and their reconciliation to GAAP financial measures are shown below. These non-GAAP measures provide additional information that management of AltaGas ("Management") believes is meaningful in describing 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 below.

References to normalized EBITDA, normalized net income, normalized funds from operations, normalized income tax expense, normalized effective income tax rate, net debt and net debt to total capitalization, invested capital, and net invested capital throughout this MD&A have the meanings as set out in this section.

Change in Composition of Non-GAAP Measures

In the fourth quarter of 2023, Management changed the composition of certain of AltaGas' non-GAAP measures such that normalized net income now excludes the impact of unrealized intercompany foreign exchange gains (losses) resulting from intercompany balances between a U.S. subsidiary and a Canadian entity, where the foreign exchange impact in the U.S. subsidiary is recorded through gain (loss) on foreign currency translation in the Consolidated Statements of Comprehensive Income (Loss) and the Canadian entity revaluation is recorded through the foreign exchange gain (loss) line item on the Consolidated Statements of Income (Loss). This change was made as a result of Management's assessment that excluding these intercompany foreign exchange impacts from normalized net income is more representative of the Company's ongoing financial performance. Prior period calculations of the relevant non-GAAP measures have been restated to reflect this change. The following table summarizes the impact of this change on the periods presented in this MD&A:

Increase as result of change	Three Months Ended June 30		Six Months Ended June 30	
($ millions, except where noted)	**2024**	2023	**2024**	2023
Normalized net income [1]	**$ —**	$ 4	**$ —**	$ 6
Normalized income tax expense	**$ —**	$ 1	**$ —**	$ 2
Normalized effective tax rate (%)	**— %**	0.6 %	**— %**	— %

(1) Corresponding per share amounts have also been adjusted.

Normalized EBITDA

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2024**	2023	**2024**	2023
Income (loss) before income taxes (GAAP financial measure)	**$ (46)**	$ 182	**$ 495**	$ 802
Add:				
Depreciation and amortization	**117**	112	**233**	223
Interest expense	**111**	93	**218**	198
EBITDA	**$ 182**	$ 387	**$ 946**	$ 1,223
Add (deduct):				
Transaction costs related to acquisitions and dispositions [(1)]	**2**	4	**7**	20
Unrealized losses (gains) on risk management contracts [(2)]	**90**	(150)	**(27)**	(115)
Losses (gains) on sale of assets [(3)]	**3**	(11)	**2**	(319)
Transition and restructuring costs [(4)]	**18**	5	**31**	5
Wind-up of pension plan [(5)]	**—**	2	**—**	2
Accretion expenses	**1**	2	**2**	5
Foreign exchange gains	**(1)**	—	**(6)**	—
Normalized EBITDA	**$ 295**	$ 239	**$ 955**	$ 821

(1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. These costs are included in the "cost of sales" and "operating and administrative" line items on the Consolidated Statements of Income (Loss). Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.

(2) Included in the “revenue” and “cost of sales” line items on the Consolidated Statements of Income (Loss). Please refer to Note 13 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2024 for further details regarding AltaGas’ risk management activities.

(3) Included in the “other income” line item on the Consolidated Statements of Income (Loss).

(4) Comprised of transition and restructuring costs (including CEO transition). These costs are included in the "operating and administrative" line item on the Consolidated Statements of Income (Loss).

(5) Relates to the completion of the wind-up of the Canadian defined benefit pension plan in the second quarter of 2023. The settlement charge is included in the "other income" line on the Consolidated Statements of Income (Loss).

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 Statements of Income (Loss) using income (loss) before income taxes adjusted for pre-tax depreciation and amortization, and interest expense.

AltaGas presents normalized EBITDA as a supplemental measure. Normalized EBITDA is used by Management to enhance the understanding of AltaGas' earnings over periods, as well as for budgeting and compensation related purposes. The metric is frequently used by analysts and investors in the evaluation of entities within the industry as it excludes items that can vary substantially between entities depending on the accounting policies chosen, the book value of assets, and the capital structure.

Normalized Net Income

($ millions)	Three Months Ended June 30 2024	2023	Six Months Ended June 30 2024	2023
Net income (loss) applicable to common shares (GAAP financial measure)	**$ (42)**	$ 133	**$ 366**	$ 578
Add (deduct) after-tax:				
Transaction costs related to acquisitions and dispositions (1)	**2**	2	**6**	15
Unrealized losses (gains) on risk management contracts (2)	**68**	(116)	**(21)**	(89)
Losses (gains) on sale of assets (3)	**2**	(9)	**4**	(217)
Transition and restructuring costs (4)	**15**	4	**24**	4
Wind-up of pension plan (5)	**—**	2	**—**	2
Unrealized foreign exchange losses (gains) on intercompany balances (6)	**(4)**	4	**—**	6
Normalized net income	**$ 41**	$ 20	**$ 379**	$ 299

(1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. The pre-tax costs are included in the "cost of sales" and "operating and administrative" line items on the Consolidated Statements of Income (Loss). Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.

(2) The pre-tax amounts are included in the “revenue” and “cost of sales” line items on the Consolidated Statements of Income (Loss). Please refer to Note 13 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2024 for further details regarding AltaGas’ risk management activities.

(3) The pre-tax amounts are included in the “other income” line item on the Consolidated Statements of Income (Loss).

(4) Comprised of transition and restructuring costs (including CEO transition). The pre-tax costs are included in the "operating and administrative" line item on the Consolidated Statements of Income (Loss).

(5) Relates to the completion of the wind-up of the Canadian defined benefit pension plan in the second quarter of 2023. The settlement charge is included in the "other income" line on the Consolidated Statements of Income.

(6) Relates to unrealized foreign exchange losses (gains) on intercompany accounts receivable and accounts payable balances between a U.S. subsidiary and a Canadian entity, where the impact to the U.S. subsidiary is recorded through accumulated other comprehensive income as a loss on foreign currency translation, and the impact to the Canadian entity is recorded through the "foreign exchange gains" line item on the Consolidated Statements of Income (Loss). As noted previously in this MD&A, in the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. The amounts presented in this table reflect the restated figures to align with the revised policy.

Normalized net income and normalized net income per share are used by Management to enhance the comparability of AltaGas’ earnings, as these metrics reflect the underlying performance of AltaGas’ business activities.

Normalized Funds from Operations

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2024**	2023	**2024**	2023
Cash from operations (GAAP financial measure)	**$ 452**	$ 373	**$ 1,009**	$ 964
Add (deduct):				
Net change in operating assets and liabilities	**(292)**	(231)	**(364)**	(422)
Asset retirement obligations settled	**—**	3	**—**	5
Funds from operations	**$ 160**	$ 145	**$ 645**	$ 547
Add (deduct):				
Transaction costs related to acquisitions and dispositions (1)	**2**	4	**7**	20
Transition and restructuring costs (2)	**18**	5	**31**	5
Current tax expense (recovery) on asset sales (3)	**—**	(4)	**7**	38
Normalized funds from operations	**$ 180**	$ 150	**$ 690**	$ 610

(1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. These costs exclude non-cash amounts and are included in the "cost of sales" and "operating and administrative" line items on the Consolidated Statements of Income (Loss). Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.

(2) Comprised of transition and restructuring costs (including CEO transition). The pre-tax costs are included in the "operating and administrative" line item on the Consolidated Statements of Income (Loss).

(3) Included in the "current income tax expense (recovery)" line item on the Consolidated Statements of Income (Loss).

Normalized funds from operations and funds from operations are used to assist Management and investors in analyzing the liquidity of the Corporation. Management uses these measures to understand the ability to generate funds for capital investments, debt repayment, dividend payments, and other investing activities.

Funds from operations and normalized funds from operations as presented should not be viewed as an alternative to cash from operations or other cash flow measures calculated in accordance with GAAP.

Normalized Income Tax Expense

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2024**	2023	**2024**	2023
Income tax expense (recovery) (GAAP financial measure)	**$ (12)**	$ 38	**$ 113**	$ 202
Add (deduct) tax impact of:				
Transaction costs related to acquisitions and dispositions	**—**	2	**1**	5
Unrealized losses (gains) on risk management contracts	**22**	(34)	**(6)**	(26)
Losses (gains) on sale of assets	**1**	(2)	**(2)**	(102)
Transition and restructuring costs	**3**	1	**7**	1
Unrealized foreign exchange losses (gains) on intercompany balances (1)	**(1)**	1	**—**	2
Normalized income tax expense	**$ 13**	$ 6	**$ 113**	$ 82

(1) As noted previously in this MD&A, in the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. The amounts presented in this table reflect the restated figures to align with the revised policy.

The above table provides a reconciliation of normalized income tax expense from the GAAP financial measure, income tax expense (recovery). The reconciling items are comprised of the income tax impacts of normalizing items present in the calculation of normalized net income. For more information on the individual normalizing items, please refer to the normalized net income reconciliation above.

Normalized income tax expense is used by Management to enhance the comparability of the impact of income tax on AltaGas' earnings, as it reflects the underlying performance of AltaGas' business activities, and is presented to provide this perspective to analysts and investors.

Net Debt and Net Debt to Total Capitalization

Net debt and net debt to total capitalization are used by the Corporation to monitor its capital structure and financing requirements. It is also used as a measure of the Corporation's overall financial strength and is presented to provide this perspective to analysts and investors. Net debt is defined as short-term debt, plus current and long-term portions of long-term debt, current portion and long-term portions of finance lease liabilities, and subordinated hybrid notes, less cash and cash equivalents. Total capitalization is defined as net debt plus shareholders' equity and non-controlling interests. Additional information regarding these non-GAAP measures can be found under the *Capital Resources* section of this MD&A.

Invested Capital and Net Invested Capital

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2024**	2023	**2024**	2023
Cash used in (from) investing activities (GAAP financial measure)	**$ 305**	$ 231	**$ 580**	$ (638)
Add (deduct):				
Net change in non-cash capital expenditures [1]	**11**	(7)	**(4)**	(35)
AFUDC [2]	**1**	—	**1**	—
Contributions from non-controlling interests	**(11)**	—	**(17)**	—
Net invested capital	**$ 306**	$ 224	**$ 560**	$ (673)
Asset dispositions	**1**	—	**2**	1,072
Invested capital	**$ 307**	$ 224	**$ 562**	$ 399

(1) Comprised of non-cash capital expenditures included in the "accounts payable and accrued liabilities" line item on the Consolidated Balance Sheets. Please refer to Note 19 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2024 for further details.

(2) AFUDC is the amount that a rate-regulated enterprise is allowed to recover for its cost of financing assets under construction, and excludes any AFUDC within investments accounted for by the equity method. AFUDC is included in the "property, plant and equipment" line item on the Consolidated Balance Sheets.

Invested capital is a measure of AltaGas' use of funds for capital expenditure activities. It includes expenditures relating to property, plant, and equipment and intangible assets, capital contributed to long term investments, and contributions from non-controlling interests. Net invested capital is invested capital presented net of proceeds from disposals of assets in the period. Net invested capital is calculated based on the investing activities section in the Consolidated Statements of Cash Flows, adjusted for items including the net change in non-cash capital expenditures, AFUDC, and contributions from non-controlling interests. Invested capital and net invested capital are used by Management, investors, and analysts to enhance the understanding of AltaGas' capital expenditures from period to period and provide additional detail on the Company's use of capital.

Supplemental Calculations

Reconciliation of Normalized EBITDA to Normalized Net Income

The below table provides a supplemental reconciliation of normalized EBITDA to normalized net income. Both of these non-GAAP measures have been previously reconciled to the relevant GAAP financial measures in the section above. This supplemental information is provided as additional information to assist analysts and investors in comparing normalized EBITDA to normalized net income and is not intended as a substitute for the reconciliations to the nearest comparable GAAP measures. Readers should not place undue reliance on this supplemental reconciliation.

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2024**	2023	**2024**	2023
Normalized EBITDA	**$ 295**	$ 239	**$ 955**	$ 821
Add (deduct):				
Depreciation and amortization	**(117)**	(112)	**(233)**	(223)
Interest expense	**(111)**	(93)	**(218)**	(198)
Income tax recovery (expense)	**12**	(38)	**(113)**	(202)
Normalizing items impacting income taxes [(1) (2)]	**(25)**	32	**—**	120
Accretion expenses	**(1)**	(2)	**(2)**	(5)
Foreign exchange gains	**1**	—	**6**	—
Unrealized foreign exchange losses (gains) on intercompany balances [(2)]	**(5)**	5	**—**	8
Net income applicable to non-controlling interests	**(4)**	(4)	**(8)**	(9)
Preferred share dividends	**(4)**	(7)	**(8)**	(13)
Normalized net income [(2)]	**$ 41**	$ 20	**$ 379**	$ 299

(1) Represents the income tax impact related to the normalizing items included in the calculation of Normalized EBITDA.

(2) As noted previously in this MD&A, in the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. The amounts presented in this table reflect the restated figures to align with the revised policy.

Calculation of Normalized Effective Income Tax Rate

The below table provides a calculation of normalized effective income tax rate from normalized net income and normalized income tax expense. Both of these non-GAAP measures have been previously reconciled to the relevant GAAP measures in the section above. This supplemental calculation is provided as additional information to assist analysts and investors in comparing normalized income tax expense to normalized net income and is not intended as a substitute for the reconciliations to the nearest comparable GAAP measures. Readers should not place undue reliance on this supplemental calculation.

($ millions, except normalized effective income tax rate)	Three Months Ended June 30 2024	2023	Six Months Ended June 30 2024	2023
Normalized net income [1]	**$ 41**	$ 20	**$ 379**	$ 299
Add (deduct):				
Normalized income tax expense [1] [2]	**13**	6	**113**	82
Net income applicable to non-controlling interests	**4**	4	**8**	9
Preferred share dividends	**4**	7	**8**	13
Normalized net income before taxes [1]	**$ 62**	$ 37	**$ 508**	$ 403
Normalized effective income tax rate (%) [1] [3]	**21.0**	16.2	**22.2**	20.3

(1) As noted previously in this MD&A, in the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. The amounts presented in this table reflect the restated figures to align with the revised policy.
(2) Calculated in the section above.
(3) Calculated as normalized income tax expense divided by normalized net income before taxes.

Results of Operations by Reporting Segment

Normalized EBITDA [1] ($ millions)	Three Months Ended June 30 2024	2023	Six Months Ended June 30 2024	2023
Utilities	**$ 122**	$ 102	**$ 559**	$ 503
Midstream	**175**	134	**422**	317
Sub-total: Operating Segments	**$ 297**	$ 236	**$ 981**	$ 820
Corporate/Other	**(2)**	3	**(26)**	1
	$ 295	$ 239	**$ 955**	$ 821

(1) Non-GAAP financial measure; see discussion in Non-GAAP Financial Measures section of this MD&A.

Income (Loss) Before Income Taxes ($ millions)	Three Months Ended June 30 2024	2023	Six Months Ended June 30 2024	2023
Utilities	**$ 31**	$ 105	**$ 417**	$ 695
Midstream	**46**	181	**342**	320
Sub-total: Operating Segments	**$ 77**	$ 286	**$ 759**	$ 1,015
Corporate/Other	**(123)**	(104)	**(264)**	(213)
	$ (46)	$ 182	**$ 495**	$ 802

Revenue ($ millions)	Three Months Ended June 30 2024	2023	Six Months Ended June 30 2024	2023
Utilities	**$ 832**	$ 837	**$ 2,402**	$ 2,772
Midstream	**1,921**	1,774	**3,994**	3,861
Sub-total: Operating Segments	**$ 2,753**	$ 2,611	**$ 6,396**	$ 6,633
Corporate/Other	**22**	20	**34**	46
	$ 2,775	$ 2,631	**$ 6,430**	$ 6,679

Utilities

Operating Statistics

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	**2024**	2023
Natural gas deliveries - end-use (Bcf) [1]	**14.5**	15.3	**69.0**	76.7
Natural gas deliveries - transportation (Bcf) [1]	**20.2**	19.5	**55.3**	57.6
Service sites (thousands) [2]	**1,560**	1,553	**1,560**	1,553
Degree day variance from normal - SEMCO Gas (%) [3]	**(29.0)**	(5.6)	**(17.1)**	(10.7)
Degree day variance from normal - Washington Gas (%) [3] [4]	**(31.6)**	(27.0)	**(17.7)**	(22.8)
Retail energy marketing - gas sales volumes (Mmcf)	**9,664**	10,623	**33,474**	31,026
Retail energy marketing - electricity sales volumes (GWh)	**3,714**	3,365	**7,256**	6,687

(1) Bcf is one billion cubic feet.

(2) Service sites reflect all of the service sites of the utilities, including transportation and non-regulated business lines.

(3) A degree day is a measure of coldness determined daily as the number of degrees the average temperature during the day in question is below 65 degrees Fahrenheit. Degree days for a particular period are determined by adding the degree days incurred during each day of the period. Normal degree days for a particular period are the average of degree days during the prior 15 years for SEMCO Gas and during the prior 30 years for Washington Gas.

(4) In certain of Washington Gas' jurisdictions (Virginia and Maryland) there are billing mechanisms in place which are designed to eliminate the effects of variance in customer usage caused by weather and other factors such as conservation. In the District of Columbia, there is no weather normalization billing mechanism nor does Washington Gas hedge to offset the effects of weather. As a result, colder or warmer weather will result in variances to financial results.

During the second quarter of 2024, AltaGas' Utilities segment experienced warmer weather at SEMCO and Washington Gas compared to the same quarter of 2023.

During the first half of 2024, AltaGas' Utilities segment experienced warmer weather at SEMCO and colder weather at Washington Gas compared to the same period in 2023.

Service sites at June 30, 2024 increased by approximately 7,000 sites compared to June 30, 2023 primarily due to continued customer additions across the jurisdictions.

In the second quarter of 2024, U.S. retail gas sales volumes were 9,664 Mmcf, compared to 10,623 Mmcf in the same quarter of 2023. The decrease was primarily due to warmer weather compared to the same quarter of 2023. U.S. retail electricity sales volumes were 3,714 GWh in the second quarter of 2024, compared to 3,365 GWh in the same quarter of 2023. The increase was primarily due to an increase in commercial customers served by the business and warmer weather compared to the same quarter of 2023.

In the first half of 2024, U.S. retail gas sales volumes were 33,474 Mmcf, compared to 31,026 Mmcf in the same period in 2023. The increase was primarily due to colder weather in the first quarter of 2024 compared to the same period in 2023. U.S. retail electricity sales volumes were 7,256 GWh in the first half of 2024, compared to 6,687 GWh in the same period in 2023. The increase was primarily due to an increase in commercial customers served by the business compared to the same period of 2023 and warmer weather in the second quarter of 2024.

Three Months Ended June 30

Normalized EBITDA in the Utilities segment was $122 million in the second quarter of 2024, compared to $102 million in the same quarter of 2023. The increase in normalized EBITDA was mainly due to lower operating and administrative expenses, higher revenue from ARP spend, higher contributions from WGL's retail marketing business, and the impact of the 2022 D.C. rate case. These factors were partially offset by the impact of the 2023 Maryland and Virginia rate cases, decreased asset optimization activities at Washington Gas, and warmer weather in Michigan where AltaGas does not have weather normalization.

The Utilities segment income before income taxes was $31 million in the second quarter of 2024, compared to $105 million in the same quarter of 2023. The decrease was mainly due to lower unrealized gains on risk management contracts, higher transition and restructuring costs, and the absence of favourable working capital adjustments related to the Alaska Utilities Disposition in the second quarter of 2023, partially offset by the same previously referenced factors impacting normalized EBITDA.

In the second quarter of 2023, the Utilities segment recognized a pre-tax gain on disposition of assets of approximately $10 million due to favourable working capital adjustments related to the Alaska Utilities Disposition.

Six Months Ended June 30

The Utilities segment reported normalized EBITDA of $559 million in the first half of 2024, compared to $503 million in the same period in 2023. The increase in normalized EBITDA was mainly due to higher contributions from WGL's retail marketing business, higher revenue from ARP spend, the impact of the 2022 D.C. rate case, the impact of realized foreign exchange hedge gains, lower operating and administrative expenses, customer growth, and colder weather in D.C. These factors were partially offset by the impact of the Alaska Utilities Disposition in the first quarter of 2023, the absence of the gain resulting from the partial debt defeasance associated with the Alaska Utilities Disposition in the first quarter of 2023, decreased asset optimization activities at Washington Gas, and warmer weather in Michigan.

The Utilities segment income before income taxes was $417 million in the first half of 2024, compared to $695 million in the same period of 2023. The decrease was primarily due to the absence of the gain on the Alaska Utilities Disposition, higher transition and restructuring costs, and lower unrealized gains on risk management contracts, partially offset by the same previously referenced factors impacting normalized EBITDA and lower depreciation expense.

In the first half of 2023, the Utilities segment recognized a pre-tax gain on disposition of assets of approximately $304 million due to the gain on the Alaska Utilities Disposition.

Utilities Rate Cases

Utility/ Jurisdiction	Date Filed	Request	Status	Expected Timing of Decision
Washington Gas - District of Columbia	April 2022	US$53 million increase in base rates, including US$5 million currently collected through the PROJECTpipes surcharge. Therefore, the incremental amount of the base rate increase requested was approximately US$48 million.	On April 4, 2022, Washington Gas filed an application for authority to increase charges for gas service in D.C. On December 22, 2023, the PSC of DC approved a revenue increase of approximately US$25 million, of which approximately US$5 million is currently collected through the PROJECTpipes 2 surcharge. The new rates went into effect January 19, 2024. Requests for reconsideration of certain limited findings in the Commission's decision were filed by certain parties to the case. On February 22, 2024, the PSC of DC issued an Order asking for input from parties on the parameters for an affiliate cost of service study ("ACOSS"). The Order denied other requests for reconsideration. On March 29, 2024, the Apartment and Office Building Association of Metropolitan ("AOBA") Washington filed recommendation on the structure and content of the ACOSS. On May 15, 2024, Washington Gas filed its ACOSS. On June 5, 2024, the AOBA filed a motion to reject the ACOSS, and Washington Gas filed a response on June 14, 2024. The PSC of DC issued an order on June 28, 2024, which denied AOBA's request to reject the ACOSS and directed the parties to meet within 15 days of the date of the order, to discuss the issues identified in the order. The parties met on July 12, 2024 and a joint report on the meeting is due within 15 days of the meeting. The PSC of DC will issue an order detailing the contents of the ACOSS to be filed with Washington Gas's next base rate case application.	Final order received on December 22, 2023.

