

***No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.***

*This prospectus supplement, together with the short form base shelf prospectus dated August 10, 2015 (the “Prospectus”) to which it relates, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference in the Prospectus or this prospectus supplement constitutes a public offering of these securities only in those jurisdictions where they may lawfully be offered for sale and therein only by persons permitted to sell such securities.*

*The Series I Shares (as hereinafter defined) to be offered hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws and may not be offered or sold in the United States of America or to or for the account of U.S. persons (as defined in Regulation S under the U.S. Securities Act). See “Plan of Distribution”.*

***Information has been incorporated by reference in the Prospectus and this prospectus supplement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice President and General Counsel of AltaGas (as hereinafter defined) at 1700, 355 – 4<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 0J1 (telephone (403) 691-7575) and are also available electronically at [www.sedar.com](http://www.sedar.com).***

**PROSPECTUS SUPPLEMENT  
To a Short Form Base Shelf Prospectus Dated August 10, 2015**

New Issue

November 16, 2015

**AltaGas**

**ALTAGAS LTD.  
\$200,000,000**

**8,000,000 Cumulative Redeemable 5-Year Minimum Rate Reset Preferred Shares, Series I**

AltaGas Ltd. (“AltaGas”) is hereby qualifying the distribution (the “Offering”) of 8,000,000 cumulative redeemable 5-year minimum rate reset preferred shares, Series I (the “Series I Shares”) of AltaGas at a price of \$25.00 per Series I Share (the “Offering Price”). See “Details of the Offering” and “Plan of Distribution”.

The holders of Series I Shares will be entitled to receive, as and when declared by the board of directors of AltaGas (the “Board of Directors”) out of moneys of AltaGas properly applicable to the payment of dividends, fixed cumulative preferential cash dividends for the initial period from and including the date of issue of the Series I Shares to, but excluding, December 31, 2020 (the “Initial Fixed Rate Period”), at an annual rate of \$1.31250 per Series I Share, payable quarterly on the last day of March, June, September and December in each year (less any tax required to be deducted or withheld by AltaGas). Assuming an issue date of November 23, 2015, the first dividend, if declared, will be payable March 31, 2016, in the amount of \$0.46387 per share. See “Details of the Offering”.

For each five-year period after the Initial Fixed Rate Period (each a “Subsequent Fixed Rate Period”), the holders of Series I Shares shall be entitled to receive, as and when declared by the Board of Directors, fixed cumulative preferential cash dividends, payable quarterly on the last day of March, June, September and December in each year, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate (as hereinafter defined) for such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be determined by AltaGas on the applicable Fixed Rate Calculation Date (as hereinafter defined) and will be equal to the sum of the Government of Canada Yield (as hereinafter defined) on the applicable Fixed Rate Calculation Date plus 4.19%, provided that, in any event, such rate shall not be less than 5.25%. See “Details of the Offering”.

The Series I Shares shall not be redeemable prior to December 31, 2020. On December 31, 2020, and on December 31 in every fifth year thereafter, AltaGas may, at its option, upon not less than 30 days and not more than 60 days prior written notice, redeem for cash all or any part of the outstanding Series I Shares by the payment of \$25.00 per Series I Share plus all accrued and unpaid dividends (less any tax required to be deducted or withheld by AltaGas). See “*Details of the Offering*”.

**Option to Convert into Series J Shares**

The holders of the Series I Shares will have the right to convert all or any of their shares into cumulative redeemable floating rate preferred shares, Series J of AltaGas (the “**Series J Shares**”), subject to certain conditions, on December 31, 2020 and on December 31 in every fifth year thereafter. The holders of the Series J Shares will be entitled to receive, as and when declared by the Board of Directors, quarterly floating rate cumulative preferential cash dividends payable on the last day of March, June, September and December in each year in the amount per share determined by multiplying the Floating Quarterly Dividend Rate (as hereinafter defined) for such Quarterly Floating Rate Period (as hereinafter defined) by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year. The Floating Quarterly Dividend Rate will be the annual rate of interest equal to the sum of the T-Bill Rate (as hereinafter defined) on the applicable Floating Rate Calculation Date (as hereinafter defined) plus 4.19%. See “*Details of the Offering*”.

The Series I Shares and Series J Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two series they wish to hold, subject to certain restrictions and automatic conversion in certain circumstances, and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series I Shares and Series J Shares are identical in all material respects. See “*Details of the Offering*”.

**Price: \$25.00 per Series I Share to initially yield 5.25% per annum**

	<b>Price to the Public</b>	<b>Underwriters’ Fee<sup>(1)</sup></b>	<b>Net Proceeds to AltaGas<sup>(2)</sup></b>
Per Series I Share.....	\$25.00	\$0.75	\$24.25
<b>Total</b> .....	\$200,000,000.00	\$6,000,000.00	\$194,000,000

(1) The Underwriters’ (as hereinafter defined) fee for the Series I Shares is \$0.25 for each Series I Share sold to certain institutions, as agreed between AltaGas and the Co-Lead Underwriters (as hereinafter defined), prior to closing of the Offering, and \$0.75 per Series I Share for all other Series I Shares purchased by the Underwriters. The Underwriters’ fee indicated in the table assumes that no Series I Shares are sold to such institutions.

(2) Before deducting the estimated expenses of the Offering of approximately \$500,000. The expenses of the Offering and the Underwriters’ fee will be paid from the general funds of AltaGas.

**There is no market through which the Series I Shares may be sold and purchasers may not be able to resell Series I Shares purchased under this prospectus supplement. This may affect the pricing of the Series I Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Series I Shares and the extent of issuer regulation. See “*Risk Factors*”.**

Neither the Series I Shares nor the Series J Shares have a fixed maturity date and are not redeemable at the option of the holders of Series I Shares or Series J Shares, as applicable. The ability of a holder to liquidate its holdings of Series I Shares and Series J Shares, as applicable, may be limited. See “*Risk Factors*”.

The Toronto Stock Exchange (the “**TSX**”) has conditionally approved the listing of the Series I Shares and the Series J Shares. Listing of the Series I Shares is subject to AltaGas fulfilling all the listing requirements of the TSX on or before February 10, 2016. Listing of the Series J Shares is subject to AltaGas fulfilling all the listing requirements of the TSX, including the public distribution requirements of the Series J Shares, at the applicable time. There can be no assurance that the Series I Shares and Series J Shares will be accepted for listing on the TSX.

It is currently anticipated that the closing date of the Offering (the “**Offering Closing Date**”) will be on or about November 23, 2015, or such later date as AltaGas and the Underwriters may agree but in any event not later than November 30, 2015. See “*Details of the Offering*”.

RBC Dominion Securities Inc. (“**RBC**”), BMO Nesbitt Burns Inc. (“**BMO**”) and Scotia Capital Inc. (“**Scotia**”) and collectively with RBC and BMO, the “**Co-Lead Underwriters**”), CIBC World Markets Inc. (“**CIBC**”), TD Securities Inc. (“**TD**”), National Bank Financial Inc. (“**National**”), Canaccord Genuity Corp., GMP Securities L.P., Raymond James Ltd., HSBC Securities (Canada) Inc. (“**HSBC**”), Beacon Securities Limited, FirstEnergy Capital Corp. and Peters & Co. Limited (collectively with the Co-Lead Underwriters, the “**Underwriters**”), as principals, conditionally offer the Series I Shares, subject to prior sale, if, as and when issued by AltaGas to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “*Plan of Distribution*” and subject to the approval of certain legal matters relating to the Offering on behalf of AltaGas by Stikeman Elliott LLP and on behalf of the Underwriters by Blake, Cassels & Graydon LLP (collectively, “**Counsel**”).

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. Book entry only certificates representing the Series I Shares will be issued in registered form to CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee and will be deposited with CDS on the Offering Closing Date. A purchaser of Series I Shares will receive only a customer confirmation from a registered dealer which is a CDS participant and from or through which the Series I Shares are purchased. See “*Depository Services*”.

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Series I Shares at levels other than those which might otherwise prevail on the open market. **The Underwriters propose to offer the Series I Shares initially at the Offering Price specified above. After a reasonable effort has been made to sell all of the Series I Shares at the price specified, the Underwriters may reduce the selling price to investors from time to time in order to sell any of the Series I Shares remaining unsold. Any such reduction will not affect the proceeds received by AltaGas. See “*Plan of Distribution*”.**

In the opinion of Counsel, the Series I Shares, if issued on the date hereof, generally would be qualified investments under the *Income Tax Act* (Canada) (the “**Tax Act**”) for certain tax-exempt plans. See “*Eligibility for Investment*”.