Other Regulatory Updates

Merger Commitments - District of Columbia

On August 9, 2023, the PSC of DC determined that AltaGas had failed to fulfill Term No. 5 Commitment of the PSC of DC's merger approval order related to the June 2018 merger of AltaGas, WGL, and Washington Gas. On reconsideration, the PSC of DC confirmed, in relevant part, that it had credited AltaGas with causing the development of 2.4 MW of Tier one renewable resources by the July 6, 2023 deadline, and that the Company had breached its Term No. 5 Commitment only for the remaining 7.6 MW. As directed by the PSC of DC, AltaGas, the DCG, and the District of Columbia Office of People's Counsel ("DC OPC") conducted negotiations in good faith to reach agreement on a penalty but were unable to reach agreement. Thereafter, AltaGas confirmed that it will specifically perform its Term No. 5 obligations by continuing to cause the development of the remaining 7.6 MW of solar renewable energy. On March 8, 2024, the PSC of DC issued an order to show cause why the penalty amount should not be the maximum allowed under D.C. Code §34-708 (US$5,000/day). On June 14, 2024, AltaGas and DCG jointly requested that the PSC of DC allow sixty (60) days for the parties to negotiate a settlement in the form of a consent decree or, if no agreement is reached, to file a report on the status of the negotiations. As at June 30, 2024, AltaGas believes that the civil penalty is probable, and based upon reasonable estimates, has recorded an accrued liability of approximately US$2.1 million.

Prince William County Biogas Pipeline

On December 4, 2023, Washington Gas filed an application with the SCC of VA seeking approval for a biogas supply investment plan and rate adjustment clause. Washington Gas seeks approval to purchase, own, operate, and maintain an eight-mile pipeline, associated interconnection facilities and other necessary equipment to transport RNG from a biogas production facility located at the Prince William County Landfill. Washington Gas also proposes to purchase a portion of the facilities output, a subset of which will be accompanied by marketable environmental attributes. Washington Gas is seeking recovery of the project costs and RNG costs through a Rider RNG. Evidentiary hearing took place on March 19, 2024 and the Hearing Examiner's Report was issued on April 15, 2024. On May 3, 2024, Washington Gas and the Staff filed comments on the report. On May 30, 2024, the SCC of VA issued a Final Order approving the RNG proposed project with a cost cap of US$28 million. The SCC of VA directed Washington Gas to file an application for approval of a Rider RNG at least 120 days prior to the expected in-service date.

Midstream

Operating Statistics

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	**2024**	2023
LPG export volumes (Bbls/d) (1)	**123,285**	115,589	**119,210**	107,562
Total inlet gas processed (Mmcf/d) (1)	**1,420**	1,344	**1,404**	1,358
Extracted ethane volumes (Bbls/d) (1)	**19,618**	24,927	**19,993**	25,081
Extracted NGL volumes (Bbls/d) (1) (2) (3)	**47,054**	35,765	**47,663**	35,081
Fractionation volumes (Bbls/d) (1) (4)	**43,421**	38,364	**42,242**	40,000
Frac spread - realized ($/Bbl) (1) (5)	**25.32**	23.87	**25.27**	25.58
Frac spread - average spot price ($/Bbl) (1) (6)	**29.61**	21.56	**27.39**	24.43
Propane FEI to Mont Belvieu spread (US$/Bbl) (1) (7)	**14.52**	14.54	**14.29**	17.48
Butane FEI to Mont Belvieu spread (US$/Bbl) (1) (8)	**16.17**	15.29	**15.02**	18.51

(1) Average for the period.
(2) NGL volumes refer to propane, butane and condensate.
(3) Volumes for the six months ended June 30, 2024 include revised volumes of 48,272 Bbls/d for the first quarter of 2024.
(4) Fractionation volumes include NGL mix volumes processed.
(5) Realized frac spread or NGL margin, expressed in dollars per barrel of NGL, is derived from sales recorded by the segment during the period for frac spread exposed volumes plus the settlement value of frac hedges settled in the period less extraction premiums, divided by the total frac exposed volumes produced during the period.
(6) Average spot frac spread or NGL margin, expressed in dollars per barrel of NGL, is indicative of the average sales price that AltaGas receives for propane, butane and condensate less extraction premiums, before accounting for hedges, divided by the respective frac spread exposed volumes for the period.
(7) Average propane price spread between FEI and Mont Belvieu TET commercial index.
(8) Average butane price spread between FEI and Mont Belvieu TET commercial index.

LPG volumes exported to Asia from RIPET and Ferndale for the three months ended June 30, 2024 averaged 123,285 Bbls/d compared to 115,589 Bbls/d for the same period in 2023. There were 20 full shipments and one partial shipment in the second quarter of 2024 compared to 19 full shipments and one partial shipment in the same period of 2023. Higher export volumes were primarily the result of increased offtake demand, higher available supply, and improved logistics.

LPG volumes exported to Asia from RIPET and Ferndale for the six months ended June 30, 2024 averaged 119,210 Bbls/d compared to 107,562 Bbls/d for the same period in 2023. There were 39 full shipments in the first half of 2024 compared to 35 full shipments and one partial shipment in the same period of 2023. Higher export volumes and shipments were the result of increased offtake demand, higher available supply, and improved logistics.

Inlet gas processing volumes for the second quarter of 2024 increased by 76 Mmcf/d compared to the same quarter of 2023. Higher inlet gas processing volumes were primarily due to the addition of inlet volumes from the Pipestone Assets, higher volumes at the Harmattan raw gas facilities due to increased production from third party wells, and higher producer volumes at the Townsend complex, partially offset by lower volumes at the extraction facilities stemming from lower customer demand.

Inlet gas processing volumes for the first half of 2024 increased by 46 Mmcf/d compared to the same period in 2023. Higher inlet gas processing volumes were primarily due to the addition of inlet volumes from the Pipestone Assets and higher volumes at the Harmattan raw gas facilities due to increased production from third party wells, partially offset by lower volumes at the extraction facilities stemming from cold weather outages in January, lower volumes at the Harmattan co-stream facilities due to meter repairs and plant outages, and lower producer volumes at the Townsend complex.

Average ethane volumes for the second quarter of 2024 decreased by 5,309 Bbls/d, while average extracted NGL volumes increased by 11,289 Bbls/d compared to the same quarter of 2023. Lower ethane volumes were a result of higher re-injection rates and lower volumes at the Edmonton Ethane Extraction Plant ("EEEP") and the Joffre Ethane Extraction Plant ("JEEP"), and higher co-stream re-injection at Harmattan, partially offset by higher raw gas production at Harmattan. Higher extracted NGL volumes were a result of the addition of volumes from the Pipestone Assets and higher production at the Harmattan and Gordondale facilities including the absence of a third party pipeline outage in the second quarter of 2023 resulting in re-injection of NGL volumes at Gordondale, partially offset by decreased production at the Townsend complex.

Average ethane volumes for the first half of 2024 decreased by 5,088 Bbls/d, while average extracted NGL volumes increased by 12,582 Bbls/d compared to the same period in 2023. Lower ethane volumes were a result of higher re-injection rates and lower volumes at EEEP and JEEP, and higher co-stream re-injection at Harmattan, partially offset by increased production at the Pembina Empress Extraction Plant ("PEEP") and higher raw gas production at Harmattan. Higher extracted NGL volumes were a result of the addition of volumes from the Pipestone Assets and higher production at the Harmattan and Gordondale facilities including the absence of a third party pipeline outage in the second quarter of 2023 resulting in re-injection of NGL volumes at Gordondale, partially offset by decreased production at the Townsend complex.

Fractionation volumes for the second quarter of 2024 increased by 5,057 Bbls/d compared to the same quarter of 2023. Higher fractionation volumes were primarily due to higher North Pine volumes resulting from recent optimization work, higher Harmattan raw gas volumes as a result of increased production from third party wells, and higher volumes and utilization at the Younger facilities.

Fractionation volumes for the first half of 2024 increased by 2,242 Bbls/d compared to the same period in 2023. Higher fractionation volumes were primarily due to higher Harmattan raw gas volumes as a result of increased production from third party wells, higher volumes and utilization at the Younger facility, and higher volumes at North Pine.

Three Months Ended June 30

The Midstream segment reported normalized EBITDA of $175 million in the second quarter of 2024 compared to $134 million in the same quarter of 2023. The increase in normalized EBITDA included strong performance from the global exports business as a result of higher volumes and margins, higher contributions from the fractionation and liquids handling business, contributions from the recently acquired Pipestone Assets, and the absence of wildfire impacts that were present in the second quarter of 2023. These factors were partially offset by the absence of the favourable resolution of certain acquisition related commercial disputes and contingencies in the second quarter of 2023, higher operating and administrative expenses, lower sales of GHG credits, lower power revenue at Harmattan primarily due to lower power prices, and lower earnings at the extraction facilities due to the impact of higher re-injection of volumes.

Income before income taxes in the Midstream segment was $46 million in the second quarter of 2024, compared to $181 million in the same quarter of 2023. The decrease was mainly due to unrealized losses on risk management contracts compared to unrealized gains in the second quarter of 2023 and higher depreciation expense, partially offset by the same previously referenced factors impacting normalized EBITDA.

Six Months Ended June 30

The Midstream segment reported normalized EBITDA of $422 million in the first half of 2024, compared to $317 million in the same period in 2023. The increase in normalized EBITDA was mainly due to strong performance from the global exports business as a result of higher volumes and margins, higher contributions from the fractionation and liquids handling business, higher AFUDC at MVP, contributions from the recently acquired Pipestone assets, the absence of wildfire impacts during the second quarter of 2023, and the gain on settlement of an asset retirement obligation. These factors were partially offset by the absence of the favourable resolution of certain acquisition related to commercial disputes and contingencies in the first half of 2023, lower earnings at the extraction facilities primarily due to the impact of higher re-injection of volumes, higher operating and administrative expenses, lower power revenue at Harmattan due to lower power prices compared to the same period in 2023, and lower sales of GHG credits compared to the same period in 2023.

Income before income taxes in the Midstream segment was $342 million in the first half of 2024, compared to $320 million in the first half of 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, partially offset by unrealized losses on risk management contracts compared to unrealized gains in the first half of 2023 and higher depreciation expense.

Midstream Hedges

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	**2024**	2023
Frac spread exposed volumes (Bbls/d)	**10,022**	9,787	**10,631**	10,662
NGL volumes hedged (Bbls/d)	**8,406**	8,000	**8,248**	7,315
Average price of NGL volumes hedged ($/Bbl) (1)	**36**	36	**36**	36
Average FEI to North American NGL price spread for volumes hedged (US$/Bbl)	**17**	12	**18**	14

(1) Excludes basis differential.

Corporate/Other

Three Months Ended June 30

In the Corporate/Other segment, normalized EBITDA for the second quarter of 2024 was a loss of $2 million, compared to income of $3 million in the same quarter of 2023. The decrease in normalized EBITDA was primarily due to higher expenses related to employee incentive plans as a result of the increasing share price in the second quarter of 2024.

Loss before income taxes in the Corporate/Other segment was $123 million in the second quarter of 2024, compared to $104 million in the same quarter of 2023. The higher loss was mainly due to higher interest expense and the same previously referenced factors impacting normalized EBITDA.

Six Months Ended June 30

In the Corporate/Other segment, normalized EBITDA for the first half of 2024 was a loss of $26 million, compared to income of $1 million in the same period in 2023. The decrease in normalized EBITDA was primarily due to higher expenses related to employee incentive plans as a result of the increasing share price in the first half of 2024 and lower contributions from Blythe as a result of a planned turnaround.

Loss before income taxes in the Corporate/Other segment was $264 million in the first half of 2024, compared to $213 million in the same period in 2023. The higher loss was mainly due to the same previously referenced factors impacting normalized EBITDA, higher interest expense, the absence of the additional gain in the first quarter of 2023 related to the favourable settlement of outstanding contingencies on the sale of Goleta in 2022, lower unrealized gains on risk management contracts, and higher transition and restructuring costs, partially offset by lower transaction costs on acquisitions and dispositions and higher foreign exchange gains.

In the first half of 2023, the Corporate/Other segment recognized a pre-tax gain of approximately $11 million on the sale of Goleta in 2022 as a result of a payment received in the first quarter of 2023 for the favourable settlement of outstanding contingencies based on contract outcomes.

Net Invested Capital

Invested capital and net invested capital are non-GAAP financial measures. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further discussion.

								Three Months Ended June 30, 2024
($ millions)		**Utilities**		**Midstream**		**Corporate/ Other**		**Total**
Invested capital:								
Property, plant and equipment	$	**178**	$	**125**	$	**2**	$	**305**
Intangible assets		**—**		**1**		**—**		**1**
Long-term investments		**—**		**1**		**—**		**1**
Invested capital	$	**178**	$	**127**	$	**2**	$	**307**
Disposals:								
Asset dispositions		**—**		**—**		**(1)**		**(1)**
Net invested capital	$	**178**	$	**127**	$	**1**	$	**306**

								Three Months Ended June 30, 2023
($ millions)		Utilities		Midstream		Corporate/ Other		Total
Invested capital:								
Property, plant and equipment	$	198	$	23	$	—	$	221
Intangible assets		—		1		—		1
Long-term investments		—		2		—		2
Invested capital and net invested capital	$	198	$	26	$	—	$	224

During the second quarter of 2024, AltaGas' invested capital was $307 million, compared to $224 million in the same quarter of 2023. The increase in invested capital was primarily due to the higher additions to property, plant, and equipment as a result of higher growth capital spend in the Midstream segment, primarily related to Pipestone Phase II and REEF, as well as increased system betterment spend in the Utilities segment and an increase in planned maintenance capital in the Midstream segment, partially offset by lower ARP spend at Washington Gas.

Invested capital in the second quarter of 2024 included maintenance capital of $19 million (2023 - $5 million) in the Midstream segment and $1 million (2023 - $nil) related to the remaining power assets in the Corporate/Other segment. The increase in Midstream maintenance capital in the second quarter of 2024 was primarily related to maintenance at Harmattan and Pipestone Phase I, while the increase in maintenance capital in the Corporate/Other segment was related to Blythe.

During the second quarter of 2024, AltaGas' cash flow from investing activities was an outflow of $305 million compared to an outflow of $231 million in the same quarter of 2023. Please refer to the *Non-GAAP Financial Measures* and *Liquidity* sections of this MD&A for further information on AltaGas' cash flow from investing activities.

				Six Months Ended June 30, 2024
($ millions)	**Utilities**	**Midstream**	**Corporate/ Other**	**Total**
Invested capital:				
Property, plant and equipment	**$ 357**	**$ 169**	**$ 33**	**$ 559**
Intangible assets	**—**	**2**	**—**	**2**
Long-term investments	**—**	**1**	**—**	**1**
Invested capital	**$ 357**	**$ 172**	**$ 33**	**$ 562**
Disposals:				
Asset dispositions	**—**	**(1)**	**(1)**	**(2)**
Net invested capital	**$ 357**	**$ 171**	**$ 32**	**$ 560**

				Six Months Ended June 30, 2023
($ millions)	Utilities	Midstream	Corporate/ Other	Total
Invested capital:				
Property, plant and equipment	$ 349	$ 42	$ 3	$ 394
Intangible assets	—	2	—	2
Long-term investments	—	3	—	3
Invested capital	$ 349	$ 47	$ 3	$ 399
Disposals:				
Asset dispositions	(1,059)	(2)	(11)	(1,072)
Net invested capital	$ (710)	$ 45	$ (8)	$ (673)

In the first half of 2024, AltaGas' invested capital was $562 million, compared to $399 million in the same period of 2023. The increase in invested capital was primarily due to the higher additions to property, plant, and equipment as a result of higher growth capital spend in the Midstream segment, primarily related to Pipestone Phase II and REEF, partially offset by the absence of capital spend in the first half of 2023 related to the Harmattan Carbon Capture and Acid Gas Injection Well which was placed in service in January 2024, as well as higher spend on system betterment in the Utilities segment and an increase in planned maintenance capital in the Corporate/Other segment, partially offset by lower ARP spend at Washington Gas. In the first half of 2023, asset dispositions primarily related to the Alaska Utilities Disposition and additional proceeds received for the favourable settlement of outstanding contingencies on the sale of Goleta in the first quarter of 2022.

Invested capital in the first half of 2024 included maintenance capital of $26 million (2023 - $7 million) in the Midstream segment and $32 million (2023 - $2 million) related to the remaining power assets in the Corporate/Other segment. The increase in Midstream maintenance capital in the first half of 2024 was primarily related to maintenance at Harmattan, Pipestone Phase I, and Ferndale, while the increase in maintenance capital in the Corporate/Other segment was primarily due to a planned turnaround at Blythe.

During the first half of 2024, AltaGas' cash flow from investing activities was an outflow of $580 million, compared to an inflow of $638 million in the first half of 2023. Please refer to the *Non-GAAP Financial Measures* and *Liquidity* sections of this MD&A for further information on AltaGas' cash flow from investing activities.

Liquidity

As a result of certain commitments made to the PSC of DC, the PSC of MD, and the SCC of VA in respect of the acquisition of WGL Holdings, Inc. (the "WGL Acquisition"), Washington Gas is subject to certain restrictions when paying dividends to AltaGas. However, AltaGas does not expect that this will have an impact on AltaGas' ability to meet its obligations.

In addition, Wrangler SPE LLC and Washington Gas made certain ring fencing commitments to the PSC of DC, the PSC of MD, and the SCC of VA with the intention of removing Washington Gas from the bankruptcy estate of AltaGas and its affiliates, other than Washington Gas and Wrangler SPE LLC (together, the "Ring Fenced Entities"). Because of these ring fencing measures, none of the assets of the Ring Fenced Entities would be available to satisfy the debt or contractual obligations of AltaGas or any non-Ring Fenced Entity Affiliate, including any indebtedness or other contractual obligations of AltaGas, and the Ring Fenced Entities do not bear any liability for indebtedness or other contractual obligations of any non-Ring Fenced Entity, and vice versa.

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2024**	2023	**2024**	2023
Cash from operations	**$ 452**	$ 373	**$ 1,009**	$ 964
Investing activities	**(305)**	(231)	**(580)**	638
Financing activities	**(202)**	(163)	**(479)**	(1,592)
Increase (decrease) in cash, cash equivalents, and restricted cash	**$ (55)**	$ (21)	**$ (50)**	$ 10

Cash From Operations

Cash from operations increased by $45 million for the six months ended June 30, 2024 compared to the same period in 2023, primarily due to higher net income after taxes (after adjusting for non-cash items), partially offset by unfavourable variances in the net change in operating assets and liabilities. The majority of the variance in net change in operating assets and liabilities was due to lower cash inflows from accounts receivable and inventory due to fluctuations in commodity prices and sales volumes, partially offset by lower cash outflows from accounts payable and accrued liabilities and regulatory liabilities due to fluctuations in commodity prices and less weather impacts at the Utilities.

Working Capital

($ millions, except working capital ratio)	**June 30, 2024**	December 31, 2023
Current assets	**$ 2,495**	$ 3,045
Current liabilities	**2,939**	3,413
Working deficiency	**$ (444)**	$ (368)
Working capital ratio [(1)]	**0.85**	0.89

(1) Calculated as current assets divided by current liabilities.

The decrease in the working capital ratio was primarily due to decreases in accounts receivable, inventory, cash and cash equivalents, prepaid expenses and other current assets, as well as increases in risk management liabilities and the current portion of operating lease liabilities. This was partially offset by decreases in the current portion of long-term debt, accounts payable and accrued liabilities, short-term debt, regulatory liabilities, other current liabilities, and customer deposits, as well as increases in regulatory assets and risk management assets. AltaGas' working capital will fluctuate in the normal course of business.

Investing Activities

Cash used in investing activities for the six months ended June 30, 2024 was $580 million, compared to cash from investing activities of $638 million in the same period in 2023. Investing activities for the six months ended June 30, 2024 included expenditures of approximately $581 million for property, plant and equipment and intangible assets and approximately $1 million of contributions to equity investments, partially offset by proceeds of approximately $2 million from the disposition of assets. Investing activities for the six months ended June 30, 2023 included proceeds of approximately $1.1 billion primarily related to the Alaska Utilities Disposition and additional proceeds received for the favourable settlement of outstanding contingencies on the sale of Goleta, partially offset by expenditures of approximately $431 million for property, plant and equipment and intangible assets, as well as approximately $3 million of contributions to equity investments.

Financing Activities

Cash used in financing activities for the six months ended June 30, 2024 was $479 million, compared to approximately $1.6 billion in the same period in 2023. Financing activities for the six months ended June 30, 2024 were primarily comprised of repayment of long-term debt and finance lease liabilities of approximately $1 billion, net repayments under credit facilities of $318 million, dividends of $184 million, a payment of $9 million related to the settlement of derivative instruments, and distributions to non-controlling interests of $9 million, partially offset by the issuance of long-term debt (net of debt issuance costs) of approximately $1.0 billion, net proceeds from common shares issued on the exercise of options granted pursuant to AltaGas' share option plan ("Share Options") of $41 million, and contributions from non-controlling interests of approximately $17 million. Financing activities for the six months ended June 30, 2023 were primarily comprised of net repayments under credit facilities of approximately $1.3 billion, repayment of long-term debt and finance lease liabilities of $334 million, purchase of marketable securities in connection with debt defeasance of $193 million, dividends of $171 million, and distributions to non-controlling interests of $8 million, partially offset by the issuance of long-term debt (net of debt issuance costs) of $397 million, and net proceeds from common shares issued on the exercise of Share Options of $4 million.

Capital Resources

AltaGas' objective for managing capital is to maintain its investment grade credit ratings, ensure adequate liquidity, optimize the profitability of its existing assets and grow its energy infrastructure to create long-term value and enhance returns for its investors. AltaGas' capital structure is comprised of shareholders' equity (including non-controlling interests), short-term and long-term debt (including the current portion), finance lease liabilities (including the current portion), and subordinated hybrid notes, less cash and cash equivalents.

The use of debt or equity funding is based on AltaGas' capital structure, which is determined by considering the norms and risks associated with operations and cash flow stability and sustainability.

($ millions, except net debt-to-total capitalization)		June 30, 2024		December 31, 2023
Short-term debt	**$**	**59**	$	129
Current portion of long-term debt [(1)]		**799**		999
Current portion of finance lease liabilities		**22**		11
Long-term debt [(2)]		**7,611**		7,528
Finance lease liabilities		**121**		120
Subordinated hybrid notes [(3)]		**742**		742
Total debt		**9,354**		9,529
Less: cash and cash equivalents		**(46)**		(95)
Net debt	**$**	**9,308**	$	9,434
Shareholders' equity		**8,272**		7,713
Non-controlling interests		**197**		150
Total capitalization	**$**	**17,777**	$	17,297
Net debt-to-total capitalization (%)		**52**		55

(1) Net of debt issuance costs of less than $1 million as at June 30, 2024 (December 31, 2023 - less than $1 million).