**Investing in the Series I Shares involves certain risks. See “*Risk Factors*” in the accompanying Prospectus and in this prospectus supplement.**

RBC, BMO, Scotia, CIBC, TD, National and HSBC are, directly or indirectly, subsidiaries or affiliates of financial institutions that are lenders to AltaGas or its subsidiaries. Accordingly, pursuant to applicable securities legislation, AltaGas may be considered a “connected issuer” of such Underwriters. The net proceeds from the sale of the Series I Shares may be used to reduce the indebtedness of AltaGas to such lenders. See “*Relationship Between Certain of the Underwriters and AltaGas*” and “*Use of Proceeds*”.

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### IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the securities AltaGas is offering and also adds to and updates certain information contained in the Prospectus and the documents incorporated by reference therein. The second part, the Prospectus, gives more general information, some of which may not apply to the Series I Shares offered hereunder. Defined terms or abbreviations used in this prospectus supplement that are not defined herein have the meanings ascribed thereto in the Prospectus.

**Prospective investors should rely only on the information contained in this prospectus supplement and contained or incorporated by reference into the Prospectus. AltaGas has not authorized any other person to provide prospective investors with additional or different information. If anyone provides prospective investors with different or inconsistent information, prospective investors should not rely on it. AltaGas is offering to sell, and seeking offers to buy, these securities only in jurisdictions where offers and sales are permitted. Prospective investors should assume that the information appearing in this prospectus supplement and the Prospectus, as well as information AltaGas has previously filed with the securities regulatory authority in each of the provinces of Canada that is incorporated in the Prospectus by reference, is accurate as of their respective dates only. AltaGas' business, financial condition, results of operations and prospects may have changed since those dates.**

### DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference into the accompanying Prospectus solely for the purposes of the Offering of the Series I Shares. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full particulars.

The following are specifically incorporated by reference in and form an integral part of the Prospectus:

- (a) the annual information form of AltaGas dated March 20, 2015 for the year ended December 31, 2014 (the "AIF");

- (b) the audited consolidated financial statements of AltaGas and notes thereto as at and for the years ended December 31, 2014 and 2013 together with the auditors' report thereon and the earnings coverage ratios filed as an exhibit thereto, filed on March 4, 2015, and management's discussion and analysis of results of operations and financial condition for the year ended December 31, 2014, filed on March 4, 2015 (the "**2014 MD&A**");
- (c) the unaudited consolidated financial statements of AltaGas and notes thereto as at and for the three and nine months ended September 30, 2015 and 2014 and the earnings coverage ratios filed as an exhibit thereto, and the management's discussion and analysis of results of operations and financial condition for the three and nine months ended September 30, 2015, filed on October 29, 2015 (the "**2015 Q3 MD&A**");
- (d) the information circular dated March 9, 2015 relating to the annual meeting of holders of common shares of AltaGas ("**Common Shares**") held on April 30, 2015;
- (e) the material change report dated November 2, 2015 relating to the announced intention of David Cornhill to retire from his position as Chief Executive Officer of AltaGas on April 15, 2016 and the promotion of David Harris to the position of President and Chief Executive Officer of AltaGas;
- (f) the material change report dated November 2, 2015 relating to the appointment of Victoria A. Calvert and Phillip R. Knoll as directors of AltaGas effective November 1, 2015 and the pending retirement of Myron F. Kanik and the appointment of Neil McCrank as Lead Director at the next general meeting of holders of Common Shares; and
- (g) the "template version" (as defined in National Instrument 41-101 – *General Prospectus Requirements* ("**NI 41-101**")) of the term sheet for the Cumulative Redeemable 5-Year Minimum Rate Reset Preferred Shares, Series I and the Cumulative Redeemable Floating Rate Preferred Shares, Series J (the "**Initial Term Sheet**") filed on November 12, 2015 and the template version of the revised term sheet for the Cumulative Redeemable 5-Year Minimum Rate Reset Preferred Shares, Series I and the Cumulative Redeemable Floating Rate Preferred Shares, Series J (the "**Revised Term Sheet**") filed on November 12, 2015.

Any documents of the type referred to above (excluding confidential material change reports) subsequently filed by AltaGas with securities regulatory authorities in Canada after the date of this prospectus supplement and prior to the termination of the Offering shall be deemed to be incorporated by reference into the Prospectus for the purposes of this Offering. These documents are available through the internet on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com).

**Any statement contained in the Prospectus, in this prospectus supplement or in any other document (or part thereof) incorporated or deemed to be incorporated by reference into the Prospectus shall be deemed to be modified or superseded, for purposes of this prospectus supplement, to the extent that a statement contained herein or in any other subsequently filed document (or part thereof) which also is or is deemed to be incorporated by reference into the Prospectus modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the Prospectus.**

## MARKETING MATERIALS

The template version of the Initial Term Sheet, the template version of the Revised Term Sheet and any template version of any other “marketing materials” (as defined in NI 41-101) that is used by the Underwriters in connection with the Offering does not form part of this prospectus supplement to the extent that the contents of the template version of such marketing materials have been modified or superseded by a statement contained in this prospectus supplement.

Statements included in the template version of the Initial Term Sheet relating to the size of the Offering, including the number of Series I Shares being distributed pursuant to the Offering and AltaGas granting an option to the Underwriters to purchase additional Series I Shares, have been modified in view of disclosure contained in this prospectus supplement to reflect the increase in the number of Series I Shares being distributed pursuant to the Offering from what was disclosed in the Initial Term Sheet and the elimination of the option granted to the Underwriters. See disclosure on the cover page of this prospectus supplement and under “*Details of the Offering*”. Pursuant to Section 9A.3(7) of National Instrument 44-102 – *Shelf Distributions*, AltaGas has prepared a revised template version of the Initial Term Sheet, being the Revised Term Sheet, which has been blacklined to show the modified statements discussed herein.

The Revised Term Sheet and the blacklined version thereof have been filed with the securities commissions or similar authorities in each of the provinces of Canada and can be viewed under AltaGas’ profile at [www.sedar.com](http://www.sedar.com). Any template version of any other marketing materials that has been, or will be, filed under AltaGas’ profile on SEDAR at [www.sedar.com](http://www.sedar.com) before the termination of the distribution under the Offering (including any further amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated by reference into the Prospectus.

## NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the Prospectus and the documents incorporated by reference in the Prospectus contain forward-looking statements. When used in this prospectus supplement, the Prospectus and the documents incorporated by reference in the Prospectus, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “seek”, “propose”, “estimate”, “expect” and similar expressions, as they relate to AltaGas or an affiliate of AltaGas, are intended to identify forward-looking statements. In particular, this prospectus supplement, the Prospectus and the documents incorporated by reference in the Prospectus contain forward-looking statements with respect to, among other things, business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results. See “*Note Regarding Forward Looking Statements*” in the Prospectus.

This prospectus supplement also contains forward-looking statements with respect to the Offering, including in respect of the use of proceeds from the Offering and the expected closing date of the Offering.

These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect AltaGas’ then current views with respect to future events based on certain material facts and assumptions and are subject to certain risks and uncertainties, including without limitation changes in market, competition, governmental or regulatory developments and general economic conditions and the other factors described under the heading “*Risk Factors*” in the AIF, the Prospectus and this prospectus supplement. The material assumptions in making these forward-looking statements are disclosed in the AIF and the 2014 MD&A, respectively, as may be modified or superseded by documents incorporated or deemed to be incorporated by reference in the Prospectus or herein, under the headings set forth above and comparable sections in the 2015 Q3 MD&A.

Many factors could cause AltaGas’ or any of its business segments’ actual results, performance or achievements to vary from those described in this prospectus supplement, the Prospectus and the documents incorporated by reference herein and therein, including without limitation those listed above as well as 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 prospectus supplement, the Prospectus and the documents incorporated by reference herein and therein as intended, planned, anticipated, believed, sought, proposed, estimated or expected, and such forward-looking statements should not be unduly relied upon. These statements speak only as of the date of this prospectus supplement, the Prospectus or as of the date specified in the documents incorporated by reference herein or therein, as the case may be. 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 prospectus supplement, the Prospectus and the documents incorporated by reference herein and therein are expressly qualified by these cautionary statements.

Financial outlook information contained in this prospectus supplement, the Prospectus and the documents incorporated by reference herein and therein about prospective results of operations, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information available as of the date of this prospectus supplement, the Prospectus or as of the date specified in the documents incorporated by reference herein or therein, as the case may be. Readers are cautioned that such financial outlook information contained in this prospectus supplement, the Prospectus and the documents incorporated by reference herein and therein should not be used for the purposes other than for which it is disclosed herein or therein, as the case may be.