(2) Net of debt issuance costs of $42 million as at June 30, 2024 (December 31, 2023 - $38 million).

(3) Net of debt issuance costs of $8 million as at June 30, 2024 (December 31, 2023 - $8 million).

As at June 30, 2024, AltaGas' total debt primarily consisted of outstanding medium term notes ("MTNs") of $4.3 billion (December 31, 2023 - $3.9 billion), WGL and Washington Gas long-term debt of $3.1 billion (December 31, 2023 - $3.0 billion), reflecting fair value adjustments on acquisition, SEMCO long-term debt of $407 million (December 31, 2023 - $393 million), $370 million drawn under the bank credit facilities (December 31, 2023 - $1.0 billion), $750 million of subordinated hybrid notes (December 31, 2023 - $750 million), and short-term debt of $59 million (December 31, 2023 - $129 million). In addition, AltaGas had $154 million of letters of credit outstanding (December 31, 2023 - $252 million).

As at June 30, 2024, AltaGas' total market capitalization was approximately $9.2 billion based on approximately 297 million common shares outstanding and a closing trading price of $30.91 per common share.

AltaGas' earnings interest coverage for the rolling twelve months ended June 30, 2024 was 2.3 times (twelve months ended June 30, 2023 - 3.0 times).

Credit Facilities *($ millions)*	Borrowing capacity	**Drawn at June 30, 2024**	Drawn at December 31, 2023
AltaGas demand credit facilities [1] [2]	$ 70	**$ 6**	$ —
AltaGas revolving credit facilities [1] [2]	2,300	**370**	484
AltaGas term credit facility [1] [3]	—	**—**	450
SEMCO Energy US$150 million credit facilities [1] [2]	205	**—**	86
WGL US$300 million revolving credit facility [1] [2] [4]	411	**186**	199
Washington Gas US$450 million revolving credit facility [1] [2] [4]	616	**176**	261
	$ 3,602	**$ 738**	$ 1,480

(1) Amount drawn at June 30, 2024 converted at the month-end rate of 1 U.S. dollar = 1.3687 Canadian dollar (December 31, 2023 - 1 U.S. dollar = 1.3226 Canadian dollar).
(2) All US$ borrowing capacity was converted at the June 30, 2024 Canadian/U.S. dollar month-end exchange rate.
(3) Draws on the facility can be by way of prime loans, U.S. base-rate loans, SOFR loans, or banker's acceptances where interest is prepaid and netted against the face value repayable at maturity. As at June 30, 2024 the term loan was cancelled and repaid in full.
(4) Amounts drawn include commercial paper that is supported by the long term facilities. WGL and Washington Gas have the right to request additional borrowings of up to US$100 million with the bank's approval, for a total of US$400 million and US$550 million on their respective facilities.

In addition to the facilities listed above, AltaGas has demand letter of credit facilities of $466 million (December 31, 2023 - $451 million). At June 30, 2024, there were letters of credit for $153 million (December 31, 2023 - $252 million) issued on these facilities and an additional less than $1 million (December 31, 2023 - less than $1 million) issued on the Company's revolving credit facilities.

WGL and Washington Gas use short-term debt in the form of commercial paper or unsecured short-term bank loans to fund seasonal cash requirements. Revolving committed credit facilities are maintained in an amount equal to or greater than the expected maximum commercial paper position. At June 30, 2024, commercial paper outstanding totaled $362 million for WGL and Washington Gas (December 31, 2023 – $461 million).

All of the borrowing facilities have covenants customary for these types of facilities, which must be met at each quarter end. AltaGas and its subsidiaries have been in compliance with all financial covenants each quarter since the establishment of the facilities. AltaGas and its subsidiaries are also in compliance with trust indenture requirements for its MTNs as at June 30, 2024 and December 31, 2023.

The following table summarizes the Corporation's primary financial covenants as defined by the credit facility agreements:

Ratios	Debt covenant requirements	**As at June 30, 2024**
Bank debt-to-capitalization [1] [2]	not greater than 65%	less than 50%
Bank EBITDA-to-interest expense [1] [2]	not less than 2.5x	greater than 4.0x
Bank debt-to-capitalization (SEMCO) [2] [3]	not greater than 60%	less than 39%
Bank EBITDA-to-interest expense (SEMCO) [2] [3]	not less than 2.25x	greater than 7.0x
Bank debt-to-capitalization (WGL) [2] [4]	not greater than 65%	less than 47%
Bank debt-to-capitalization (Washington Gas) [2] [4]	not greater than 65%	less than 49%

(1) Calculated in accordance with the Corporation's $2.3 billion credit facility agreement, which is available on SEDAR+ at www.sedarplus.ca. The covenants are equivalent and applicable to all the Corporation's committed credit facilities.
(2) Estimated, subject to final adjustments.
(3) Bank EBITDA-to-interest expense (SEMCO) and Bank debt-to-capitalization (SEMCO) are calculated based on SEMCO's consolidated financial statements and are calculated similarly to bank debt-to-capitalization and bank EBITDA-to-interest expense.
(4) WGL's bank debt-to-capitalization ratio is calculated based on WGL's consolidated financial statements.

On March 31, 2023, a short form base shelf prospectus for the issuance of certain types of future public debt and/or equity issuances was filed to replace the short form base shelf prospectus dated February 22, 2021. This enables

AltaGas to access the Canadian capital markets on a timely basis during the 25-month period that the short form base shelf prospectus remains effective.

Related Party Transactions

In the normal course of business, AltaGas transacts with its subsidiaries, affiliates, and joint ventures. There were no significant changes in the nature of the related party transactions described in Note 30 of the 2023 Annual Consolidated Financial Statements.

Risk Management

AltaGas is subject to a variety of risks which could have a material impact on the financial results and operations of the Company. Shareholders and prospective investors should carefully evaluate risk factors noted by the Company before investing in the Company's securities, as each of these risks may negatively affect the trading price of the Company's securities, the amount of dividends paid to shareholders and the ability of the Company to fund its debt obligations, including debt obligations under its outstanding notes and any other debt securities that the Company may issue from time to time. For discussion of the risks and trends that could materially affect the Company's performance please refer to AltaGas' 2023 Annual Information Form, which is available on SEDAR+ at www.sedarplus.ca.

Risk Management Contracts

AltaGas is exposed to various market risks in the normal course of operations that could impact earnings and cash flows. AltaGas enters into physical and financial derivative contracts to manage exposure to fluctuations in commodity prices, foreign exchange rates, and interest rates, as well as to optimize certain owned and managed natural gas assets. These contracts do not eliminate AltaGas' exposure to risk associated with fluctuations in commodity prices or foreign exchange rates. The Board of Directors of AltaGas has established a risk management policy for the Corporation establishing AltaGas' risk management control framework. Derivative instruments are governed under, and subject to, this policy. As at June 30, 2024 and December 31, 2023, the fair values of the Corporation's derivatives were as follows:

($ millions)	**June 30, 2024**	December 31, 2023
Natural gas	**$ 6**	$ (46)
Energy exports	**(57)**	(4)
NGL frac spread	**(12)**	1
Power	**(36)**	(75)
Crude oil and NGLs	**1**	4
Foreign exchange	**(4)**	19
Net derivative liability	**$ (102)**	$ (101)

AltaGas strives to continuously and systematically de-risk the business in order to drive predictable and durable returns and maximize long-term value for stakeholders. For Midstream, this includes striving to match financial hedges with physical volumes, and for Utilities, this includes purchasing physical gas throughout the year to help shield customers from major cost spikes during peak winter demand. AltaGas may also enter into foreign exchange forward derivatives to manage the risk associated with variations in foreign exchange rates.

Commodity Price Contracts

The average indicative spot NGL frac spread for the six months ended June 30, 2024 was approximately $27/Bbl (2023 - $24/Bbl), inclusive of basis differentials. The average NGL frac spread realized by AltaGas (based on average spot price and realized hedge price inclusive of basis differentials) for the six months ended June 30, 2024 was approximately $25/Bbl inclusive of basis differentials (2023 - $26/Bbl).

AltaGas continues to focus on de-risking its business and managing direct commodity price exposure to drive predictable and durable results. While the Company does have exposure, it plans to maintain an active hedging program that proactively hedges commodity price and spread risk to mitigate the impact of fluctuations in margins and cash flows. For the remainder of 2024, AltaGas has hedged:

- Approximately 87 percent of its remaining 2024 expected global export volumes through a combination of tolls and financial hedges, with the average FEI to North American financial hedge price of approximately US$17/Bbl for non-tolled propane and butane volumes.
- Approximately 86 percent of its 2024 expected frac exposed volumes hedged at approximately US$26/Bbl, prior to transportation costs.
- Materially all of AltaGas' expected Baltic freight exposure is protected through time charters, financial hedges, and tolled volumes in 2024.

Foreign Exchange Contracts

The following foreign exchange forward contracts were outstanding as at June 30, 2024:

Foreign exchange forward contract	Duration	Fair Value *($ millions)*
Forward USD sales (deliverable)	Less than 1 year	less than $1 million
Forward USD sales (non-deliverable)	Less than 1 year	$ (3)
Forward USD sales (non-deliverable)	More than 1 year	$ (1)

The following foreign exchange forward contracts were outstanding as at December 31, 2023:

Foreign exchange forward contract	Duration	Fair Value *($ millions)*
Forward USD sales (deliverable)	Less than 1 year	less than $1 million
Forward USD sales (non-deliverable)	Less than 1 year	$ 10
Forward USD sales (non-deliverable)	More than 1 year	$ 9

The following is a summary of losses on foreign exchange forward contracts recognized in net income:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Objective of foreign exchange contract	**Gain (loss)**	Gain (loss)	**Gain (loss)**	Gain (loss)
Cash management [(1)]	**$ —**	$ —	**$ (2)**	$ —
Income statement risk management [(2)]	**$ (8)**	$ —	**$ (21)**	$ —

(1) Recorded in the Consolidated Statements of Income (Loss) under the line item "foreign exchange gains".

(2) Recorded in the Consolidated Statements of Income (Loss) under the line item "revenue".

Weather Instruments

For the six months ended June 30, 2024, no pre-tax gains or losses (six months ended June 30, 2023 - pre-tax loss of $8 million) were recorded related to heating degree day ("HDD") and cooling degree day ("CDD") instruments.

The Effects of Derivative Instruments on the Consolidated Statements of Income (Loss)

The following table presents the unrealized gains (losses) on derivative instruments as recorded in the Corporation’s Consolidated Statements of Income (Loss):

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2024**	2023	**2024**	2023
Natural gas	**$ 23**	$ 56	**$ 51**	$ 21
Energy exports	**(105)**	49	**(5)**	49
Crude oil and NGLs	**(3)**	14	**(1)**	10
NGL frac spread	**(1)**	22	**(13)**	20
Power	**1**	9	**18**	15
Foreign exchange	**(5)**	—	**(23)**	—
	$ (90)	$ 150	**$ 27**	$ 115

Please refer to Note 23 of the 2023 Annual Consolidated Financial Statements and Note 13 of the unaudited condensed interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2024 for further details regarding AltaGas’ risk management activities.

Dividends

AltaGas declares and pays a quarterly dividend to its common shareholders. Dividends on preferred shares are also paid quarterly. Dividends are at the discretion of the Board of Directors and dividend levels are reviewed periodically, giving consideration to the ongoing sustainable cash flow from operating activities, maintenance and growth capital expenditures, and debt repayment requirements of AltaGas.

The following tables summarize AltaGas' dividend declaration history:

Common Share Dividends

Year ended December 31		
($ per common share)	**2024**	2023
First quarter	**$ 0.297500**	$ 0.280000
Second quarter	**0.297500**	0.280000
Third quarter	**—**	0.280000
Fourth quarter	**—**	0.280000
Total	**$ 0.595000**	$ 1.120000

Series A Preferred Share Dividends

Year ended December 31		
($ per preferred share)	**2024**	2023
First quarter	**$ 0.191250**	$ 0.191250
Second quarter	**0.191250**	0.191250
Third quarter	**—**	0.191250
Fourth quarter	**—**	0.191250
Total	**$ 0.382500**	$ 0.765000

Series B Preferred Share Dividends

Year ended December 31		
($ per preferred share)	**2024**	2023
First quarter	**$ 0.478740**	$ 0.418750
Second quarter	**0.474950**	0.450260
Third quarter	**—**	0.455150
Fourth quarter	**—**	0.492580
Total	**$ 0.953690**	$ 1.816740

Series E Preferred Share Dividends (1)

Year ended December 31		
($ per preferred share)	**2024**	2023
First quarter	**$ —**	$ 0.337063
Second quarter	**—**	0.337063
Third quarter	**—**	0.337063
Fourth quarter	**—**	0.337063
Total	**$ —**	$ 1.348252

(1) On December 31, 2023, AltaGas redeemed all of its outstanding Series E Preferred Shares.

Series G Preferred Share Dividends

Year ended December 31		
($ per preferred share)	**2024**	2023
First quarter	**$ 0.265125**	$ 0.265125
Second quarter	**0.265125**	0.265125
Third quarter	**—**	0.265125
Fourth quarter	**—**	0.265125
Total	**$ 0.530250**	$ 1.060500

Series H Preferred Share Dividends

Year ended December 31		
($ per preferred share)	**2024**	2023
First quarter	**$ 0.503610**	$ 0.443404
Second quarter	**0.499820**	0.475190
Third quarter	**—**	0.480350
Fourth quarter	**—**	0.517780
Total	**$ 1.003430**	$ 1.916724

Critical Accounting Estimates

Since a determination of the value of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of AltaGas' Consolidated Financial Statements requires the use of estimates and assumptions that have been made using careful judgment. AltaGas' significant accounting policies have remained unchanged and are contained in the notes to the 2023 Annual Consolidated Financial Statements. Certain of these policies involve critical accounting estimates as a result of the requirement to make particularly subjective or complex judgments about matters that are inherently uncertain, and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions. For a full discussion of AltaGas' critical accounting estimates and judgements, refer to Note 2 of the 2023 Annual Consolidated Financial Statements. There have been no material changes to AltaGas' critical estimates and judgements during the six months ended June 30, 2024.

Adoption of New Accounting Standards

Effective January 1, 2024, AltaGas adopted the following Financial Accounting Standards Board ("FASB") issued Accounting Standards Updates ("ASU"):

- In June 2022, FASB issued ASU No. 2022-03 "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions". The amendments in this ASU clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security, and therefore, is not considered in measuring fair value. In addition, an entity cannot, as a separate unit of account, recognize a contractual sale restriction. Equity securities subject to contractual sale restrictions also require certain additional disclosures. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.
- In March 2023, FASB issued ASU No. 2023-01 "Leases (Topic 842): Common Control Arrangements". The relevant amendments in this ASU require entities to amortize leasehold improvements under common control over the economic life of the leasehold improvements as long as the lessee controlled the use of

the leased asset. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

- In March 2023, FASB issued ASU No. 2023-02 "Investments - Equity Method and Joint Ventures (Topic 323) - Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method". The amendments in this ASU allow entities the option to elect to account for tax equity investments using the proportional amortization method if certain conditions are met, regardless of the tax credit program from which the income tax credits are received. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

Future Changes in Accounting Principles

In October 2023, FASB issued ASU No. 2023-06 "Disclosure Improvements". The amendments in this ASU modify the disclosure or presentation requirements of a variety of topics in the codification as a result of FASB's decision to incorporate disclosures referred to in SEC Release No. 33-10532, which sought to simplify SEC disclosure requirements. The amendments in this ASU allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the SEC's requirements. This Update is only effective upon the removal of the related disclosure from SEC regulations with an expiration of June 30, 2027. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements at this time, but may have an impact in future periods as AltaGas is subject to the scope of this ASU.

In November 2023, FASB issued ASU No. 2023-07 "Segment Reporting (Topic 280)". This ASU requires all public entities required to report segment information in accordance with Topic 280 to provide: (1) annual and interim disclosure of significant segment expenses regularly provided to the chief operating decision maker ("CODM"), (2) annual and interim disclosure of other segment items, (3) annual disclosures about reportable segment profit or loss and assets currently required by Topic 280 in interim periods, (4) disclosure of one or more measure of segment profit or loss used by the CODM, provided that at least one of the reported measures includes the segment profit or loss measure that is most consistent with GAAP measurement principles, (5) disclosure of the title and position of the CODM, and (6) a public entity that has a single reportable segment must provide all the disclosures required by this update and all existing segment disclosures in Topic 280. This update is effective for fiscal years beginning after December 31, 2023, and interim periods with fiscal years beginning after December 15, 2024. The adoption of this ASU will have an impact on AltaGas' segment disclosures.

In December 2023, FASB issued ASU No. 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". The amendments in this ASU require that public business entities on an annual basis: (1) disclose additional categories about federal, state, and foreign income taxes in the rate reconciliation table and (2) provide additional information for reconciling items that meet a quantitative threshold. Additionally, entities are required to annually disclose disaggregated income from continuing operations, income tax expense, and income taxes paid (net of refunds received) by certain tax authorities and jurisdictions. This update is effective for annual periods beginning after December 15, 2024. The adoption of this ASU will have an impact on AltaGas' income tax disclosures.

In March 2024, FASB issued ASU No. 2024-01 "Compensation - Stock Compensation (Topic 718)". The amendments in this ASU provide an illustrative example to assist entities that account for profits interest awards as compensation to employees or non-employees to reduce (1) complexity in determining whether a profits interest award is subject to the guidance in Topic 718, and (2) existing diversity in practice. The amendments in this ASU are effective for annual periods beginning after December 15, 2024, and interim periods within those annual periods, and should be applied either (1) retrospectively to all prior periods presented in the financial statements, or (2) prospectively to profits interest and similar awards granted or modified on or after the date at which the entity first applies the amendments. Early adoption is permitted. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

Off-Balance Sheet Arrangements

AltaGas did not enter into any material off-balance sheet arrangements during the six months ended June 30, 2024. Reference should be made to the audited Consolidated Financial Statements and MD&A as at and for the year ended December 31, 2023 for further information on off-balance sheet arrangements.

Disclosure Controls and Procedures ("DCP") and Internal Control Over Financial Reporting ("ICFR")

Management, including the Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining DCP and ICFR, as those terms are defined in National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings". The objective of this instrument is to improve the quality, reliability, and transparency of information that is filed or submitted under securities legislation.

Management, including the Chief Executive Officer and the Chief Financial Officer, has designed, or caused to be designed under their supervision, DCP and ICFR to provide reasonable assurance that information required to be disclosed by AltaGas in its annual filings, interim filings, or other reports to be filed or submitted by it under securities legislation is made known to them, is reported on a timely basis, financial reporting is reliable, and financial statements prepared for external purposes are in accordance with U.S. GAAP.

The ICFR has been designed based on the framework established in the 2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Management has designed the existing framework to result in both a complete and accurate consolidation of related information. During the period covered by this MD&A, other than changes in ICFR related to the Pipestone Acquisition, there were no changes made to AltaGas' ICFR that materially affected, or are reasonably likely to materially affect, its ICFR or DCP.

Limitation on Scope

In accordance with the provisions under National Instrument 52-109, the scope of the evaluation does not include ICFR related to the Pipestone Acquisition, which closed on December 22, 2023. These provisions allow an issuer to exclude a business which was acquired not more than 365 days before the issuer's financial year-end from the scope of its certifications. As such, the controls, policies, and procedures related to the Pipestone Acquisition were excluded from management's evaluation of the effectiveness of AltaGas' ICFR as at June 30, 2024. Summary financial information of the Pipestone Acquisition included in the unaudited condensed interim Consolidated Financial Statements as at and for the six months ended June 30, 2024 includes total assets of approximately $968 million and revenues of approximately $135 million.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. The design of any system of controls is also based in part on certain assumptions about the likelihood of future events, and there can be no assurances that any design will succeed in achieving its stated goals under all potential conditions.

Share Information

	As at July 26, 2024
Issued and outstanding	
Common shares	297,413,288
Preferred Shares	
Series A	6,746,679
Series B	1,253,321
Series G	6,885,823
Series H	1,114,177
Issued	
Share Options	3,036,740
Share Options exercisable	3,036,740

Summary of Consolidated Results for the Eight Most Recent Quarters (1)

($ millions)	**Q2-24**	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22
Total revenue	**2,775**	3,655	3,288	3,030	2,631	4,048	3,898	3,056
Normalized EBITDA	**295**	660	502	252	239	582	454	233
Net income (loss) applicable to common shares	**(42)**	408	113	(50)	133	445	54	(48)
($ per share)	**Q2-24**	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22
Net income (loss) per common share								
Basic	**(0.14)**	1.38	0.40	(0.18)	0.47	1.58	0.19	(0.17)
Diluted	**(0.14)**	1.37	0.40	(0.18)	0.47	1.57	0.19	(0.17)
Dividends declared	**0.30**	0.30	0.28	0.28	0.28	0.28	0.27	0.27

(1) Amounts may not add due to rounding.

AltaGas' quarter-over-quarter financial results are impacted by seasonality, fluctuations in commodity prices, weather, the Canadian/U.S. dollar exchange rate, planned and unplanned plant outages, timing of in-service dates of new projects, and acquisition and divestiture activities.

Revenue for the Utilities is generally the highest in the first and fourth quarters of any given year as the majority of natural gas demand occurs during the winter heating season, which typically extends from November to March.

Other significant items that impacted quarter-over-quarter revenue during the periods noted include:

- The impact of the Alaska Utilities Disposition in the first quarter of 2023; and
- The impact of the Pipestone Acquisition in the fourth quarter of 2023.