### **USE OF PROCEEDS**

The net proceeds to AltaGas from the Offering will be approximately \$194,000,000 after deducting the Underwriters' fee of \$6,000,000 (assuming no institutional sales of Series I Shares) and before deducting the expenses of the Offering, estimated to be approximately \$500,000. The expenses of the Offering and the Underwriters' fee will be paid from AltaGas' general funds.

The net proceeds of the Offering will be used to reduce existing indebtedness including, without limitation, indebtedness under the Credit Facility (as hereinafter defined) and for general corporate purposes. Over the preceding two years, AltaGas and its affiliates used borrowings under the Credit Facility to, among other things, fund the cash portion of the indirect acquisition of a 33 $\frac{1}{3}$ % interest in the issued and outstanding share capital of Petrogas Energy Corp., the addition of capital assets under construction, provide working capital in respect of ongoing operations and other general corporate purposes. Any net proceeds not applied to reduce existing indebtedness will be used by AltaGas for general corporate purposes, which may include the financing of acquisitions and other capital expenditures and investments by AltaGas or its subsidiaries.

Certain of the Underwriters are, directly or indirectly, subsidiaries or affiliates of Canadian chartered banks which are lenders to AltaGas or its subsidiaries. Consequently, AltaGas may be considered to be a "connected issuer" of such Underwriters for purposes of applicable securities legislation. See "*Plan of Distribution*" and "*Relationship Between Certain of the Underwriters and AltaGas*".

### **CAPITALIZATION OF ALTAGAS**

Since September 30, 2015 on a consolidated basis there have been no material changes in the share and loan capital of AltaGas.

After giving effect to the Offering, the Shareholders' equity of AltaGas will increase by the amount of the net proceeds of the Offering (\$193,500,000, assuming no institutional sales of Series I Shares and after deducting the expenses of the Offering). The number of issued and outstanding Series I Shares will increase by 8,000,000 Series I Shares.

## PRICE RANGE AND TRADING VOLUME

### Preferred Shares, Series A

The cumulative redeemable 5-year rate reset preferred shares, Series A of AltaGas (the “**Preferred Shares, Series A**”) are listed and posted for trading on the TSX under the trading symbol “ALA.PR.A”. The following table sets forth the price range for and trading volume of the Preferred Shares, Series A on the TSX for the period from October 2014 through November 13, 2015, as reported by the TSX.

	Price Range		Volume
	High (\$)	Low (\$)	
<b>2014</b>			
October .....	25.82	25.15	270,253
November .....	25.55	25.16	40,318
December .....	26.12	24.51	145,732
<b>2015</b>			
January .....	25.06	21.01	289,458
February .....	22.50	20.03	161,532
March .....	21.45	20.31	196,183
April .....	20.51	18.88	422,327
May .....	20.54	19.76	206,638
June .....	20.42	17.78	207,275
July .....	18.33	16.78	338,007
August .....	17.78	14.22	179,101
September .....	16.90	14.68	213,367
October .....	18.52	15.27	226,964
November (1-13) .....	18.28	16.70	226,232

### Preferred Shares, Series B

The cumulative redeemable 5-year floating rate reset preferred shares, Series B of AltaGas (the “**Preferred Shares, Series B**”) are listed and posted for trading on the TSX under the trading symbol “ALA.PR.B”. The following table sets forth the price range for and trading volume of the Preferred Shares, Series B on the TSX for the period from September 30, 2015 (the date on which the Preferred Shares, Series B commenced trading on the TSX) through November 13, 2015, as reported by the TSX.

	Price Range		Volume
	High (\$)	Low (\$)	
<b>2015</b>			
September 30 .....	15.89	15.51	600
October .....	18.49	13.80	62,210
November (1-13) .....	17.83	15.58	12,257

### Preferred Shares, Series C

The cumulative redeemable 5-year rate reset preferred shares, Series C of AltaGas (the “**Preferred Shares, Series C**”) are listed and posted for trading on the TSX under the trading symbol “ALA.PR.U”. The following table sets forth the price range for and trading volume of the Preferred Shares, Series C on the TSX for the period from October 2014 through November 13, 2015, as reported by the TSX.