Net income (loss) applicable to common shares is also affected by non-cash items such as deferred income tax, depreciation and amortization expense, accretion expense, provisions on assets, and gains or losses on the sale of assets. In addition, net income (loss) applicable to common shares is also impacted by preferred share dividends and gains or losses on the redemption of preferred shares. For these reasons, the net income (loss) may not necessarily reflect the same trends as revenue. Net income (loss) applicable to common shares during the periods noted was impacted by:

- After-tax transaction costs of approximately $6 million, $27 million, and $2 million incurred in the first half of 2024, throughout 2023, and the last half of 2022, respectively, primarily due to asset sales and the Pipestone Acquisition;
- After-tax transition and restructuring costs of approximately $24 million and $17 million incurred in the first half of 2024 and throughout 2023, respectively;
- Favourable resolution of certain acquisition related commercial disputes and contingencies in the first half of 2023 and in the last half of 2022;
- The loss on the redemption of the U.S. dollar denominated Series C Preferred Shares in September 2022, including the associated foreign exchange impact;
- The gain resulting from the partial defeasance of SEMCO's First Mortgage Bonds related to the Alaska Utilities Disposition in the first quarter of 2023;
- The gain on the Alaska Utilities Disposition in the first quarter of 2023; and
- The loss on the redemption of the Series E Preferred Shares in the fourth quarter of 2023.

CONSOLIDATED BALANCE SHEETS

(condensed and unaudited)

As at *($ millions)*		**June 30, 2024**		December 31, 2023
ASSETS				
Current assets				
Cash and cash equivalents *(note 19)*	**$**	**46**	$	95
Accounts receivable *(net of credit losses of $30 million) (note 13)*		**1,416**		1,844
Inventory *(note 4)*		**734**		847
Regulatory assets		**92**		58
Risk management assets *(note 13)*		**82**		54
Prepaid expenses and other current assets *(note 19)*		**125**		147
		2,495		3,045
Property, plant and equipment		**13,456**		12,728
Intangible assets		**119**		122
Operating right of use assets		**405**		337
Goodwill *(note 5)*		**5,434**		5,270
Regulatory assets		**263**		329
Risk management assets *(note 13)*		**85**		57
Prepaid post-retirement benefits		**674**		626
Long-term investments and other assets *(net of credit losses of $1 million) (notes 6, 13, and 19)*		**274**		271
Investments accounted for by the equity method *(note 8)*		**727**		686
	$	**23,932**	$	23,471
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**1,693**	$	1,863
Short-term debt		**59**		129
Current portion of long-term debt *(notes 9 and 13)*		**799**		999
Customer deposits		**72**		92
Regulatory liabilities		**32**		85
Risk management liabilities *(note 13)*		**129**		97
Current portion of finance lease liabilities *(note 13)*		**22**		11
Operating lease liabilities		**113**		92
Other current liabilities *(note 13)*		**20**		45
		2,939		3,413
Long-term debt *(notes 9 and 13)*		**7,611**		7,528
Asset retirement obligations		**462**		448
Unamortized investment tax credits		**1**		1
Deferred income taxes		**1,668**		1,536
Subordinated hybrid notes *(notes 10 and 13)*		**742**		742
Regulatory liabilities		**1,305**		1,274
Risk management liabilities *(note 13)*		**140**		115
Finance lease liabilities *(note 13)*		**121**		120
Operating lease liabilities		**315**		258
Other long-term liabilities		**110**		124
Future employee obligations		**49**		49
	$	**15,463**	$	15,608

As at *($ millions)*		**June 30, 2024**		December 31, 2023
Shareholders' equity				
Common shares, no par values, unlimited shares authorized; 2024 - 297.2 million and 2023 - 294.9 million issued and outstanding *(note 15)*	**$**	**7,166**	$	7,120
Preferred shares *(note 15)*		**391**		391
Contributed surplus		**619**		624
Accumulated deficit		**(627)**		(817)
Accumulated other comprehensive income ("AOCI") *(note 11)*		**723**		395
Total shareholders' equity		**8,272**		7,713
Non-controlling interests		**197**		150
Total equity	**$**	**8,469**	$	7,863
	$	**23,932**	$	23,471

Acquisitions (note 3)
Variable interest entities (note 7)
Commitments, guarantees, and contingencies (note 17)
Seasonality (note 20)
Segmented information (note 21)
Subsequent events (note 22)

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(condensed and unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
($ millions except per share amounts)	**2024**	2023	**2024**	2023
REVENUE *(note 12)*	**$ 2,775**	$ 2,631	**$ 6,430**	$ 6,679
EXPENSES				
Cost of sales, exclusive of items shown separately	**2,193**	1,889	**4,669**	5,052
Operating and administrative	**426**	389	**894**	774
Accretion expenses	**1**	2	**2**	5
Depreciation and amortization	**117**	112	**233**	223
	2,737	2,392	**5,798**	6,054
Income from equity investments *(note 8)*	**7**	9	**28**	11
Other income	**19**	27	**47**	364
Foreign exchange gains	**1**	—	**6**	—
Interest expense	**(111)**	(93)	**(218)**	(198)
Income (loss) before income taxes	**(46)**	182	**495**	802
Income tax expense (recovery)				
Current	**5**	(14)	**32**	39
Deferred	**(17)**	52	**81**	163
Net income (loss) after taxes	**(34)**	144	**382**	600
Net income applicable to non-controlling interests	**4**	4	**8**	9
Net income (loss) applicable to controlling interests	**(38)**	140	**374**	591
Preferred share dividends	**(4)**	(7)	**(8)**	(13)
Net income (loss) applicable to common shares	**$ (42)**	$ 133	**$ 366**	$ 578
Net income (loss) per common share *(note 16)*				
Basic	**$ (0.14)**	$ 0.47	**$ 1.24**	$ 2.05
Diluted	**$ (0.14)**	$ 0.47	**$ 1.23**	$ 2.04
Weighted average number of common shares outstanding (millions) *(note 16)*				
Basic	**296.5**	281.7	**295.9**	281.6
Diluted	**296.5**	283.1	**297.5**	283.0

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(condensed and unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2024**	2023	**2024**	2023
Net income (loss) after taxes	**$ (34)**	$ 144	**$ 382**	$ 600
Other comprehensive income (loss), net of taxes				
Gain (loss) on foreign currency translation	**109**	(225)	**359**	(236)
Unrealized gain (loss) on net investment hedge *(note 13)*	**(9)**	21	**(29)**	24
Gain (loss) on cash flow hedges *(note 13)*	**2**	—	**(9)**	—
Reclassification of losses on cash flow hedges *(note 13)*	**4**	—	**7**	—
Actuarial loss on pension plans and post-retirement benefit ("PRB") plans	**—**	(1)	**—**	(1)
Settlement of Canadian defined benefit ("DB") pension plan	**—**	2	**—**	2
Total other comprehensive income (loss) ("OCI"), net of taxes	**$ 106**	$ (203)	**$ 328**	$ (211)
Comprehensive income (loss) attributable to controlling interests and non-controlling interests, net of taxes	**$ 72**	$ (59)	**$ 710**	$ 389
Comprehensive income (loss) attributable to:				
Non-controlling interests	**$ 4**	$ 4	**$ 8**	$ 9
Controlling interests	**68**	(63)	**702**	380
	$ 72	$ (59)	**$ 710**	$ 389

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EQUITY

(condensed and unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2024**	2023	**2024**	2023
Common shares *(note 15)*				
Balance, beginning of period	**$ 7,138**	$ 6,763	**$ 7,120**	$ 6,761
Shares issued for cash on exercise of options	**28**	2	**46**	4
Balance, end of period	**$ 7,166**	$ 6,765	**$ 7,166**	$ 6,765
Preferred shares *(note 15)*				
Balance, beginning of period	**$ 391**	$ 586	**$ 391**	$ 586
Balance, end of period	**$ 391**	$ 586	**$ 391**	$ 586
Contributed surplus				
Balance, beginning of period	**$ 622**	$ 625	**$ 624**	$ 625
Exercise of share options	**(3)**	—	**(5)**	—
Balance, end of period	**$ 619**	$ 625	**$ 619**	$ 625
Accumulated deficit				
Balance, beginning of period	**$ (497)**	$ (776)	**$ (817)**	$ (1,142)
Net income (loss) applicable to controlling interests	**(38)**	140	**374**	591
Common share dividends	**(88)**	(79)	**(176)**	(158)
Preferred share dividends	**(4)**	(7)	**(8)**	(13)
Balance, end of period	**$ (627)**	$ (722)	**$ (627)**	$ (722)
AOCI *(note 11)*				
Balance, beginning of period	**$ 617**	$ 618	**$ 395**	$ 626
Other comprehensive income (loss)	**106**	(203)	**328**	(211)
Balance, end of period	**$ 723**	$ 415	**$ 723**	$ 415
Total shareholders' equity	**$ 8,272**	$ 7,669	**$ 8,272**	$ 7,669
Non-controlling interests				
Balance, beginning of period	**$ 159**	$ 120	**$ 150**	$ 162
Net income applicable to non-controlling interests	**4**	4	**8**	9
Contributions from non-controlling interests to subsidiaries	**39**	27	**48**	27
Distributions by subsidiaries to non-controlling interests	**(5)**	(4)	**(9)**	(8)
Adjustment on disposition of assets	**—**	—	**—**	(43)
Balance, end of period	**$ 197**	$ 147	**$ 197**	$ 147
Total equity	**$ 8,469**	$ 7,816	**$ 8,469**	$ 7,816

See accompanying notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(condensed and unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
($ millions)	**2024**	2023	**2024**	2023
Cash from operations				
Net income (loss) after taxes	**$ (34)**	$ 144	**$ 382**	$ 600
Items not involving cash:				
Depreciation and amortization	**117**	112	**233**	223
Accretion expenses	**1**	2	**2**	5
Deferred income tax expense (recovery)	**(17)**	52	**81**	163
Losses (gains) on sale of assets	**3**	(12)	**2**	(319)
Gain on debt defeasance	**—**	—	**—**	(14)
Income from equity investments *(note 8)*	**(7)**	(9)	**(28)**	(11)
Unrealized losses (gains) on risk management contracts *(note 13)*	**90**	(150)	**(27)**	(115)
Amortization of deferred financing costs	**1**	2	**3**	4
Allowance for credit losses *(note 13)*	**5**	3	**15**	14
Change in pension and other post-retirement benefits	**(12)**	3	**(26)**	2
Other	**9**	(6)	**1**	(12)
Asset retirement obligations settled	**—**	(3)	**—**	(5)
Distributions from equity investments	**4**	4	**7**	7
Changes in operating assets and liabilities *(note 19)*	**292**	231	**364**	422
	$ 452	$ 373	**$ 1,009**	$ 964
Investing activities				
Capital expenditures - property, plant and equipment	**(304)**	(228)	**(579)**	(429)
Capital expenditures - intangible assets	**(1)**	(2)	**(2)**	(2)
Contributions to equity investments	**(1)**	(1)	**(1)**	(3)
Proceeds from disposition of assets, net of transaction costs	**1**	—	**2**	1,072
	$ (305)	$ (231)	**$ (580)**	$ 638
Financing activities				
Issuance of long-term debt, net of debt issuance costs	**—**	397	**996**	397
Purchase of marketable securities in connection with debt defeasance	**—**	—	**—**	(193)
Repayment of long-term debt and finance lease liabilities	**(455)**	(303)	**(1,013)**	(334)
Net borrowing (repayment) under credit facilities	**314**	(169)	**(318)**	(1,287)
Dividends - common shares	**(88)**	(79)	**(176)**	(158)
Dividends - preferred shares	**(4)**	(7)	**(8)**	(13)
Distributions to non-controlling interests	**(5)**	(4)	**(9)**	(8)
Contributions from non-controlling interests	**11**	—	**17**	—
Net proceeds from shares issued on exercise of options *(note 15)*	**25**	2	**41**	4
Settlement of derivative instruments *(note 13)*	**—**	—	**(9)**	—
	$ (202)	$ (163)	**$ (479)**	$ (1,592)
Change in cash, cash equivalents, and restricted cash	**(55)**	(21)	**(50)**	10
Cash, cash equivalents, and restricted cash, beginning of period	**109**	95	**104**	64
Cash, cash equivalents, and restricted cash, end of period *(note 19)*	**$ 54**	$ 74	**$ 54**	$ 74

See accompanying notes to the Consolidated Financial Statements.

(Tabular amounts and amounts in footnotes to tables are in millions of Canadian dollars unless otherwise indicated.)

1. Organization and Overview of the Business

The businesses of AltaGas are operated by the Company and a number of its subsidiaries including, without limitation, AltaGas Services (U.S.) Inc., AltaGas Utility Holdings (U.S.) Inc., WGL Holdings, Inc. ("WGL"), Wrangler 1 LLC, Wrangler SPE LLC, Washington Gas Resources Corp., WGL Energy Services, Inc. ("WGL Energy Services"), and SEMCO Holding Corporation; in regard to the Utilities business, Washington Gas Light Company ("Washington Gas"), Hampshire Gas Company, and SEMCO Energy, Inc.; and in regard to the Midstream business, AltaGas Extraction and Transmission Limited Partnership, AltaGas Pipeline Partnership, AltaGas Processing Partnership, AltaGas Northwest Processing Limited Partnership, Harmattan Gas Processing Limited Partnership, Ridley Island LPG Export Limited Partnership, AltaGas Pacific Partnership, AltaGas LPG Limited Partnership, Petrogas Energy Corporation ("Petrogas"), Petrogas Holdings Partnership, and Petrogas, Inc. In the Corporate/Other segment the main subsidiary is AltaGas Power Holdings (U.S.) Inc. SEMCO Energy conducts its Michigan natural gas distribution business under the name SEMCO Energy Gas Company ("SEMCO").

AltaGas is a leading North American energy infrastructure company that connects customers and markets to affordable and reliable sources of energy. The Company operates a diversified, lower-risk, high-growth energy infrastructure business that is focused on delivering resilient and durable value for its stakeholders.

AltaGas' operating segments include the following:

- Utilities, which owns and operates franchised, cost-of-service, rate regulated natural gas distribution and storage utilities that focus on providing safe, reliable, affordable energy to approximately 1.6 million residential and commercial customers. This includes operating two utilities that operate across four major U.S. jurisdictions with a rate base of approximately US$5.2 billion. The Utilities business also includes other storage facilities and contracts for interstate natural gas transportation and storage services, as well as WGL Energy Services, an affiliated retail energy marketing business, which sells natural gas and electricity directly to residential, commercial, and industrial customers located in Maryland, Virginia, Delaware, Pennsylvania, Ohio, and the District of Columbia; and
- Midstream, which is a leading North American platform that connects customers and markets from wellhead to tidewater. The three pillars of the Midstream business include: 1) global exports, which includes AltaGas' two operational Liquified Petroleum Gas ("LPG") export terminals and one prospective development terminal; 2) natural gas gathering, processing and extraction; and 3) fractionation and liquids handling. AltaGas' Midstream segment also includes its natural gas and natural gas liquids ("NGLs") marketing business, domestic logistics, trucking and rail terminals, and liquid and natural gas storage capability.

The Corporate/Other segment consists of AltaGas' corporate activities and a small portfolio of gas-fired power generation and distribution assets capable of generating 508 MW of power primarily in the state of California.

2. Summary of Significant Accounting Policies

BASIS OF PRESENTATION

These unaudited condensed interim Consolidated Financial Statements have been prepared by Management in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP"). As a result, these unaudited condensed interim Consolidated Financial Statements do not include all of the information and disclosures required in the annual Consolidated Financial Statements and should be read in conjunction with the Corporation's 2023 annual audited Consolidated Financial Statements prepared in accordance with U.S. GAAP. In Management's opinion, these unaudited condensed interim Consolidated Financial Statements include all adjustments that are of a recurring nature and necessary to present fairly the financial position of the Corporation.

Pursuant to National Instrument 52-107, "Acceptable Accounting Principles and Auditing Standards" ("NI 52-107"), U.S. GAAP reporting is generally permitted by Canadian securities laws for companies subject to reporting obligations under U.S. securities laws. On March 28, 2023, AltaGas filed Form 15 with the Securities and Exchange Commission ("SEC") and as such, is no longer an SEC issuer and can no longer rely on the provisions of NI 52-107. Therefore, AltaGas sought and obtained exemptive relief by the securities regulators in Alberta and Ontario to permit it to prepare its financial statements in accordance with U.S. GAAP. The Alberta Securities Commission exemption will terminate on or after the earlier of January 1, 2027, the date to which AltaGas ceases to have activities subject to rate regulation, or the first day of AltaGas' fiscal year that commences on or following the latter of: a) the effective date prescribed by the IASB for a mandatory rate regulated standard; or b) two years after the IASB publishes the final version of a mandatory rate regulated standard.

PRINCIPLES OF CONSOLIDATION

These unaudited condensed interim Consolidated Financial Statements of AltaGas include the accounts of the Corporation, its subsidiaries, variable interest entities ("VIEs") for which the Corporation is the primary beneficiary, and its interest in various partnerships and joint ventures where AltaGas has an undivided interest in the assets and liabilities. Investments in unconsolidated companies that AltaGas has significant influence, but not control, over are accounted for using the equity method.

All intercompany balances and transactions are eliminated on consolidation. Where there is a party with a non-controlling interest in a subsidiary that AltaGas controls, that non-controlling interest is reflected as “non-controlling interests” in the Consolidated Financial Statements. The non-controlling interests in net income (or loss) of consolidated subsidiaries are shown as an allocation of the consolidated net income and are presented separately in "net income applicable to non-controlling interests".

USE OF ESTIMATES AND MEASUREMENT UNCERTAINTY

The preparation of Consolidated Financial Statements in accordance with U.S. GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the period. Critical estimates and judgements used in the preparation of these condensed interim Consolidated Financial Statements are described in Note 2 of the Corporation's 2023 annual audited Consolidated Financial Statements. There have been no material changes to AltaGas' critical estimates and judgements during the six months ended June 30, 2024.

SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim Consolidated Financial Statements have been prepared following the same accounting policies and methods as those used in preparing the Corporation's 2023 annual audited Consolidated Financial Statements.

ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 1, 2024, AltaGas adopted the following Financial Accounting Standards Board ("FASB") issued Accounting Standards Updates ("ASU"):

- In June 2022, FASB issued ASU No. 2022-03 "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions". The amendments in this ASU clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security, and therefore, is not considered in measuring fair value. In addition, an entity cannot, as a separate unit of account, recognize a contractual sale restriction. Equity securities subject to contractual sale restrictions also require certain additional disclosures. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.
- In March 2023, FASB issued ASU No. 2023-01 "Leases (Topic 842): Common Control Arrangements". The relevant amendments in this ASU require entities to amortize leasehold improvements under common control over the economic life of the leasehold improvements as long as the lessee controlled the use of the leased asset. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.
- In March 2023, FASB issued ASU No. 2023-02 "Investments - Equity Method and Joint Ventures (Topic 323) - Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method". The amendments in this ASU allow entities the option to elect to account for tax equity investments using the proportional amortization method if certain conditions are met, regardless of the tax credit program from which the income tax credits are received. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

FUTURE CHANGES IN ACCOUNTING PRINCIPLES

In October 2023, FASB issued ASU No. 2023-06 "Disclosure Improvements". The amendments in this ASU modify the disclosure or presentation requirements of a variety of topics in the codification as a result of FASB's decision to incorporate disclosures referred to in SEC Release No. 33-10532, which sought to simplify SEC disclosure requirements. The amendments in this ASU allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the SEC's requirements. This Update is only effective upon the removal of the related disclosure from SEC regulations with an expiration of June 30, 2027. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements at this time, but may have an impact in future periods as AltaGas is subject to the scope of this ASU.

In November 2023, FASB issued ASU No. 2023-07 "Segment Reporting (Topic 280)". This ASU requires all public entities required to report segment information in accordance with Topic 280 to provide: (1) annual and interim disclosure of significant segment expenses regularly provided to the chief operating decision maker ("CODM"), (2) annual and interim disclosure of other segment items, (3) annual disclosures about reportable segment profit or loss and assets currently required by Topic 280 in interim periods, (4) disclosure of one or more measure of segment profit or loss used by the CODM, provided that at least one of the reported measures includes the segment profit or loss measure that is most consistent with GAAP measurement principles, (5) disclosure of the title and position of the CODM, and (6) a public entity that has a single reportable segment must provide all the disclosures required by this update and all existing segment disclosures in Topic 280. This update is effective for fiscal years beginning after December 31, 2023, and interim periods with fiscal years beginning after December 15, 2024. The adoption of this ASU will have an impact on AltaGas' segment disclosures.

In December 2023, FASB issued ASU No. 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". The amendments in this ASU require that public business entities on an annual basis: (1) disclose additional categories about federal, state, and foreign income taxes in the rate reconciliation table and (2) provide additional information for reconciling items that meet a quantitative threshold. Additionally, entities are required to annually disclose disaggregated income from continuing operations, income tax expense, and income taxes paid (net of refunds received) by certain tax authorities and jurisdictions. This update is effective for annual periods beginning after December 15, 2024. The adoption of this ASU will have an impact on AltaGas' income tax disclosures.

In March 2024, FASB issued ASU No. 2024-01 "Compensation - Stock Compensation (Topic 718)". The amendments in this ASU provide an illustrative example to assist entities that account for profits interest awards as compensation to employees or non-employees to reduce (1) complexity in determining whether a profits interest award is subject to the guidance in Topic 718, and (2) existing diversity in practice. The amendments in this ASU are effective for annual periods beginning after December 15, 2024, and interim periods within those annual periods, and should be applied either (1) retrospectively to all prior periods presented in the financial statements, or (2) prospectively to profits interest and similar awards granted or modified on or after the date at which the entity first applies the amendments. Early adoption is permitted. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

3. Pipestone Acquisition

On December 22, 2023, AltaGas closed the previously announced acquisition of natural gas processing and storage infrastructure assets in the Pipestone area of the Alberta Montney (the "Pipestone Acquisition") with Tidewater Midstream and Infrastructure Ltd. ("Tidewater") for consideration upon close of $328 million in cash and approximately 12.5 million AltaGas common shares, inclusive of working capital and other adjustments. The Pipestone Acquisition includes the Pipestone natural gas processing facility Phase I, the Pipestone Phase II expansion project which is being developed, the Dimsdale natural gas storage facility, the Pipestone condensate truck-in/truck-out terminal, and the associated gathering pipeline systems required to operate these assets. Following the completion of key de-risking milestones in December 2023, AltaGas declared a positive final investment decision ("FID") on the Pipestone Phase II expansion project.

AltaGas accounted for the acquisition as a business combination using the acquisition method of accounting whereby the acquired assets and assumed liabilities are recorded at their estimated fair values at the date of acquisition. The excess of purchase price over estimated fair values of assets acquired and liabilities assumed is recognized as goodwill at the acquisition date.

The following table summarizes the preliminary purchase price allocation representing the consideration paid and the estimated fair value of the net assets acquired as at December 22, 2023. The purchase price allocation is preliminary and reflects Management's current best estimate of the fair value of the acquired assets and liabilities based on the analysis of information obtained to date. Management is continuing to obtain specific information to support the valuation of current assets, property, plant and equipment, intangible assets, long term investments and other assets, current liabilities, deferred taxes, and contingencies. As additional information becomes available, the purchase price allocation may differ materially from the preliminary purchase price allocation below. The offset to any adjustments made to the aforementioned financial statement captions during the measurement period are expected to be recorded in goodwill. Any adjustments to the purchase price allocation will be made as soon as practicable but no later than one year from the date of acquisition. No adjustments were made to the purchase price allocation in the first half of 2024.

Cash payment	**$**	**328**
Shares issued		**340**
Effective date and other adjustments		**8**
Total purchase consideration	**$**	**676**
Fair value assigned to net assets		
Current assets	**$**	**32**
Property, plant and equipment		**646**
Intangible assets		**30**
Operating right-of-use assets		**3**
Long-term investments and other assets		**5**
Current liabilities		**(52)**
Asset retirement obligations		**(5)**
Deferred income taxes		**(18)**
Operating lease liabilities		**(2)**
Finance lease liabilities		**(96)**
Fair value of net assets acquired	**$**	**543**
Goodwill	**$**	**133**

The preliminary purchase price allocation includes goodwill of approximately $133 million. The goodwill is primarily related to incremental growth opportunities in the Midstream business as a result of the acquisition and greater financial flexibility as a result of increased scale and earnings diversification. The goodwill recognized as part of this transaction is not deductible for income tax purposes, and as such, no deferred taxes have been recorded related to this goodwill.

4. Inventory

As at		**June 30, 2024**		December 31, 2023
Natural gas held in storage [(a)]	**$**	**175**	$	282
Natural gas liquids		**161**		156
Crude oil and condensate		**102**		132
Renewable energy credits and emission compliance instruments		**222**		202
Materials and supplies		**67**		66
Processed finished products		**7**		9
	$	**734**	$	847

(a) As at June 30, 2024, $156 million of the natural gas held in storage was held by rate-regulated utilities (December 31, 2023 - $247 million).

5. Goodwill

As at		June 30, 2024		December 31, 2023
Balance, beginning of period	**$**	**5,270**	$	5,250
Business acquisition *(note 3)*		**—**		133
Foreign exchange translation		**164**		(113)
Balance, end of period	**$**	**5,434**	$	5,270

6. Long-Term Investments and Other Assets

As at		June 30, 2024		December 31, 2023
Deferred lease receivable	**$**	**16**	$	15
Debt issuance costs associated with credit facilities		**5**		4
Refundable deposits		**10**		10
Prepayment on long-term service agreements		**86**		84
Deferred information technology costs		**38**		37
Cash calls from joint venture partners		**17**		19
Contract asset *(net of credit losses of $1 million) (notes 12 and 13)*		**33**		36
Rabbi trust *(notes 18 and 19)*		**5**		6
Capitalized contract costs		**4**		4
Financial transmission rights		**25**		26
Other		**35**		30
	$	**274**	$	271

7. Variable Interest Entities

Consolidated VIEs

AltaGas consolidates a variable interest entity ("VIE") where the Corporation is deemed the primary beneficiary. The primary beneficiary of a VIE has the power to direct the activities of the entity that most significantly impact its economic performance such as being the provider of construction, operating, and marketing services to the entity. In addition, the primary beneficiary of a VIE also has the obligation to absorb losses of the entity or the right to receive benefits that could potentially be significant to the VIE. AltaGas determined that it is the primary beneficiary of the following VIEs:

Ridley Island LPG Export Limited Partnership

On May 5, 2017, AltaGas LPG Limited Partnership ("AltaGas LPG"), a wholly-owned subsidiary of AltaGas, and Vopak Development Canada Inc. ("Vopak"), a wholly-owned subsidiary of Koninklijke Vopak N.V. ("Royal Vopak"), a public company incorporated under the laws of the Netherlands, formed the Ridley Island LPG Export Limited Partnership ("RILE LP") to develop, own, and operate the Ridley Island Propane Export Terminal ("RIPET"). AltaGas' subsidiaries hold a 70 percent interest while Vopak holds a 30 percent interest in RILE LP. The construction cost of RIPET was funded by AltaGas LPG and Vopak in proportion to their respective interests in RILE LP. As part of the arrangements, AltaGas entered into a long-term agreement for the capacity of RIPET with RILE LP, and AltaGas and certain of its subsidiaries provide operating services to RILE LP.

AltaGas has determined that RILE LP is a VIE in which it holds variable interests and is the primary beneficiary. In the determination that AltaGas is the primary beneficiary of the VIE, AltaGas noted that it has the power to direct the activities that most significantly impact the VIE's economic performance through the operating and marketing services provided to RILE LP. In addition, AltaGas has the obligation to absorb the losses and the right to receive the benefits that could potentially be significant to RILE LP through the long-term agreement for the capacity of RIPET. As such, AltaGas has consolidated RILE LP.

The assets of RILE LP are the property of RILE LP and are not available to AltaGas for any other purpose. RILE LP's asset balances can only be used to settle its own obligations. The liabilities of RILE LP do not represent additional claims against AltaGas' general assets. AltaGas' exposure to loss as a result of its interest as a limited partner is its net investment. AltaGas and Royal Vopak have provided limited guarantees for the obligations of their respective subsidiaries for the construction cost of RIPET. With the commencement of commercial operations at RIPET, the terms of the long-term capacity agreement between AltaGas LPG and RILE LP provide for a return on and of capital and reimbursement of RIPET's operating costs by AltaGas LPG in accordance with the terms set out in the agreement.

The following table represents amounts included in the Consolidated Balance Sheets attributable to RILE LP:

As at		**June 30, 2024**		December 31, 2023
Current assets	**$**	**18**	$	8
Property, plant and equipment		**346**		349
Long-term investments and other assets		**40**		42
Current liabilities		**(19)**		(15)
Asset retirement obligations		**(5)**		(5)
Net assets	**$**	**380**	$	379

Ridley Island Energy Export Facility Limited Partnership

On April 4, 2023, AltaGas LPG and Vopak formed the Ridley Island Energy Export Facility Limited Partnership ("REEF LP") to develop, own, and operate the Ridley Island Energy Export Facility ("REEF"). AltaGas' subsidiaries and Vopak each hold a 50 percent interest in REEF LP. The construction cost of REEF is being funded by AltaGas LPG and Vopak in proportion to their respective interests in REEF LP. As part of the project definitive agreements, AltaGas entered into a long-term agreement for 100 percent of the capacity of REEF with REEF LP. Additionally, AltaGas and certain of its subsidiaries have been contracted to provide operating and project development services to REEF LP.

AltaGas has determined that REEF LP is a VIE in which it holds variable interests and is the primary beneficiary. In the determination that AltaGas is the primary beneficiary of the VIE, AltaGas noted that it has the power to direct the activities that most significantly impact the VIE's economic performance through its control of all operational and commercial aspects of the project. In addition, AltaGas has the obligation to absorb the losses and the right to receive the benefits that could potentially be significant to REEF LP through the long-term agreement for the capacity of REEF. As such, AltaGas has consolidated REEF LP.

The assets of REEF LP are the property of REEF LP and are not available to AltaGas for any purpose other than as described in the long-term capacity agreement. REEF LP's asset balances can only be used to settle its own obligations and the liabilities of REEF LP do not represent additional claims against AltaGas' general assets. AltaGas' exposure to loss as a result of its interest as a limited partner is its net investment. AltaGas and Royal Vopak have provided limited guarantees for the obligations of their respective subsidiaries for the construction cost of REEF. With the commencement of commercial operations at REEF, the terms of the long-term capacity agreement between AltaGas LPG and REEF LP provide for a return on and of capital and reimbursement of REEF's operating costs by AltaGas LPG in accordance with the terms set out in the agreement.

The following table represents amounts included in the Consolidated Balance Sheets attributable to REEF LP:

As at	June 30, 2024	December 31, 2023
Current assets	**$ 36**	$ 7
Property, plant and equipment	**100**	65
Net assets	**$ 136**	$ 72

AltaGas Hybrid Trust

On January 11, 2022, AltaGas closed its offering of $300 million of 5.25 percent Fixed-to-Fixed Rate Subordinated Notes, Series 1 (Note 10). In conjunction with the debt offering, AltaGas issued $300 million in Preferred Shares, Series 2022-A, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as trustee. The Preferred Shares were issued to satisfy the obligations under the indenture governing the associated Series 1 Subordinated Notes. Following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas, subject to certain exceptions, the Series 2022-A Preferred Shares would be delivered to the holders of the Series 1 Subordinated Notes. Upon delivery of the Series 2022-A Preferred Shares, the Series 1 Subordinated Notes would be immediately and automatically surrendered and cancelled and all rights of any Series 1 Subordinated Notes will automatically cease.

On August 17, 2022, AltaGas closed its offering of $250 million of 7.35 percent Fixed-to-Fixed Subordinated Notes, Series 2 (Note 10). In conjunction with the debt offering, AltaGas issued $250 million in Preferred Shares, Series 2022-B, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as trustee. The Preferred Shares were issued to satisfy the obligations under the indenture governing the associated Series 2 Subordinated Notes. Following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas, subject to certain exceptions, the Series 2022-B Preferred Shares would be delivered to the holders of the Series 2 Subordinated Notes. Upon delivery of the Series 2022-B Preferred Shares, the Series 2 Subordinated Notes would be immediately and automatically surrendered and cancelled and all rights of any Series 2 Subordinated Notes will automatically cease.

On November 10, 2023, AltaGas closed its offering of $200 million of 8.90 percent Fixed-to-Fixed Subordinated Notes, Series 3 (Note 10). In conjunction with the debt offering, AltaGas issued $200 million in Preferred Shares, Series 2023-A, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as trustee. The Preferred Shares were issued to satisfy the obligations under the indenture governing the associated Series 3 Subordinated Notes. Following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas, subject to certain exceptions, the Series 2023-A Preferred Shares would be delivered to the holders of the Series 3 Subordinated Notes. Upon delivery of the Series 2023-A Preferred Shares, the Series 3 Subordinated Notes would be immediately and automatically surrendered and cancelled and all rights of any Series 3 Subordinated Notes will automatically cease.

The only assets held by the AltaGas Hybrid Trust are the Series 2022-A, Series 2022-B, and Series 2023-A Preferred Shares.

AltaGas has determined that AltaGas Hybrid Trust is a VIE in which it holds variable interests and is the primary beneficiary. In the determination that AltaGas is the primary beneficiary of the VIE, AltaGas noted that it has the power to direct the activities that most significantly impact the VIE’s economic performance through its role as the sole administrative agent. In addition, AltaGas has the obligation to absorb the administrative expenses that are significant to the trust through the associated administrative agreement. As such, AltaGas has consolidated the AltaGas Hybrid Trust.

Unconsolidated VIE

Strathcona Storage Limited Partnership ("SSLP")

AltaGas owns an interest in SSLP, a partnership formed with ATCO Energy Solutions Ltd. to construct, operate, and maintain underground NGL storage caverns at Fort Saskatchewan, Alberta. The facility currently has five underground NGL storage salt caverns.

As at June 30, 2024, AltaGas' held a 40 percent equity investment in SSLP with a carrying value of $129 million (December 31, 2023 - $130 million). SSLP is not consolidated by AltaGas and instead is accounted for by the equity method of accounting. AltaGas is not the primary beneficiary of SSLP and it does not have the power to direct the activities most significant to the economic performance of SSLP. The maximum financial exposure to loss as a result of the involvement with this VIE is equal to AltaGas' net investment in SSLP.

8. Investments Accounted for by the Equity Method

			Carrying value as at	
	Location	Ownership Percentage	**June 30, 2024**	December 31, 2023
Eaton Rapids Gas Storage System	United States	**50**	**$ 29**	$ 28
Mountain Valley Pipeline, LLC ("MVP") [(a)]	United States	**10**	**552**	511
Sarnia Airport Storage Pool LP	Canada	**50**	**16**	16
Petrogas Terminals Penn LLC	United States	**50**	**1**	1
Strathcona Storage LP	Canada	**40**	**129**	130
			$ 727	$ 686

(a) The equity method is considered appropriate because MVP is an LLC with specific ownership accounts and ownership between five and fifty percent, resulting in AltaGas exercising a more than minor influence over the investee's operating and financing policies.

			Equity income for the three months ended June 30		Equity income for the six months ended June 30	
	Location	Ownership Percentage	**2024**	2023	**2024**	2023
Eaton Rapids Gas Storage System	United States	**50**	**$ —**	$ —	**$ 1**	$ 1
MVP [(a)]	United States	**10**	**4**	6	**23**	6
Sarnia Airport Storage Pool LP	Canada	**50**	**1**	1	**1**	1
Strathcona Storage LP	Canada	**40**	**2**	2	**3**	3
			$ 7	$ 9	**$ 28**	$ 11

(a) Relates to allowance for funds used during construction ("AFUDC") prior to June 2024 and equity earnings from income generated by MVP subsequent to being placed in-service on June 14, 2024. Earnings after June 14, 2024 also include the amortization of certain basis differences.

The carrying amount of certain equity investments differs from the amount of the underlying equity in net assets. These basis differences include amounts related to purchase accounting adjustments, capitalized interest, provisions on assets, and a contractual cap on contributions to MVP.

9. Long-Term Debt

As at	Maturity date	June 30, 2024	December 31, 2023
Credit facilities			
$2.3 billion unsecured extendible revolving facility [(a)]	2-May-2028	**$ 370**	$ 484
US$150 million unsecured extendible revolving facility	20-Dec-2026	**—**	86
Commercial paper [(b)]	Various	**303**	332
$450 million term loan [(c)]	n/a	**—**	449
AltaGas Ltd. medium-term notes ("MTNs")			
$200 million Senior unsecured - 4.40 percent	15-Mar-2024	**—**	200
$350 million Senior unsecured - 1.23 percent	18-Mar-2024	**—**	350
$300 million Senior unsecured - 3.84 percent	15-Jan-2025	**300**	300
$500 million Senior unsecured - 2.16 percent	10-Jun-2025	**500**	500
$350 million Senior unsecured - 4.12 percent	7-Apr-2026	**350**	350
$400 million Senior unsecured - 4.64 percent	15-May-2026	**400**	400
$200 million Senior unsecured - 2.17 percent	16-Mar-2027	**200**	200
$200 million Senior unsecured - 3.98 percent	4-Oct-2027	**200**	200
$500 million Senior unsecured - 2.08 percent	30-May-2028	**500**	500
$400 million Senior unsecured - 4.67 percent	8-Jan-2029	**400**	—
$200 million Senior unsecured - 2.48 percent	30-Nov-2030	**200**	200
$350 million Senior unsecured - 5.14 percent	14-Mar-2034	**350**	—
$100 million Senior unsecured - 5.16 percent	13-Jan-2044	**100**	100
$300 million Senior unsecured - 4.50 percent	15-Aug-2044	**300**	300
$250 million Senior unsecured - 4.99 percent	4-Oct-2047	**250**	250
$250 million Senior unsecured - 5.60 percent	14-Mar-2054	**250**	—
WGL and Washington Gas MTNs and private placement notes			
US$41 million Senior unsecured - 5.44 percent	11-Aug-2025	**55**	54
US$53 million Senior unsecured - 6.62 to 6.82 percent	Oct 2026	**73**	70
US$72 million Senior unsecured - 6.40 to 6.57 percent	Feb - Sep 2027	**98**	95
US$52 million Senior unsecured - 6.57 to 6.85 percent	Jan - Mar 2028	**71**	69
US$9 million Senior unsecured - 7.50 percent	1-Apr-2030	**12**	11
US$150 million Senior unsecured - 6.06 percent	14-Oct-2033	**205**	199
US$50 million Senior unsecured - 5.70 to 5.78 percent	Jan - Mar 2036	**68**	66
US$75 million Senior unsecured - 5.21 percent	3-Dec-2040	**103**	99
US$75 million Senior unsecured - 5.00 percent	15-Dec-2043	**103**	99
US$300 million Senior unsecured - 4.22 to 4.60 percent	Sep - Nov 2044	**411**	397
US$450 million Senior unsecured - 3.80 percent	15-Sep-2046	**616**	595
US$400 million Senior unsecured - 3.65 percent [(d)]	15-Sep-2049	**567**	549
US$200 million Senior unsecured - 2.98 percent	15-Dec-2051	**274**	265
US$25 million Senior unsecured - 5.25 percent	29-Dec-2042	**34**	33
US$175 million Senior unsecured - 5.33 percent	29-Dec-2052	**240**	231
US$50 million Senior unsecured - 6.43 percent	15-Oct-2053	**68**	66
SEMCO long-term debt			
US$225 million First Mortgage Bonds - 2.45 percent	21-Apr-2030	**99**	95
US$225 million First Mortgage Bonds - 3.15 percent	21-Apr-2050	**308**	298
Fair value adjustment on WGL Acquisition		**75**	74
		$ 8,453	$ 8,566
Less: debt issuance costs		**(43)**	(39)
		$ 8,410	$ 8,527
Less: current portion		**(799)**	(999)
		$ 7,611	$ 7,528

(a) Borrowings on the facility can be by way of prime loans, U.S. base-rate loans, SOFR loans, term CORRA loans, or letters of credit. Borrowings on the facility have fees and interest at rates relevant to the nature of the draw made. This facility has a $1.7 billion four-year extendable committed revolving tranche and a $600 million three-year extendable side car revolving tranche.

(b) Commercial paper is supported by the availability of long-term committed credit facilities maturing in 2026. Commercial paper intended to be repaid within the next year is recorded as short-term debt.

(c) As at June 30, 2024, the term loan was cancelled and repaid in full.

(d) The outstanding balance includes a US$15 million premium which is amortized as a reduction to interest expense over the term of the note.

10. Subordinated Hybrid Notes

As at	Maturity date	June 30, 2024	December 31, 2023
$300 million Subordinated Notes, Series 1	11-Jan-2082	**$ 300**	$ 300
$250 million Subordinated Notes, Series 2	17-Aug-2082	**250**	250
$200 million Subordinated Notes, Series 3	10-Nov-2083	**200**	200
		$ 750	$ 750
Less: debt issuance costs		**(8)**	(8)
		$ 742	$ 742

For the three and six months ended June 30, 2024, AltaGas recorded interest expense of $13 million and $26 million, respectively, on the subordinated hybrid notes (three and six months ended June 30, 2023 - $8 million and $17 million, respectively).

11. Accumulated Other Comprehensive Income (Loss)

	Cash Flow Hedges	DB pension and PRB plans	Hedge net investments	Translation foreign operations	Total
Opening balance, January 1, 2024	**$ (9)**	**$ (2)**	**$ (148)**	**$ 554**	**$ 395**
OCI before reclassification	**(13)**	**—**	**(33)**	**359**	**313**
Amounts reclassified from OCI	**7**	**—**	**—**	**—**	**7**
Current period OCI (pre-tax)	**$ (6)**	**$ —**	**$ (33)**	**$ 359**	**$ 320**
Income tax on amounts retained in AOCI	**4**	**—**	**4**	**—**	**8**
Net current period OCI	**$ (2)**	**$ —**	**$ (29)**	**$ 359**	**$ 328**
Ending balance, June 30, 2024	**$ (11)**	**$ (2)**	**$ (177)**	**$ 913**	**$ 723**
Opening balance, January 1, 2023	$ —	$ (5)	$ (173)	$ 804	$ 626
OCI before reclassification	—	(1)	27	(236)	(210)
Settlement of Canadian DB pension plan	—	2	—	—	2
Current period OCI (pre-tax)	$ —	$ 1	$ 27	$ (236)	$ (208)
Income tax on accounts retained in AOCI	—	—	(3)	—	(3)
Net current period OCI	$ —	$ 1	$ 24	$ (236)	$ (211)
Ending balance, June 30, 2023	$ —	$ (4)	$ (149)	$ 568	$ 415

Reclassification From Accumulated Other Comprehensive Income (Loss)

AOCI components reclassified	Income statement line item	**Three Months Ended June 30, 2024**	Three Months Ended June 30, 2023
Cash flow hedges [a]	Cost of sales	**$ 4**	$ —
DB pension and PRB plans [b]	Other income	**—**	2
		$ 4	$ 2

(a) The majority of the reclassification for the three months ended June 30, 2024 relates to commodity cash flow hedges.
(b) Reclassification from AOCI for the three months ended June 30, 2023 relates to the settlement of the Canadian defined benefit pension plan.

AOCI components reclassified	Income statement line item	**Six Months Ended June 30, 2024**	Six Months Ended June 30, 2023
Cash flow hedges [a]	Cost of sales	**$ 7**	$ —
DB pension and PRB plans [b]	Other income	**—**	2
		$ 7	$ 2

(a) The majority of the reclassification for the six months ended June 30, 2024 relates to commodity cash flow hedges.
(b) Reclassification from AOCI for the six months ended June 30, 2023 relates to the settlement of the Canadian defined benefit pension plan.

12. Revenue

The following tables disaggregate revenue by major sources for the period:

	Three Months Ended June 30, 2024			
	Utilities	**Midstream**	**Corporate/ Other**	**Total**
Revenue from contracts with customers				
Commodity sales contracts	**$ 454**	**$ 1,535**	**$ 9**	**$ 1,998**
Midstream service contracts	**—**	**337**	**—**	**337**
Gas sales and transportation services	**346**	**(5)**	**—**	**341**
Storage services	**—**	**19**	**—**	**19**
Other [a]	**3**	**—**	**13**	**16**
Total revenue from contracts with customers	**$ 803**	**$ 1,886**	**$ 22**	**$ 2,711**
Other sources of revenue				
Revenue from alternative revenue programs [b]	**$ 26**	**$ —**	**$ —**	**$ 26**
Leasing revenue [c]	**—**	**56**	**—**	**56**
Risk management and trading activities [d]	**3**	**(19)**	**—**	**(16)**
Other	**—**	**(2)**	**—**	**(2)**
Total revenue from other sources	**$ 29**	**$ 35**	**$ —**	**$ 64**
Total revenue	**$ 832**	**$ 1,921**	**$ 22**	**$ 2,775**

(a) The Corporate/Other segment includes revenue earned from a resource adequacy agreement at Blythe.
(b) A large portion of revenue generated from the Utilities segment is subject to rate regulation and accordingly there are circumstances where the revenue recognized is mandated by the applicable regulators in accordance with ASC 980.
(c) Revenue generated from certain of AltaGas' Midstream facilities is accounted for as operating leases.
(d) Risk management activities involve the use of derivative instruments such as physical and financial swaps, and commodity and foreign exchange forward contracts. These derivatives are accounted for under ASC 815 and ASC 825. A portion of revenue generated by the Utilities segment is from the physical sale and delivery of natural gas and power to end users.