	Price Range		Volume
	High (\$)	Low (\$)	
<b>2014</b>			
October .....	25.95	25.30	123,662
November .....	25.85	25.50	93,813
December .....	25.68	24.70	182,044
<b>2015</b>			
January.....	25.46	24.65	329,067
February .....	24.98	24.48	151,264
March.....	25.00	24.44	183,213
April.....	24.57	22.76	282,488
May.....	24.00	23.46	93,310
June.....	23.60	22.05	153,239
July .....	22.19	20.70	295,157
August .....	21.94	18.00	152,670
September.....	21.00	18.50	151,986
October .....	19.84	17.80	241,880
November (1-13).....	20.10	18.99	80,553

#### Preferred Shares, Series E

The cumulative redeemable 5-year rate reset preferred shares, Series E of AltaGas (the “Preferred Shares, Series E”) are listed and posted for trading on the TSX under the trading symbol “ALA.PR.E”. The following table sets forth the price range for and trading volume of the Preferred Shares, Series E on the TSX for the period from October 2014 through November 13, 2015, as reported by the TSX.

	Price Range		Volume
	High (\$)	Low (\$)	
<b>2014</b>			
October .....	26.25	26.00	529,887
November .....	26.71	26.25	40,998
December .....	26.68	25.66	171,327
<b>2015</b>			
January.....	26.10	25.70	121,677
February .....	26.15	25.67	125,690
March.....	26.48	25.61	225,658
April.....	25.82	24.05	389,771
May.....	25.23	24.73	125,129
June.....	25.10	23.52	96,054
July .....	23.89	21.97	106,899
August .....	22.88	19.81	162,464
September.....	21.33	18.51	197,612
October .....	21.98	18.01	279,731
November (1-13).....	23.12	20.71	157,800

#### Preferred Shares, Series G

The cumulative redeemable 5-year rate reset preferred shares, Series G of AltaGas (the “Preferred Shares, Series G”) are listed and posted for trading on the TSX under the trading symbol “ALA.PR.G”. The following table

sets forth the price range for and trading volume of the Preferred Shares, Series G on the TSX for the period from October 2014 through November 13, 2015, as reported by the TSX.

	<b>Price Range</b>		<b>Volume</b>
	<b>High (\$)</b>	<b>Low (\$)</b>	
<b>2014</b>			
October .....	25.98	25.53	320,221
November .....	26.08	25.88	60,568
December .....	26.20	25.20	367,683
<b>2015</b>			
January.....	25.80	25.00	108,251
February .....	25.99	24.84	94,679
March.....	25.71	25.08	83,421
April.....	25.17	23.17	107,689
May.....	24.95	24.47	108,957
June.....	24.95	23.25	82,879
July .....	23.60	22.10	105,921
August .....	22.58	19.60	129,478
September.....	21.17	18.65	128,642
October .....	21.90	18.01	157,313
November (1-13).....	23.24	20.85	213,807

#### **PLAN OF DISTRIBUTION**

Pursuant to an underwriting agreement (the “**Underwriting Agreement**”) effective November 12, 2015 between AltaGas and the Underwriters, AltaGas has agreed to sell an aggregate of 8,000,000 Series I Shares to the Underwriters, and the Underwriters have severally (and not jointly or jointly and severally) agreed to purchase from AltaGas, as principals, such Series I Shares at a price of \$25.00 per Series I Share payable in cash against delivery of such Series I Shares on the Offering Closing Date. The Underwriting Agreement provides that, in consideration of the services of the Underwriters in connection with the Offering, AltaGas will pay the Underwriters a fee of \$0.25 per Series I Share issued and sold by AltaGas to certain institutions, and \$0.75 per Series I Share for all other Series I Shares issued and sold by AltaGas as part of the Offering, for an aggregate fee payable by AltaGas of \$6,000,000, assuming that no Series I Shares are sold to such institutions. The Underwriters’ fee is payable on the Offering Closing Date. The summary of certain provisions of the Underwriting Agreement contained herein does not purport to be complete and is qualified in its entirety by reference to the provisions of the Underwriting Agreement, a copy of which has been filed with the securities regulatory authorities in Canada and is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The terms of the Offering were established through negotiations between AltaGas and the Underwriters.