	Three Months Ended June 30, 2023			
	Utilities	Midstream	Corporate/ Other	Total
Revenue from contracts with customers				
Commodity sales contracts	$ 418	$ 1,331	$ —	$ 1,749
Midstream service contracts	—	303	—	303
Gas sales and transportation services	372	2	—	374
Other	4	5	—	9
Total revenue from contracts with customers	$ 794	$ 1,641	$ —	$ 2,435
Other sources of revenue				
Revenue from alternative revenue programs [(a)]	$ 28	$ —	$ —	$ 28
Leasing revenue [(b)]	—	54	20	74
Risk management and trading activities [(c)]	13	67	—	80
Other	2	12	—	14
Total revenue from other sources	$ 43	$ 133	$ 20	$ 196
Total revenue	$ 837	$ 1,774	$ 20	$ 2,631

(a) A large portion of revenue generated from the Utilities segment is subject to rate regulation and accordingly there are circumstances where the revenue recognized is mandated by the applicable regulators in accordance with ASC 980.

(b) Revenue generated from certain of AltaGas' Midstream facilities is accounted for as operating leases. For the Corporate/Other segment, a significant amount of revenue earned was through power purchase agreements which were accounted for as operating leases.

(c) Risk management activities involve the use of derivative instruments such as physical and financial swaps, and commodity and foreign exchange forward contracts. These derivatives are accounted for under ASC 815 and ASC 825. A portion of revenue generated by the Utilities segment is from the physical sale and delivery of natural gas and power to end users.

	Six Months Ended June 30, 2024			
	Utilities	**Midstream**	**Corporate / Other**	**Total**
Revenue from contracts with customers				
Commodity sales contracts	**$ 1,037**	**$ 3,121**	**$ 17**	**$ 4,175**
Midstream service contracts	**—**	**643**	**—**	**643**
Gas sales and transportation services	**1,291**	**—**	**—**	**1,291**
Storage services	**—**	**19**	**—**	**19**
Other [(a)]	**5**	**—**	**17**	**22**
Total revenue from contracts with customers	**$ 2,333**	**$ 3,783**	**$ 34**	**$ 6,150**
Other sources of revenue				
Revenue from alternative revenue programs [(b)]	**$ 101**	**$ —**	**$ —**	**$ 101**
Leasing revenue [(c)]	**—**	**109**	**—**	**109**
Risk management and trading activities [(d)]	**(29)**	**96**	**—**	**67**
Other	**(3)**	**6**	**—**	**3**
Total revenue from other sources	**$ 69**	**$ 211**	**$ —**	**$ 280**
Total revenue	**$ 2,402**	**$ 3,994**	**$ 34**	**$ 6,430**

(a) The Corporate/Other segment includes revenue earned from a resource adequacy agreement at Blythe.

(b) A large portion of revenue generated from the Utilities segment is subject to rate regulation and accordingly there are circumstances where the revenue recognized is mandated by the applicable regulators in accordance with ASC 980.

(c) Revenue generated from certain of AltaGas' gas facilities is accounted for as operating leases.

(d) Risk management activities involve the use of derivative instruments such as physical and financial swaps, and commodity and foreign exchange forward contracts. These derivatives are accounted for under ASC 815 and ASC 825. A portion of revenue generated by the Utilities segment is from the physical sale and delivery of natural gas and power to end users.

	Six Months Ended June 30, 2023			
	Utilities	Midstream	Corporate/ Other	Total
Revenue from contracts with customers				
Commodity sales contracts	$ 968	$ 2,755	$ —	$ 3,723
Midstream service contracts	—	936	—	936
Gas sales and transportation services	1,548	4	—	1,552
Storage services [(a)]	4	—	—	4
Other	6	5	—	11
Total revenue from contracts with customers	$ 2,526	$ 3,700	$ —	$ 6,226
Other sources of revenue				
Revenue from alternative revenue programs [(b)]	$ 100	$ —	$ —	$ 100
Leasing revenue [(c)]	—	108	44	152
Risk management and trading activities [(d)]	150	32	2	184
Other	(4)	21	—	17
Total revenue from other sources	$ 246	$ 161	$ 46	$ 453
Total revenue	$ 2,772	$ 3,861	$ 46	$ 6,679

(a) Relates to revenue earned for the period prior to the close of the Alaska Utilities Disposition on March 1, 2023.

(b) A large portion of revenue generated from the Utilities segment is subject to rate regulation and accordingly there are circumstances where the revenue recognized is mandated by the applicable regulators in accordance with ASC 980.

(c) Revenue generated from certain of AltaGas' gas facilities is accounted for as operating leases. For the Corporate/Other segment, a significant amount of revenue earned was through power purchase agreements which were accounted for as operating leases.

(d) Risk management activities involve the use of derivative instruments such as physical and financial swaps, and commodity and foreign exchange forward contracts. These derivatives are accounted for under ASC 815 and ASC 825. A portion of revenue generated by the Utilities segment is from the physical sale and delivery of natural gas and power to end users.

Revenue Recognition

The following is a description of the Corporation's revenue recognition policy by segment and by major source of revenue from contracts with customers.

Utilities Segment

Gas Sales and Transportation Services

Customers are billed monthly based on regular meter readings. Customer billings are based on two main components: (i) a fixed service fee and (ii) a variable fee based on usage. Revenue is recognized over time when the gas has been delivered or as the service has been performed. As meter readings are performed on a cycle basis, AltaGas recognizes accrued revenue for any services rendered to its customers but not billed at month-end. The vast majority of these contracts are "at-will" as customers may cancel their service at any time, however, there are certain contracts that have terms of one year or longer. For these long-term contracts, there is generally a contract demand specified in the contract whereby the customer has to pay regardless of whether or not gas has been delivered. These contracts generally do not contain any make up rights and revenue is recognized on a monthly basis as service has been performed.

Commodity Sales

Commodity sales include natural gas and electricity sales to residential, commercial, and industrial customers in certain states where WGL Energy Services is authorized as a competitive service provider. These commodity sales contracts have varying terms that generally range from one to five years. Customers are billed monthly based on the amount of energy delivered to the customer. Revenue is recognized based on the amount the Corporation is entitled to invoice the customer.

Midstream Segment

Commodity Sales

A portion of the NGL production from AltaGas' extraction facilities is subject to frac spread between NGLs extracted and the natural gas purchased to make up the heating value of the NGLs extracted. For commodity sales contracts that do not meet the definition of a derivative or for contracts whereby AltaGas has elected to apply the normal purchase normal sales scope exception, the sales contract is accounted for under ASC 606. These commodity sales contracts have varying terms, but the majority of the contracts have a one-year term which coincides with the NGL year. AltaGas recognizes revenue for commodity sales contracts at a point in time based on the actual volumes of the commodity sold at the delivery point, which corresponds to the customer's monthly invoice amount.

Commodity sales contracts at RIPET and Ferndale generate revenue from the sale and delivery of LPGs to customers in Asia shipped from offshore export terminals. Revenue is recognized when LPGs are loaded onto transport vessels, which is the delivery point. AltaGas has the right to consideration in an amount that directly corresponds to the volumes of LPGs loaded on a vessel. AltaGas' commodity sales also include the sale of upgraded crude oil, processed finished products, and various fuels. Delivery takes place when there is a sales contract in place, specifying delivery volumes and sales prices. The consideration received under these contracts is variable based on commodity prices.

Midstream Service Contracts

AltaGas earns revenue from its field gathering and processing facilities, extraction facilities, storage facilities, truck hauling services, rail and truck loading and unloading terminalling, and transmission systems through a variety of contractual arrangements. For arrangements that do not contain a lease, the revenue is accounted for under ASC 606 as follows:

Fee-for-service – The customer is charged a fee for the service provided on a per unit volume basis. Contract terms generally range from one month to up to the life of the reserves. Revenue under this type of arrangement is recognized over time as the service is provided, which corresponds to the customer's monthly invoice amount.

Take-or-pay – The customer has agreed to a minimum volume commitment whereby the customer must have AltaGas process or deliver a specified volume at a rate per unit that is specified in the contract. Quantities that the customer is unable to deliver are considered deficiency quantities. Certain of AltaGas' take-or-pay contracts contain provisions whereby the customer can make up deficiency quantities in subsequent periods. Under this type of arrangement, any consideration received relating to the deficiency quantities that will be made up in a future period will be deferred until either: (i) the customer makes up the volumes or (ii) the likelihood that the customer will make up the volumes before the make up period expires becomes remote. If AltaGas does not expect the customer to make up the deficiency quantities (also referred to as breakage amount), AltaGas may recognize the expected breakage amount as revenue before the make up period expires. Significant judgment is required in estimating the breakage amount. For contracts where the customer has no make up rights, revenue is recognized on a monthly basis based on the higher of (i) the actual quantity delivered times the per unit rate or (ii) the contracted minimum amount.

Storage fees are typically recognized in revenue ratably over the term of the contract and rail and truck loading and unloading fees are recognized when the volumes are delivered or received.

Corporate/Other Segment

For the Corporate/Other segment, the majority of revenue relates to remaining power assets, from which revenue is primarily earned through a resource adequacy agreement as well as commodity sales via a merchant market, or via commodity sales agreements which are accounted for as financial instruments. For commodity sales contracts that do not meet the definition of a derivative or whereby AltaGas has elected to apply the normal purchase normal sales scope exception, revenue recognized is accounted for under ASC 606.

Contract Balances

As at June 30, 2024, a contract asset balance of $38 million (December 31, 2023 - $40 million) has been recorded on the Consolidated Balance Sheets, of which $34 million ($33 million net of credit losses) is included within long-term investments and other assets (December 31, 2023 - $36 million net of credit losses) and $4 million within prepaid expenses and other current assets (December 31, 2023 - $4 million). This contract asset represents the difference in revenue recognized under new rates in blend-and-extend contract modifications with customers. Revenue from these contract modifications was recognized at the pre-modification rate until the effective date of the contract modification on the original contracts, with the excess revenue recorded as a contract asset. The contract assets are now being drawn down over the remaining term of the modified contracts.

Contract Assets

As at		**June 30, 2024**		December 31, 2023
Balance, beginning of period	**$**	**40**	$	41
Additions		**—**		3
Amortization [(a)]		**(2)**		(4)
Balance, end of period	**$**	**38**	$	40

(a) Represents the drawdown of contract assets under blend-and-extend contract modifications.

Transaction Price Allocated to the Remaining Obligations

The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied as of June 30, 2024:

		Remainder of 2024		2025		2026		2027		2028		> 2028		**Total**
Midstream service contracts	$	78	$	140	$	139	$	135	$	123	$	797	**$**	**1,412**
Other revenue from contracts with customers		25		51		51		51		—		4		**182**
	$	103	$	191	$	190	$	186	$	123	$	801	**$**	**1,594**

AltaGas applies the practical expedient available under ASC 606 and does not disclose information about the remaining performance obligations for (i) contracts with an original expected length of one year or less, (ii) contracts for which revenue is recognized at the amount to which AltaGas has the right to invoice for performance completed, and (iii) contracts with variable consideration that is allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation. In addition, the table above does not include any estimated amounts of variable consideration that are constrained. The majority of midstream service contracts, gas sales and transportation service contracts, and storage service contracts contain variable consideration whereby uncertainty related to the associated variable consideration will be resolved (usually on a daily basis) as volumes are processed, gas is delivered or as service is provided.

13. Financial Instruments and Financial Risk Management

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, risk management contracts, certain long-term investments and other assets, accounts payable and accrued liabilities, dividends payable, short-term and long-term debt, and certain other current and long-term liabilities.

Fair Value Hierarchy

AltaGas categorizes its financial assets and financial liabilities into one of three levels based on fair value measurements and inputs used to determine the fair value.

Level 1 - fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities. Fair values are based on direct observations of transactions involving the same assets or liabilities and no assumptions are used. Included in this category are publicly traded shares valued at the closing price as at the balance sheet date.

Level 2 - fair values are determined based on valuation models and techniques where inputs other than quoted prices included within Level 1 are observable for the asset or liability either directly or indirectly. AltaGas enters into derivative instruments in the futures, over-the-counter, and retail markets to manage fluctuations in commodity prices and foreign exchange rates. The fair values of power, natural gas, NGL, LPG, ocean freight, and crude oil derivative contracts were calculated using forward prices based on published sources for the relevant period, adjusted for factors specific to the asset or liability, including basis and location differentials, discount rates, and currency exchange. The fair value of foreign exchange derivative contracts was calculated using quoted market rates.

Level 3 - fair values are based on inputs for the asset or liability that are not based on observable market data. AltaGas uses valuation techniques when observable market data is not available. Level 3 derivatives include physical contracts at illiquid market locations with no observable market data, long-dated positions where observable pricing is not available over the life of the contract, contracts valued using historical spot price volatility assumptions, and valuations using indicative broker quotes for inactive market locations. A significant change to any one of these inputs in isolation could result in a significant upward or downward fluctuation in the fair value measurement.

The following methods and assumptions were used to estimate the fair value of each significant class of financial instruments:

Other current liabilities - the carrying amounts approximate fair value because of the short maturity of these instruments.

Current portion of long-term debt, long-term debt, current portion of finance lease liabilities, finance lease liabilities, subordinated hybrid notes, and other long-term liabilities - the fair value of these liabilities was estimated based on discounted future interest and principal payments using the current market interest rates of instruments with similar terms.

Risk management assets and liabilities - the fair values of power, natural gas, NGL, and crude oil derivative contracts were calculated using forward prices from published sources for the relevant period. The fair value of foreign exchange derivative contracts was calculated using quoted market rates. The fair value of Level 3 derivative contracts was calculated using internally developed valuation inputs and pricing models.

Loans and receivables - the fair value of these assets was estimated based on discounted future interest and principal payments using the current market interest rates of instruments with similar terms.

As at	June 30, 2024				
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial assets					
Fair value through net income [(a) (b)]					
Risk management assets - current	$ 71	$ —	$ 35	$ 36	$ 71
Risk management assets - non-current	56	—	29	27	56
Fair value through regulatory assets [(a)]					
Risk management assets - current	11	—	2	9	11
Risk management assets - non-current	29	—	—	29	29
	$ 167	$ —	$ 66	$ 101	$ 167
Financial liabilities					
Fair value through net income [(a) (b)]					
Risk management liabilities - current	$ 117	$ —	$ 107	$ 10	$ 117
Risk management liabilities - non-current	97	—	53	44	97
Fair value through regulatory liabilities [(a)]					
Risk management liabilities - current	12	—	1	11	12
Risk management liabilities - non-current	43	—	—	43	43
Amortized cost					
Current portion of long-term debt	799	—	799	—	799
Current portion of finance lease liabilities	22	—	22	—	22
Long-term debt	7,611	—	6,790	—	6,790
Finance lease liabilities	121	—	121	—	121
Subordinated hybrid notes	742	—	724	—	724
Other current liabilities [(c)]	20	—	20	—	20
	$ 9,584	$ —	$ 8,637	$ 108	$ 8,745

(a) To manage price risk associated with acquiring natural gas supply for Maryland, Virginia, and District of Columbia utility customers, Washington Gas, a subsidiary of the Corporation, enters into physical and financial derivative transactions. Any gains and losses associated with these derivatives are recorded as regulatory liabilities or assets, respectively, to reflect the rate treatment for these economic hedging activities. Additionally, as part of its asset optimization program, Washington Gas enters into derivatives with the primary objective of securing operating margins that Washington Gas will ultimately realize. Regulatory sharing mechanisms provide for the annual realized profit from these transactions to be shared between Washington Gas' shareholder and customers; therefore, changes in fair value are recorded through earnings, or as regulatory assets or liabilities to the extent that it is probable that realized gains and losses associated with these derivative transactions will be included in the rates charged to customers when they are realized.

(b) Includes the fair value of designated commodity hedging instruments classified as level 2 totaling $5 million. The change in fair value of these instruments is recorded to AOCI. Refer to the *Cash Flow Hedges* section below for more details.

(c) Excludes non-financial liabilities.

As at	December 31, 2023				
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial assets					
Fair value through net income [(a) (b)]					
Risk management assets - current	$ 49	$ —	$ 17	$ 32	$ 49
Risk management assets - non-current	37	—	12	25	37
Fair value through regulatory assets [(a)]					
Risk management assets - current	5	—	—	5	5
Risk management assets - non-current	20	—	—	20	20
	$ 111	$ —	$ 29	$ 82	$ 111
Financial liabilities					
Fair value through net income [(a) (b)]					
Risk management liabilities - current	$ 85	$ —	$ 51	$ 34	$ 85
Risk management liabilities - non-current	70	—	25	45	70
Fair value through regulatory liabilities [(a)]					
Risk management liabilities - current	12	—	1	11	12
Risk management liabilities - non-current	45	—	—	45	45
Amortized cost					
Current portion of long-term debt	999	—	999	—	999
Current portion of finance lease liabilities	11	—	11	—	11
Long-term debt	7,528	—	6,812	—	6,812
Finance lease liabilities	120	—	120	—	120
Subordinated hybrid notes	742	—	700	—	700
Other current liabilities [(c)]	43	—	43	—	43
	$ 9,655	$ —	$ 8,762	$ 135	$ 8,897

(a) To manage price risk associated with acquiring natural gas supply for Maryland, Virginia, and District of Columbia utility customers, Washington Gas, a subsidiary of the Corporation, enters into physical and financial derivative transactions. Any gains and losses associated with these derivatives are recorded as regulatory liabilities or assets, respectively, to reflect the rate treatment for these economic hedging activities. Additionally, as part of its asset optimization program, Washington Gas enters into derivatives with the primary objective of securing operating margins that Washington Gas will ultimately realize. Regulatory sharing mechanisms provide for the annual realized profit from these transactions to be shared between Washington Gas' shareholder and customers; therefore, changes in fair value are recorded through earnings, or as regulatory assets or liabilities to the extent that it is probable that realized gains and losses associated with these derivative transactions will be included in the rates charged to customers when they are realized.

(b) Includes the fair value of designated hedging instruments classified as level 2 totaling $9 million. The change in fair value of these instruments is recorded to AOCI. Refer to the *Cash Flow Hedges* section below for more details.

(c) Excludes non-financial liabilities.

Financial assets and liabilities not included in the fair value hierarchy table include money market funds, short-term debt, and commercial paper. The carrying value of these financial instruments approximate their fair value, which reflects the short-term maturity and/or normal credit terms of these financial instruments.

The following table includes quantitative information about the significant unobservable inputs used in the fair value measurement of Level 3 financial instruments at June 30, 2024:

	Net Fair Value	Valuation Technique	Unobservable Inputs	Range	Weighted Average [a]
Natural gas	$ (6)	Discounted Cash Flow	Natural Gas Basis Price (per Dth)	$ (2.18) - $ 8.70	$ 2.05
Natural gas	$ (1)	Option Model	Natural Gas Basis Price (per Dth)	$ (2.11) - $ 2.97	$ (0.71)
			Annualized Volatility of Spot Market Natural Gas	7 % - 81 %	31 %
Electricity	$ —	Discounted Cash Flow	Electricity Congestion Price (per MWh)	$ (27.20) - $ 118.67	$ 9.91

(a) Unobservable inputs were weighted by transaction volume.

The following tables provide a reconciliation of changes in net fair value of derivative assets and liabilities classified as Level 3 in the fair value hierarchy:

Three Months Ended	June 30, 2024			June 30, 2023		
	Natural Gas	**Electricity**	**Total**	Natural Gas	Electricity	Total
Balance, beginning of period	**$ 10**	**$ (33)**	**$ (23)**	$ (132)	$ (50)	$ (182)
Gains (losses):						
Recorded in income	**(7)**	**70**	**63**	61	59	120
Recorded in regulatory assets	**(8)**	**—**	**(8)**	70	—	70
Transfers out of Level 3	**—**	**(1)**	**(1)**	—	13	13
Purchases	**—**	**(23)**	**(23)**	—	(13)	(13)
Settlements	**(2)**	**(13)**	**(15)**	(3)	(15)	(18)
Foreign exchange translation	**—**	**—**	**—**	—	(1)	(1)
Balance, end of period	**$ (7)**	**$ —**	**$ (7)**	$ (4)	$ (7)	$ (11)

Six Months Ended	June 30, 2024			June 30, 2023		
	Natural Gas	**Electricity**	**Total**	Natural Gas	Electricity	Total
Balance, beginning of period	**$ (30)**	**$ (23)**	**$ (53)**	$ (226)	$ (166)	$ (392)
Gains:						
Recorded in income	**7**	**63**	**70**	89	182	271
Recorded in regulatory assets	**14**	**—**	**14**	123	—	123
Transfers out of Level 3	**—**	**(1)**	**(1)**	(6)	(6)	(12)
Purchases	**—**	**(21)**	**(21)**	—	(13)	(13)
Settlements	**2**	**(18)**	**(16)**	15	(4)	11
Foreign exchange translation	**—**	**—**	**—**	1	—	1
Balance, end of period	**$ (7)**	**$ —**	**$ (7)**	$ (4)	$ (7)	$ (11)

Transfers between different levels of the fair value hierarchy may occur based on fluctuations in the valuation and on the level of observable inputs used to value the instruments from period to period. Transfers into and out of the different levels of the fair value hierarchy are presented at the fair value as of the beginning of the period. Transfers out of Level 3 during the three and six months ended June 30, 2024 were due to an increase in valuations using observable market inputs.

Summary of Unrealized Gains (Losses) on Risk Management Contracts Recognized in Net Income (Loss)

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	**2024**	2023
Natural gas	**$ 23**	$ 56	**$ 51**	$ 21
Energy exports	**(105)**	49	**(5)**	49
Crude oil and NGLs	**(3)**	14	**(1)**	10
NGL frac spread	**(1)**	22	**(13)**	20
Power	**1**	9	**18**	15
Foreign exchange	**(5)**	—	**(23)**	—
	$ (90)	$ 150	**$ 27**	$ 115

Offsetting of Derivative Assets and Derivative Liabilities

Certain of AltaGas' risk management contracts are subject to master netting arrangements that create a legally enforceable right for a counterparty to offset the related financial assets and financial liabilities. As part of these master netting agreements, cash, letters of credit, and parental guarantees may be required to be posted or obtained from counterparties in order to mitigate credit risk related to both derivative and non-derivative positions. Collateral balances are also offset against the related counterparties' derivative positions to the extent the application would not result in the over-collateralization of those derivative positions on the balance sheet.

As at	June 30, 2024				
	Derivative instruments not designated as hedging instruments		Derivative instruments designated as hedging instruments		
	Gross amounts of recognized assets/liabilities	Gross amounts offset in balance sheet	Gross amounts of recognized assets/liabilities	Netting of collateral	Net amounts presented in balance sheet
Risk management assets [(a)]					
Natural gas	**$ 166**	**$ (73)**	**$ 1**	**$ —**	**$ 94**
Energy exports	**155**	**(150)**	**—**	**33**	**38**
Crude oil and NGLs	**3**	**(3)**	**—**	**5**	**5**
Power	**114**	**(84)**	**—**	**—**	**30**
	$ 438	**$ (310)**	**$ 1**	**$ 38**	**$ 167**
Risk management liabilities [(b)]					
Natural gas	**$ 168**	**$ (73)**	**$ 6**	**$ (13)**	**$ 88**
Energy exports	**245**	**(150)**	**—**	**—**	**95**
Crude oil and NGLs	**7**	**(3)**	**—**	**—**	**4**
NGL frac spread	**12**	**—**	**—**	**—**	**12**
Power	**150**	**(84)**	**—**	**—**	**66**
Foreign exchange	**4**	**—**	**—**	**—**	**4**
	$ 586	**$ (310)**	**$ 6**	**$ (13)**	**$ 269**

(a) Net amount of risk management assets on the Balance Sheet is comprised of risk management assets (current) balance of $82 million and risk management assets (non-current) balance of $85 million.

(b) Net amount of risk management liabilities on the Balance Sheet is comprised of risk management liabilities (current) balance of $129 million and risk management liabilities (non-current) balance of $140 million.

As at	December 31, 2023				
	Derivative instruments not designated as hedging instruments		**Derivative instruments designated as hedging instruments**		
	Gross amounts of recognized assets/liabilities	Gross amounts offset in balance sheet	Gross amounts of recognized assets/liabilities	Netting of collateral	Net amounts presented in balance sheet
Risk management assets [(a)]					
Natural gas	$ 96	$ (44)	$ —	$ —	$ 52
Energy exports	34	(31)	—	—	3
Crude oil and NGLs	4	(6)	—	6	4
NGL frac spread	8	(7)	—	—	1
Power	72	(40)	—	—	32
Foreign exchange	19	—	—	—	19
	$ 233	$ (128)	$ —	$ 6	$ 111
Risk management liabilities [(b)]					
Natural gas	$ 164	$ (44)	$ 9	$ (31)	$ 98
Energy exports	119	(31)	—	(81)	7
Crude oil and NGLs	6	(6)	—	—	—
NGL frac spread	7	(7)	—	—	—
Power	147	(40)	—	—	107
	$ 443	$ (128)	$ 9	$ (112)	$ 212

(a) Net amount of risk management assets on the Balance Sheet is comprised of risk management assets (current) balance of $54 million and risk management assets (non-current) balance of $57 million.

(b) Net amount of risk management liabilities on the Balance Sheet is comprised of risk management liabilities (current) balance of $97 million and risk management liabilities (non-current) balance of $115 million.

Cash Collateral

The following table presents collateral not offset against risk management assets and liabilities:

As at	**June 30, 2024**	December 31, 2023
Collateral posted with counterparties	**$ 6**	$ 12

Any collateral posted that is not offset against risk management assets and liabilities is included in the line item "prepaid expenses and other current assets" in the Consolidated Balance Sheets. Collateral received and not offset against risk management assets and liabilities is included in the line item "customer deposits" in the Consolidated Balance Sheets.

Certain derivative instruments contain contract provisions that require collateral to be posted if the credit rating of AltaGas or certain of its subsidiaries falls below certain levels. At June 30, 2024 and December 31, 2023, AltaGas has not posted any collateral related to its derivative liabilities that contained credit-related contingent features. The following table shows the aggregate fair value of all derivative instruments with credit-related contingent features that are in a liability position, as well as the maximum amount of collateral that would be required if specific credit-risk-related contingent features underlying these agreements were triggered:

As at		June 30, 2024		December 31, 2023
Risk management liabilities with credit-risk-contingent features	**$**	**194**	$	158
Maximum potential collateral requirements	**$**	**109**	$	111

Notional Summary

The following table presents the notional quantity outstanding related to the Corporation's commodity contracts:

As at	June 30, 2024	December 31, 2023
Natural Gas		
Sales	**275,132,258 GJ**	233,499,133 GJ
Purchases	**639,175,492 GJ**	629,298,784 GJ
Swaps [(a)]	**95,337,235 GJ**	127,829,390 GJ
Crude Oil and NGLs		
Swaps	**2,030,644 Bbl**	2,399,972 Bbl
Energy Exports		
Purchases	**24,859,113 Bbl**	4,017,118 Bbl
Propane and butane swaps	**78,044,414 Bbl**	76,931,889 Bbl
NGL Frac Spread		
Propane swaps	**879,203 Bbl**	1,040,595 Bbl
Crude oil swaps	**157,504 Bbl**	194,513 Bbl
Natural gas swaps	**7,637,362 GJ**	7,513,045 GJ
Power		
Sales	**5,177,499 MWh**	5,256,989 MWh
Purchases	**6,568,909 MWh**	6,157,474 MWh
Swaps	**31,716,142 MWh**	26,220,739 MWh

(a) Includes approximately 25,118,246 GJ of natural gas swaps at June 30, 2024 designated as hedging instruments that have terms extending until 2029.

Foreign Exchange Risk

AltaGas is exposed to foreign exchange risk as changes in foreign exchange rates may affect the fair value or future cash flows of the Corporation's financial instruments. AltaGas has foreign operations whereby the functional currency is the U.S. dollar. As a result, the Corporation's earnings, cash flows, and OCI are exposed to fluctuations resulting from changes in foreign exchange rates. This risk is partially mitigated to the extent that AltaGas has U.S. dollar-denominated debt outstanding. AltaGas may also enter into foreign exchange forward derivatives to manage the risk of fluctuating cash flows and earnings due to variations in foreign exchange rates as well as to benefit from favorable movements in the rates. Any hedges transacted are subject to risk limits and guidelines and are actively monitored and managed by AltaGas' risk management team to ensure they align with AltaGas' overall financial strategy.

AltaGas may designate its external U.S. dollar-denominated debt or certain U.S. dollar-denominated loans that may give rise to a foreign currency translation gain or loss as a net investment hedge of its U.S. subsidiaries. As at June 30, 2024, AltaGas has designated US$715 million of outstanding loans as a net investment hedge

(December 31, 2023 - US$715 million). For the three and six months ended June 30, 2024, unrealized after-tax losses on the net investment hedge of $9 million and $29 million, respectively, were recorded in OCI (three and six months ended June 30, 2023 - unrealized after-tax gains of $21 million and $24 million, respectively).

The following foreign exchange forward contracts were outstanding as at June 30, 2024:

Foreign exchange forward contract	**Duration**		**Fair Value *($ millions)***
Forward USD sales (deliverable)	Less than 1 year		less than $1 million
Forward USD sales (non-deliverable)	Less than 1 year	$	(3)
Forward USD sales (non-deliverable)	More than 1 year	$	(1)

The following foreign exchange forward contracts were outstanding as at December 31, 2023:

Foreign exchange forward contract	**Duration**		**Fair Value *($ millions)***
Forward USD sales (deliverable)	Less than 1 year		less than $1 million
Forward USD sales (non-deliverable)	Less than 1 year	$	10
Forward USD sales (non-deliverable)	More than 1 year	$	9

The following is a summary of losses on foreign exchange forward contracts recognized in net income:

		Three Months Ended June 30, 2024		Three Months Ended June 30, 2023		**Six Months Ended June 30, 2024**		Six Months Ended June 30, 2023
Objective of foreign exchange contract		**Gain (loss)**		Gain (loss)		**Gain (loss)**		Gain (loss)
Cash management [(a)]	**$**	**—**	$	—	**$**	**(2)**	$	—
Income statement risk management [(b)]	**$**	**(8)**	$	—	**$**	**(21)**	$	—

(a) Recorded in the Consolidated Statements of Income (Loss) under the line item "foreign exchange gains".
(b) Recorded in the Consolidated Statements of Income (Loss) under the line item "revenue".

Cash Flow Hedges

In the normal course of business, WGL Energy Services purchases natural gas indexed to NYMEX Henry Hub to be sold to third party customers. WGL Energy Services' risk management objective and strategy is to protect earnings against the risk of price fluctuations associated with forecasted NYMEX Henry Hub purchases through the use of the NYMEX Henry Hub financial swaps. Beginning April 1, 2023, WGL Energy Services began prospectively designating its NYMEX Henry Hub financial swaps as cash flow hedges in accordance with ASC Topic 815 as it expects that the hedging relationship will be highly effective at achieving offsetting changes in cash flows attributable to the risk being hedged.

For hedging relationships that qualify as highly effective, the change in fair value of the hedging instrument will be recorded to AOCI. Amounts in AOCI will be reclassified into earnings in the same period the hedged forecasted transactions affect earnings, or when non-regulated cost of energy-related sales is recorded. For swaps that settle the month ahead of the physical transaction, the swap impact will be reclassified into earnings in the subsequent month when the associated hedged transaction is recorded into earnings. For storage inventory purchases, such reclassification into earnings will be based on WGL Energy Services' inventory turnover schedules for finished goods in which the hedged natural gas purchases are used. When applicable, the ineffective portion of a commodity cash flow hedge will immediately be recognized in earnings. The estimated amount of existing losses related to commodity cash flow hedges expected to be reclassified to the income statement in the next 12 months is $4 million.

AltaGas is also exposed to interest rate risk as changes in interest rates may impact future cash flows and fair value of its financial instruments. To manage this risk, the Company may enter into bond forward contract derivatives and designate them as cash flow hedges in accordance with ASC Topic 815, as AltaGas expects that the hedging relationship will be highly effective at achieving offsetting changes in cash flows attributable to the risk being hedged. For hedging relationships that qualify as highly effective, the change in fair value of the hedging instrument will be recorded to AOCI. Amounts in AOCI will be reclassified into earnings in the same period the hedged forecasted transactions affect earnings. When applicable, the ineffective portion of a cash flow hedge will immediately be recognized in earnings. The estimated amount of existing losses related to the settlement of a bond forward contract derivative during the first quarter of 2024 expected to be reclassified to the income statement in the next 12 months is less than $1 million.

The following is a summary of gains (losses) on designated cash flow hedges recognized in AOCI:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	**Six Months Ended June 30, 2024**	Six Months Ended June 30, 2023
Designated cash flow hedges [(a)]	**Gain (loss)**	Gain (loss)	**Gain (loss)**	Gain (loss)
Commodity hedges	**$ 2**	$ —	**$ (2)**	$ —
Bond forward contract	**$ —**	$ —	**$ (7)**	$ —

(a) Amounts presented are after-tax.

For the three and six months ended June 30, 2024, losses of $4 million and $7 million, respectively, related to commodity cash flow hedges were reclassified from AOCI to the income statement under the line item "cost of sales" (three and six months ended June 30, 2023 - $nil). For the three and six months ended June 30, 2024, losses of less than $1 million related to bond forward contract cash flow hedges were reclassified from AOCI to the income statement under the line item "interest expense" (three and six months ended June 30, 2023 - $nil).

Allowance for Credit Losses

The following table presents changes to the allowance for credit losses by segment and major type:

	Three Months Ended June 30, 2024		
	Accounts Receivable	**Contract Assets** [(a)]	**Total**
Utilities			
Balance, beginning of period	**$ 30**	**$ —**	**$ 30**
Adjustments to allowance	**5**	**—**	**5**
Written off	**(7)**	**—**	**(7)**
Recoveries collected	**1**	**—**	**1**
Balance, end of period	**$ 29**	**$ —**	**$ 29**
Midstream			
Balance, beginning of period	**$ 1**	**$ 1**	**$ 2**
Balance, end of period	**$ 1**	**$ 1**	**$ 2**
Total	**$ 30**	**$ 1**	**$ 31**

(a) An allowance for credit loss is assessed quarterly and is recorded based on historical default rates published by external credit rating agencies and a rate associated with the estimated time frame that the contract asset will be billed to the customer.

	Three Months Ended June 30, 2023		
	Accounts Receivable	Contract Assets [(a)]	Total
Utilities			
Balance, beginning of period	$ 42	$ —	$ 42
Foreign exchange translation	(1)	—	(1)
Adjustments to allowance	3	—	3
Written off	(8)	—	(8)
Recoveries collected	1	—	1
Balance, end of period [(b)]	$ 37	$ —	$ 37
Midstream			
Balance, beginning of period	$ 2	$ 1	$ 3
Balance, end of period	$ 2	$ 1	$ 3
Total	$ 39	$ 1	$ 40

(a) An allowance for credit loss is assessed quarterly and is recorded based on historical default rates published by external credit rating agencies and a rate associated with the estimated time frame that the contract asset will be billed to the customer.

(b) Includes $2 million recorded to a regulatory asset relating to the impact of COVID-19 on uncollectible accounts as at June 30, 2023.

	Six Months Ended June 30, 2024		
	Accounts Receivable	**Contract Assets [(a)]**	**Total**
Utilities			
Balance, beginning of period	**$ 28**	**$ —**	**$ 28**
Foreign exchange translation	**1**	**—**	**1**
Adjustments to allowance	**15**	**—**	**15**
Written off	**(17)**	**—**	**(17)**
Recoveries collected	**2**	**—**	**2**
Balance, end of period	**$ 29**	**$ —**	**$ 29**
Midstream			
Balance, beginning of period	**$ 1**	**$ 1**	**$ 2**
Balance, end of period	**$ 1**	**$ 1**	**$ 2**
Total	**$ 30**	**$ 1**	**$ 31**

(a) An allowance for credit loss is assessed quarterly and is recorded based on historical default rates published by external credit rating agencies and a rate associated with the estimated time frame that the contract asset will be billed to the customer.

	Six Months Ended June 30, 2023		
	Accounts Receivable	Contract Assets [(a)]	Total
Utilities			
Balance, beginning of period	$ 40	$ —	$ 40
Foreign exchange translation	(1)	—	(1)
Adjustments to allowance	13	—	13
Written off	(17)	—	(17)
Recoveries collected	2	—	2
Balance, end of period [(b)]	$ 37	$ —	$ 37
Midstream			
Balance, beginning of period	$ 1	$ 1	$ 2
Adjustments to allowance	1	—	1
Balance, end of period	$ 2	$ 1	$ 3
Total	$ 39	$ 1	$ 40

(a) An allowance for credit loss is assessed quarterly and is recorded based on historical default rates published by external credit rating agencies and a rate associated with the estimated time frame that the contract asset will be billed to the customer.

(b) Includes $2 million recorded to a regulatory asset relating to the impact of COVID-19 on uncollectible accounts as at June 30, 2023.

With the exception of accounts receivable which are due in one year or less, AltaGas does not have any past due receivables as at June 30, 2024.

Weather Related Instruments

WGL Energy Services utilizes heating degree day (HDD) instruments from time to time to manage weather and price risks related to its natural gas and electricity sales during the winter heating season. WGL Energy Services also utilizes cooling degree day (CDD) instruments and other instruments to manage weather and price risks related to its electricity sales during the summer cooling season. These instruments cover a portion of estimated revenue or energy-related cost exposure to variations in HDDs or CDDs. For the three and six months ended June 30, 2024, there were no pre-tax gains or losses recorded related to these instruments (three and six months ended June 30, 2023 - $nil and pre-tax loss of $8 million, respectively).

14. Leases

Lessor

Certain of AltaGas’ revenues are obtained through take-or-pay contracts whereby AltaGas is the lessor in these operating lease arrangements. Minimum lease payments received are amortized over the term of the lease. Revenue from these arrangements have been disclosed in Note 12.

15. Shareholders' Equity

Authorization

AltaGas is authorized to issue an unlimited number of voting common shares. AltaGas is also authorized to issue such number of Preferred Shares in series at any time as have aggregate voting rights either directly or on conversion or exchange that in the aggregate represent less than 50 percent of the voting rights attaching to the then issued and outstanding Common Shares.

Common Shares Issued and Outstanding [a]	Number of shares		Amount
January 1, 2023	281,531,833	$	6,761
Shares issued for cash on exercise of options	905,493		19
Shares issued related to Pipestone Acquisition	12,466,437		340
December 31, 2023	294,903,763	$	7,120
Shares issued for cash on exercise of options	2,338,987		46
Issued and outstanding at June 30, 2024	**297,242,750**	**$**	**7,166**

(a) Dividends declared per share for the three and six months ended June 30, 2024 were approximately $0.30 and $0.60, respectively (three and six months ended June 30, 2023 - $0.28 and $0.56, respectively).

Preferred Shares

As at	June 30, 2024			December 31, 2023		
Issued and Outstanding [a] [b] [c]	**Number of shares**		**Amount**	Number of shares		Amount
Series A	**6,746,679**	**$**	**169**	6,746,679	$	169
Series B	**1,253,321**		**31**	1,253,321		31
Series G	**6,885,823**		**172**	6,885,823		172
Series H	**1,114,177**		**28**	1,114,177		28
Share issuance costs, net of taxes			**(9)**			(9)
	16,000,000	**$**	**391**	16,000,000	$	391

(a) On January 11, 2022, in connection with the offering of the Subordinated Notes, Series 1, AltaGas issued $300 million in Preferred Shares, Series 2022-A, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as a trustee. Refer to Notes 7 and 10 for more details.

(b) On August 17, 2022, in connection with the offering of the Subordinated Notes, Series 2, AltaGas issued $250 million in Preferred Shares, Series 2022-B, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as a trustee. Refer to Notes 7 and 10 for more details.

(c) On November 10, 2023, in connection with the offering of the Subordinated Notes, Series 3, AltaGas issued $200 million in Preferred Shares, Series 2023-A, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as a trustee. Refer to Notes 7 and 10 for more details.

Share Option Plan

AltaGas has an employee share option plan under which officers, employees, and service providers (as defined by the TSX) are eligible to receive grants. As at June 30, 2024, 8,468,887 shares were listed and reserved for issuance under the plan.

As at June 30, 2024, share options granted under the plan have a term of six years until expiry and vest over no longer than a three-year period.

As at June 30, 2024, the unexpensed fair value of share option compensation cost associated with future periods was less than $1 million (December 31, 2023 - less than $1 million).

The following table summarizes information about the Corporation's share options:

As at	**June 30, 2024**		December 31, 2023	
	Number of options	**Exercise price (a)**	Number of options	Exercise price (a)
Share options outstanding, beginning of period	**5,547,388 $**	**18.48**	6,958,139 $	19.28
Exercised	**(2,338,987)**	**17.99**	(905,493)	18.22
Forfeited	**(1,123)**	**23.54**	(83,257)	21.90
Expired	**—**	**—**	(422,001)	31.53
Share options outstanding, end of period	**3,207,278 $**	**18.84**	5,547,388 $	18.48
Share options exercisable, end of period	**3,206,340 $**	**18.83**	4,990,946 $	18.45

(a) Weighted average.

As at June 30, 2024, the aggregate intrinsic value of the total share options exercisable was $39 million (December 31, 2023 - $47 million), the total intrinsic value of share options outstanding was $39 million (December 31, 2023 - $52 million), and the total intrinsic value of share options exercised was $28 million (December 31, 2023 - $8 million).

The following table summarizes the employee share option plan as at June 30, 2024:

	Options outstanding			**Options exercisable**		
Price range	Number outstanding	Weighted average exercise price	Weighted average remaining contractual life	Number exercisable	Weighted average exercise price	Weighted average remaining contractual life
$14.52 to $18.00	503,834 $	17.00	0.70	503,834 $	17.00	0.70
$18.01 to $25.08	2,700,630	19.17	1.97	2,700,630	19.17	1.97
$25.09 to $26.21	2,814	26.21	3.01	1,876	26.21	3.01
	3,207,278 $	**18.84**	**1.77**	**3,206,340 $**	**18.83**	**1.77**

Phantom Unit Plan ("Phantom Plan") and Deferred Share Unit Plan ("DSUP")

AltaGas has a Phantom Plan for employees, executive officers, and directors, which includes restricted units ("RUs") and performance units ("PUs") with vesting periods of up to 36 months from the grant date. In addition, AltaGas has a DSUP, which allows granting of deferred share units ("DSUs") to directors. DSUs granted under the DSUP vest immediately but settlement of the DSUs occur when the individual ceases to be a director.

PUs, RUs, and DSUs *(number of units)*	**June 30, 2024**	December 31, 2023
Balance, beginning of year	**5,052,918**	4,332,062
Granted	**1,514,002**	2,281,596
Vested and paid out	**(2,087,621)**	(2,047,793)
Forfeited and expired	**(428,585)**	(551,390)
Units in lieu of dividends	**96,129**	210,332
Additional units added by performance factor	**595,757**	828,111
Outstanding, end of period	**4,742,600**	5,052,918

For the three and six months ended June 30, 2024, the compensation expense recorded for the Phantom Plan and DSUP was $12 million and $34 million, respectively (three and six months ended June 30, 2023 - $13 million and $25 million, respectively). As at June 30, 2024, the unrecognized compensation expense relating to the remaining vesting period for the Phantom Plan was $60 million (December 31, 2023 - $33 million) and is expected to be recognized over the vesting period.

16. Net Income (Loss) Per Common Share

The following table summarizes the computation of net income (loss) per common share:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	**2024**	2023
Numerator:				
Net income (loss) applicable to controlling interests	**$ (38)**	$ 140	**$ 374**	$ 591
Less: Preferred share dividends	**(4)**	(7)	**(8)**	(13)
Net income (loss) applicable to common shares	**$ (42)**	$ 133	**$ 366**	$ 578
Denominator:				
(millions of shares)				
Weighted average number of common shares outstanding	**296.5**	281.7	**295.9**	281.6
Dilutive equity instruments [(a)]	**—**	1.4	**1.6**	1.4
Weighted average number of common shares outstanding - diluted	**296.5**	283.1	**297.5**	283.0
Basic net income (loss) per common share	**$ (0.14)**	$ 0.47	**$ 1.24**	$ 2.05
Diluted net income (loss) per common share	**$ (0.14)**	$ 0.47	**$ 1.23**	$ 2.04

(a) Determined using the treasury stock method.

For the three months ended June 30, 2024, 1.5 million share options (three months ended June 30, 2023 - less than a million) were excluded from the diluted net income (loss) per common share calculation as their effects were anti-dilutive. For the six months ended June 30, 2024, there were no share options (six months ended June 30, 2023 - less than a million) excluded from the diluted net income (loss) per common share calculation.

17. Commitments, Guarantees, and Contingencies

Commitments

AltaGas has long-term natural gas purchase and transportation arrangements, LPG purchase agreements, crude oil and condensate purchase agreements, service agreements, pipeline and storage service contracts, capital commitments, environmental commitments, merger commitments, and operating leases for office space, office equipment, vehicles, rail cars, land, storage, aquatic surface use, and other equipment, all of which are transacted at market prices and in the normal course of business. AltaGas' utilities have contracts to purchase natural gas, natural gas transportation and storage services from various suppliers to ensure that there is an adequate supply of natural gas to meet the needs of customers and to minimize exposure to market price fluctuations. In addition, WGL Energy Services also enters into contracts to purchase natural gas and electricity designed to match the duration of its sales commitments, and to secure a margin on estimated sales over the terms of existing sales contracts. Please refer to Note 29 of the 2023 Annual Consolidated Financial Statements for further details regarding AltaGas' commitments.

At June 30, 2024, AltaGas has US$168 million in future undiscounted cash flows associated with operating leases not yet commenced. The leases are for the use of two VLGCs, which are expected to commence in the first half of 2026 and the second half of 2026. The lessor is primarily involved in the design and construction of the VLGCs.

Guarantees

AltaGas has guaranteed payments primarily for certain commitments on behalf of some of its subsidiaries. As at June 30, 2024, AltaGas had no guarantees issued on behalf of external parties.

Contingencies

AltaGas and its subsidiaries are subject to various legal claims and actions arising in the normal course of business. While the final outcome of such legal claims and actions cannot be predicted with certainty, the Corporation does not believe that the resolution of such claims and actions will have a material impact on the Corporation’s consolidated financial position or results of operations.

Merger Commitments - District of Columbia

On August 9, 2023, the Public Service Commission of the District of Columbia ("PSC of DC") determined that AltaGas had failed to fulfill Term No. 5 Commitment of the PSC of DC’s merger approval order related to the June 2018 merger of AltaGas, WGL, and Washington Gas. On reconsideration, the PSC of DC confirmed, in relevant part, that it had credited AltaGas with causing the development of 2.4 MW of Tier one renewable resources by the July 6, 2023 deadline, and that the Company had breached its Term No. 5 Commitment only for the remaining 7.6 MW. As directed by the PSC of DC, AltaGas, the District of Columbia Government ("DCG"), and the District of Columbia Office of People’s Counsel ("DC OPC") conducted negotiations in good faith to reach agreement on a penalty but were unable to reach agreement. Thereafter, AltaGas confirmed that it will specifically perform its Term No. 5 obligations by continuing to cause the development of the remaining 7.6 MW of solar renewable energy. On March 8, 2024, the PSC of DC issued an order to show cause why the penalty amount should not be the maximum allowed under D.C. Code §34-708 (US$5,000/day). On June 14, 2024, AltaGas and DCG jointly requested that the PSC of DC allow sixty (60) days for the parties to negotiate a settlement in the form of a consent decree or, if no agreement is reached, to file a report on the status of the negotiations. As at June 30, 2024, AltaGas believes that the civil penalty is probable, and based upon reasonable estimates, has recorded an accrued liability of approximately US$2.1 million.

18. Pension Plans and Retiree Benefits

The costs of the defined benefit and post-retirement benefit plans are based on Management's estimate of the future rate of return on the fair value of pension plan assets, salary escalations, mortality rates, and other factors affecting the payment of future benefits. Additional information relating to the retirement benefit plans is provided in Note 28 of the 2023 Annual Consolidated Financial Statements.

Rabbi trusts of $8 million as at June 30, 2024 have been funded to satisfy the employee benefit obligations associated with WGL’s various pension plans (December 31, 2023 - $9 million). These balances are included in "prepaid expenses and other current assets" and "long-term investments and other assets" in the Consolidated Balance Sheets.

The net pension expense by plan for the period was as follows:

	Three Months Ended June 30, 2024					
	Canada		United States		Total	
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits
Current service cost [(a)]	$ —	$ —	$ 3	$ 2	$ 3	$ 2
Interest cost [(b)]	—	—	17	4	17	4
Expected return on plan assets [(b)]	—	—	(20)	(13)	(20)	(13)
Amortization of past service credit [(b)]	—	—	—	(5)	—	(5)
Amortization of net actuarial gain [(b)]	—	—	—	(2)	—	(2)
Net benefit income recognized	$ —	$ —	$ —	$ (14)	$ —	$ (14)

(a) Recorded under the line item "operating and administrative" expenses on the Consolidated Statements of Income (Loss).
(b) Recorded under the line item "other income" on the Consolidated Statements of Income (Loss).

	Three Months Ended June 30, 2023					
	Canada		United States		Total	
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits
Current service cost [(a)]	$ 1	$ —	$ 3	$ 1	$ 4	$ 1
Interest cost [(b)]	—	—	17	5	17	5
Expected return on plan assets [(b)]	—	—	(19)	(12)	(19)	(12)
Amortization of past service credit [(b)]	—	—	—	(5)	—	(5)
Amortization of net actuarial gain [(b)]	—	—	—	(1)	—	(1)
Plan settlements [(b) (c)]	2	—	—	—	2	—
Net benefit cost (income) recognized	$ 3	$ —	$ 1	$ (12)	$ 4	$ (12)

(a) Recorded under the line item "operating and administrative" expenses on the Consolidated Statements of Income (Loss).
(b) Recorded under the line item "other income" on the Consolidated Statements of Income (Loss).
(c) Relates to the settlement charge for the wind-up of the Canadian defined benefit pension plan.

	Six Months Ended June 30, 2024					
	Canada		United States		Total	
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits
Current service cost [(a)]	$ 1	$ —	$ 6	$ 3	$ 7	$ 3
Interest cost [(b)]	—	—	34	9	34	9
Expected return on plan assets [(b)]	—	—	(41)	(26)	(41)	(26)
Amortization of past service credit [(b)]	—	—	—	(10)	—	(10)
Amortization of net actuarial gain [(b)]	—	—	—	(3)	—	(3)
Net benefit cost (income) recognized	$ 1	$ —	$ (1)	$ (27)	$ —	$ (27)

(a) Recorded under the line item "operating and administrative" expenses on the Consolidated Statements of Income (Loss).
(b) Recorded under the line item "other income" on the Consolidated Statements of Income (Loss).

	Six Months Ended June 30, 2023					
	Canada		United States		Total	
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits
Current service cost [(a)]	$ 2	$ —	$ 6	$ 3	$ 8	$ 3
Interest cost [(b)]	1	—	35	9	36	9
Expected return on plan assets [(b)]	—	—	(40)	(24)	(40)	(24)
Amortization of past service credit [(b)]	—	—	—	(10)	—	(10)
Amortization of net actuarial gain [(b)]	—	—	—	(2)	—	(2)
Plan settlements [(b) (c) (d)]	2	—	4	(2)	6	(2)
Net benefit cost (income) recognized	$ 5	$ —	$ 5	$ (26)	$ 10	$ (26)

(a) Recorded under the line item "operating and administrative" expenses on the Consolidated Statements of Income (Loss).

(b) Recorded under the line item "other income" on the Consolidated Statements of Income (Loss).

(c) Pursuant to the Alaska Utilities Disposition, the ENSTAR pension plans were divested and resulted in a curtailment gain of less than $1 million and a net settlement charge of $2 million.

(d) Includes the settlement charge for the wind-up of the Canadian defined benefit pension plan.

19. Supplemental Cash Flow Information

The following table details the changes in operating assets and liabilities from operating activities:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	**2024**	2023
Source (use) of cash:				
Accounts receivable	**$ 396**	$ 412	**$ 433**	$ 810
Inventory	**(150)**	(2)	**154**	345
Risk management assets - current	**1**	38	**51**	16
Prepaid expenses and other current assets	**47**	15	**25**	12
Regulatory assets - current	**(7)**	—	**(35)**	(38)
Accounts payable and accrued liabilities	**6**	(198)	**(200)**	(563)
Customer deposits	**5**	7	**(23)**	(15)
Regulatory liabilities - current	**(32)**	(35)	**(52)**	(129)
Other current liabilities	**10**	15	**(25)**	(39)
Other operating assets and liabilities	**16**	(21)	**36**	23
Changes in operating assets and liabilities	**$ 292**	$ 231	**$ 364**	$ 422

The following table details the changes in non-cash investing and financing activities:

	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	**2024**	2023
Decrease (increase) of balance:				
Exercise of stock options	**$ 3**	$ —	**$ 5**	$ —
Net right-of-use assets obtained in exchange for new operating lease liabilities	**$ 28**	$ (11)	**$ (142)**	$ (21)
Net right-of-use assets obtained in exchange for new finance lease liabilities	**$ (8)**	$ (6)	**$ (14)**	$ (10)
Capital expenditures included in accounts payable and accrued liabilities	**$ (11)**	$ 7	**$ 4**	$ 35
Contributions from non-controlling interests to subsidiaries included in accounts receivable	**$ (28)**	$ —	**$ (31)**	$ —

The following table is a reconciliation of cash and cash equivalents and restricted cash balances:

As at June 30	**2024**	2023
Cash and cash equivalents	**$ 46**	$ 64
Restricted cash included in prepaid expenses and other current assets [(a)]	**3**	3
Restricted cash included in long-term investments and other assets [(a)]	**5**	7
Cash, cash equivalents, and restricted cash per Consolidated Statements of Cash Flows	**$ 54**	$ 74

(a) The restricted cash balances included in "prepaid expenses and other current assets" and "long-term investments and other assets" relate to Rabbi trusts associated with WGL's pension plans (Note 18).

20. Seasonality

The Utilities business is highly seasonal with the majority of natural gas deliveries occurring during the winter heating season. Gas sales increase during the winter resulting in stronger first and fourth quarter results and weaker second and third quarter results. The retail business within the Utilities segment is also seasonal, with larger amounts of electricity being sold in the summer and peak winter months and larger amounts of natural gas being sold in the winter months.

21. Segmented Information

AltaGas owns and operates a portfolio of assets and services used to move energy from the source to the end-user. The following describes the Corporation's reportable segments:

Utilities	▪ rate-regulated natural gas distribution assets in Michigan, the District of Columbia, Maryland, and Virginia; ▪ rate-regulated natural gas storage in the United States; and ▪ sale of natural gas and power to residential, commercial, and industrial customers in the District of Columbia, Maryland, Virginia, Delaware, Pennsylvania, and Ohio.
Midstream	▪ NGL processing and extraction plants; ▪ natural gas storage facilities; ▪ LPG export terminals; ▪ transmission pipelines to transport natural gas and NGLs; ▪ natural gas gathering lines and field processing facilities; ▪ purchase and sale of natural gas; ▪ natural gas and NGL marketing; ▪ marketing, storage and distribution of wellsite fluids and fuel, crude oil and condensate diluents; and ▪ interest in a regulated gas pipeline in the Marcellus/Utica gas formation.
Corporate/ Other	▪ the cost of providing corporate services, financing and general corporate overhead, corporate assets, financing other segments and the effects of changes in the fair value of certain risk management contracts; and ▪ a small portfolio of power assets.

The following table provides a reconciliation of segment revenue to the disaggregated revenue table disclosed under Note 12:

	Three Months Ended June 30, 2024			
	Utilities	**Midstream**	**Corporate/ Other**	**Total**
External revenue (*note 12)*	**$ 832**	**$ 1,921**	**$ 22**	**$ 2,775**
Segment revenue	**$ 832**	**$ 1,921**	**$ 22**	**$ 2,775**

	Three Months Ended June 30, 2023			
	Utilities	Midstream	Corporate/ Other	Total
External revenue *(note 12)*	$ 837	$ 1,774	$ 20	$ 2,631
Segment revenue	$ 837	$ 1,774	$ 20	$ 2,631

	Six Months Ended June 30, 2024			
	Utilities	**Midstream**	**Corporate/ Other**	**Total**
External revenue *(note 12)*	**$ 2,402**	**$ 3,994**	**$ 34**	**$ 6,430**
Segment revenue	**$ 2,402**	**$ 3,994**	**$ 34**	**$ 6,430**

	Six Months Ended June 30, 2023			
	Utilities	Midstream	Corporate/ Other	Total
External revenue *(note 12)*	$ 2,772	$ 3,861	$ 46	$ 6,679
Segment revenue	$ 2,772	$ 3,861	$ 46	$ 6,679

The following tables show the composition by segment:

	Three Months Ended June 30, 2024			
	Utilities	**Midstream**	**Corporate/ Other**	**Total**
Segment revenue *(note 12)*	**$ 832**	**$ 1,921**	**$ 22**	**$ 2,775**
Cost of sales	**(494)**	**(1,693)**	**(6)**	**(2,193)**
Operating and administrative	**(251)**	**(153)**	**(22)**	**(426)**
Accretion expenses	**—**	**(1)**	**—**	**(1)**
Depreciation and amortization	**(72)**	**(37)**	**(8)**	**(117)**
Income from equity investments *(note 8)*	**—**	**7**	**—**	**7**
Other income	**16**	**2**	**1**	**19**
Foreign exchange gains	**—**	**—**	**1**	**1**
Interest expense	**—**	**—**	**(111)**	**(111)**
Income (loss) before income taxes	**$ 31**	**$ 46**	**$ (123)**	**$ (46)**
Net additions to:				
Property, plant and equipment [(a)]	**$ 178**	**$ 125**	**$ 1**	**$ 304**
Intangible assets [(a)]	**$ —**	**$ 1**	**$ —**	**$ 1**

(a) Net additions to property, plant and equipment, and intangible assets may not agree to changes reflected in the Consolidated Statements of Cash Flows due to classification of business acquisition and foreign exchange changes on U.S. assets.

	Three Months Ended June 30, 2023			
	Utilities	Midstream	Corporate/ Other	Total
Segment revenue *(note 12)*	$ 837	$ 1,774	$ 20	$ 2,631
Cost of sales	(436)	(1,450)	(3)	(1,889)
Operating and administrative	(248)	(119)	(22)	(389)
Accretion expenses	—	(2)	—	(2)
Depreciation and amortization	(74)	(31)	(7)	(112)
Income from equity investments *(note 8)*	1	8	—	9
Other income	25	1	1	27
Interest expense	—	—	(93)	(93)
Income (loss) before income taxes	$ 105	$ 181	$ (104)	$ 182
Net additions to:				
Property, plant and equipment [(a)]	$ 198	$ 23	$ —	$ 221
Intangible assets [(a)]	$ —	$ 1	$ —	$ 1

(a) Net additions to property, plant and equipment, and intangible assets may not agree to changes reflected in the Consolidated Statements of Cash Flows due to classification of business acquisition and foreign exchange changes on U.S. assets.

		Six Months Ended June 30, 2024			
		Utilities	Midstream	Corporate / Other	Total
Segment revenue *(note 12)*	$	**2,402** $	**3,994** $	**34** $	**6,430**
Cost of sales		**(1,337)**	**(3,318)**	**(14)**	**(4,669)**
Operating and administrative		**(539)**	**(296)**	**(59)**	**(894)**
Accretion expenses		**—**	**(2)**	**—**	**(2)**
Depreciation and amortization		**(144)**	**(74)**	**(15)**	**(233)**
Income from equity investments *(note 8)*		**1**	**27**	**—**	**28**
Other income		**34**	**11**	**2**	**47**
Foreign exchange gains		**—**	**—**	**6**	**6**
Interest expense		**—**	**—**	**(218)**	**(218)**
Income (loss) before income taxes	$	**417** $	**342** $	**(264)** $	**495**
Net additions to:					
Property, plant and equipment [(a)]	$	**357** $	**168** $	**32** $	**557**
Intangible assets [(a)]	$	**—** $	**2** $	**—** $	**2**

(a) Net additions to property, plant and equipment, and intangible assets may not agree to changes reflected in the Consolidated Statements of Cash Flows due to classification of business acquisition and foreign exchange changes on U.S. assets.

		Six Months Ended June 30, 2023			
		Utilities	Midstream	Corporate/ Other	Total
Segment revenue *(note 12)*	$	2,772 $	3,861 $	46 $	6,679
Cost of sales		(1,760)	(3,285)	(7)	(5,052)
Operating and administrative		(517)	(203)	(54)	(774)
Accretion expenses		—	(5)	—	(5)
Depreciation and amortization		(148)	(60)	(15)	(223)
Income from equity investments *(note 8)*		1	10	—	11
Other income		347	2	15	364
Interest expense		—	—	(198)	(198)
Income (loss) before income taxes	$	695 $	320 $	(213) $	802
Net additions (reductions) to:					
Property, plant and equipment [(a)]	$	(710) $	40 $	(8) $	(678)
Intangible assets [(a)]	$	— $	2 $	— $	2

(a) Net additions to property, plant and equipment, and intangible assets may not agree to changes reflected in the Consolidated Statements of Cash Flows due to classification of business acquisition and foreign exchange changes on U.S. assets.

The following table shows goodwill and total assets by segment:

		Utilities	Midstream	Corporate/ Other	Total
As at June 30, 2024					
Goodwill *(note 5)*	$	**3,757** $	**1,677** $	**—** $	**5,434**
Segmented assets	$	**15,543** $	**7,821** $	**568** $	**23,932**
As at December 31, 2023					
Goodwill *(note 5)*	$	3,630 $	1,640 $	— $	5,270
Segmented assets	$	15,272 $	7,578 $	621 $	23,471

22. Subsequent Events

On July 9, 2024, AltaGas issued $250 million of senior unsecured medium-term notes with a 5.60 percent coupon, due on March 14, 2054. The net proceeds were used to pay down amounts drawn on the syndicated credit facility, which was incurred when the Company repaid its term loan on June 28, 2024.

Subsequent events have been reviewed through July 30, 2024, the date on which these unaudited condensed interim Consolidated Financial Statements were issued.

SUPPLEMENTAL QUARTERLY OPERATING INFORMATION

	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23
OPERATING HIGHLIGHTS					
UTILITIES					
Natural gas deliveries - end use (Bcf) (1)	**14.5**	54.5	48.3	8.5	15.3
Natural gas deliveries - transportation (Bcf) (1)	**20.2**	35.1	30.5	19.9	19.5
Service sites (thousands) (2)	**1,560**	1,562	1,560	1,553	1,553
Degree day variance from normal - SEMCO (%) (3)	**(29.0)**	(13.8)	(9.8)	(19.4)	(5.6)
Degree day variance from normal - Washington Gas (%) (3) (4)	**(31.6)**	(15.6)	(9.2)	—	(27.0)
WGL retail energy marketing - gas sales volumes (Mmcf)	**9,664**	23,810	16,863	8,550	10,623
WGL retail energy marketing - electricity sales volumes (GWh)	**3,714**	3,542	3,518	4,134	3,365
MIDSTREAM					
LPG export volumes (Bbls/d) (5)	**123,285**	115,108	90,996	118,213	115,589
Total inlet gas processed (Mmcf/d) (5)	**1,420**	1,401	1,312	1,182	1,344
Extracted ethane volumes (Bbls/d) (5)	**19,618**	20,369	23,879	25,501	24,927
Extracted NGL volumes (Bbls/d) (5) (6) (7)	**47,054**	48,272	36,138	36,070	35,765
Fractionation volumes (Bbls/d) (5) (8)	**43,421**	41,072	38,150	39,699	38,364
Frac spread - realized ($/Bbl) (5) (9)	**25.32**	25.25	23.13	23.75	23.87
Frac spread - average spot price ($/Bbl) (5) (10)	**29.61**	25.45	20.55	21.31	21.56
Propane Far East Index ("FEI") to Mont Belvieu spread (US$/Bbl) (5) (11)	**14.52**	14.06	26.44	21.30	14.54
Butane FEI to Mont Belvieu spread (US$/Bbl) (5) (12)	**16.17**	13.87	27.74	22.07	15.29

(1) Bcf is one billion cubic feet.
(2) Service sites reflect all of the service sites of the utilities, including transportation and non-regulated business lines.
(3) A degree day is a measure of coldness determined daily as the number of degrees the average temperature during the day in question is below 65 degrees Fahrenheit. Degree days for a particular period are determined by adding the degree days incurred during each day of the period. Normal degree days for a particular period are the average of degree days during the prior 15 years for SEMCO Gas and during the prior 30 years for Washington Gas.
(4) In certain of Washington Gas' jurisdictions (Virginia and Maryland) there are billing mechanisms in place which are designed to eliminate the effects of variance in customer usage caused by weather and other factors such as conservation. In the District of Columbia, there is no weather normalization billing mechanism nor does Washington Gas hedge to offset the effects of weather. As a result, colder or warmer weather will result in variances to financial results.
(5) Average for the period.
(6) NGL volumes refer to propane, butane and condensate.
(7) Reflects the revision of volumes in the first quarter of 2024.
(8) Fractionation volumes include NGL mix volumes processed.
(9) Realized frac spread or NGL margin, expressed in dollars per barrel of NGL, is derived from sales recorded by the segment during the period for frac spread exposed volumes plus the settlement value of frac hedges settled in the period less extraction premiums, divided by the total frac exposed volumes produced during the period.
(10) Average spot frac spread or NGL margin, expressed in dollars per barrel of NGL, is indicative of the average sales price that AltaGas receives for propane, butane and condensate less extraction premiums, before accounting for hedges, divided by the respective frac spread exposed volumes for the period.
(11) Average propane price spread between FEI and Mont Belvieu TET commercial index.
(12) Average butane price spread between FEI and Mont Belvieu TET commercial index.

OTHER INFORMATION

DEFINITIONS

Bbls/d	barrels per day
Bcf	billion cubic feet
CBM	cubic meter
Dth	dekatherm
GJ	gigajoule
GWh	gigawatt-hour
MBbl	thousands of barrels
Mmcf	million cubic feet
Mmcf/d	million cubic feet per day
MW	megawatt
MWh	megawatt-hour
US$	United States dollar

ABOUT ALTAGAS

AltaGas is a leading North American energy infrastructure company that connects NGLs and natural gas to domestic and global markets. The Company operates a diversified, lower-risk, high-growth Utilities and Midstream business that is focused on delivering resilient and durable value for its stakeholders.

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