The obligations of the Underwriters under the Underwriting Agreement are several (and not joint or joint and several) and such obligations may be terminated at their discretion on the basis of, among other things: (i) certain proceedings being announced, threatened or commenced against AltaGas; (ii) certain changes in law; (iii) the issuance of any order (or proceedings to commence such order) to cease or suspend trading in any securities of AltaGas; (iv) any change reasonably expected in the Underwriter’s opinion to have a material adverse effect on the market price of the Series I Shares; (v) any adverse change in the ratings of the Series I Shares by a Ratings Agency (as defined below); (vi) prior to the closing time on the Offering Closing Date, there develops an occurrence of national or international consequence which in the Underwriters’ reasonable opinion seriously adversely affects the financial markets or the business of AltaGas; (vii) any change or proposed change in Canadian tax laws or the interpretation or administration thereof which could reasonably be expected to have a significant adverse effect on the market price or value of the Series I Shares; (viii) the Underwriters becoming aware of any material information with respect to AltaGas or its subsidiaries not publicly disclosed or disclosed in writing to the Underwriters which in the sole opinion of the Underwriters, or any of them, acting reasonably could be expected to have a significant

adverse effect on the market price or value of the Series I Shares or which adversely impacts the distribution or marketability thereof; or (ix) AltaGas is in breach or default under or non-compliance with any representation, warranty, covenant, term or condition of the Underwriting Agreement in any material respect.

If an Underwriter fails to purchase the Series I Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Series I Shares, provided that, if the aggregate number of Series I Shares not purchased is less than or equal to 9% of the aggregate number of Series I Shares agreed to be purchased by the Underwriters, then each of the other Underwriters is obligated to purchase severally the Series I Shares not taken up, on a *pro rata* basis or as they may otherwise agree as between themselves. The Underwriters are, however, obligated to take up and pay for all Series I Shares if any Series I Shares are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that AltaGas will indemnify the Underwriters, their affiliates and each of their respective directors, officers, shareholders, partners, agents and employees against certain liabilities and expenses.

The Underwriters propose to offer the Series I Shares initially at the Offering Price specified on the cover page of this prospectus supplement. After the Underwriters have made a reasonable effort to sell all of the Series I Shares offered by this prospectus supplement at the price specified herein, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than \$25.00. In the event the Offering Price of the Series I Shares is reduced, the compensation received by the Underwriters will be decreased by the amount by which the aggregate price paid by the purchasers for the Series I Shares is less than the gross proceeds paid by the Underwriters to AltaGas for the Series I Shares. Any such reduction will not affect the proceeds received by AltaGas.

Subscriptions for Series I Shares will be received subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time without notice.

The TSX has conditionally approved the listing of the Series I Shares and the Series J Shares. Listing of the Series I Shares is subject to AltaGas fulfilling all the listing requirements of the TSX on or before February 10, 2016. Listing of the Series J Shares is subject to AltaGas fulfilling all the listing requirements of the TSX, including the public distribution requirements of the Series J Shares, at the applicable time. There can be no assurance that the Series I Shares and Series J Shares will be accepted for listing on the TSX.

AltaGas has agreed that, subject to certain exceptions, it shall not issue or agree to issue any preferred shares in the capital of AltaGas (“**Preferred Shares**”) or other securities convertible into, or exchangeable for, Preferred Shares prior to 90 days after the Offering Closing Date without the prior consent of the Co-Lead Underwriters on behalf of the Underwriters, which consent shall not be unreasonably withheld.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Series I Shares. The policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series I Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada, relating to market stabilization or market balancing activities and a bid or purchase made on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series I Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

#### **RELATIONSHIP BETWEEN CERTAIN OF THE UNDERWRITERS AND ALTAGAS**

RBC, BMO, Scotia, CIBC, TD, National and HSBC are, directly or indirectly, subsidiaries or affiliates of financial institutions that are lenders to AltaGas or its subsidiaries. Accordingly, pursuant to applicable securities legislation, AltaGas may be considered a “connected issuer” of such Underwriters. As at November 13, 2015, AltaGas or its subsidiaries were indebted to a syndicate of lenders, including to lender affiliates of such

Underwriters under a \$1.4 billion unsecured extendible revolving facility currently scheduled to mature on December 15, 2018 (the “**Credit Facility**”) in the approximate amount of \$411.3 million.

The Credit Facility is unsecured. AltaGas and its subsidiaries are presently in compliance with the terms of the Credit Facility and none of the lenders has waived a breach of the agreement governing such Credit Facility since its execution. The consolidated financial position of AltaGas has not changed materially since the indebtedness under the Credit Facility was incurred. See “*Use of Proceeds*”.

The decision to distribute Series I Shares pursuant to the Offering was made by AltaGas and the determination of the terms of the Offering was made through negotiations between AltaGas and the Underwriters. The lender affiliates of such Underwriters did not have any involvement in such decision or determination but have each been advised of the Offering and the terms thereof. Each of the Underwriters will receive its proportionate share of the aggregate underwriting fee payable by AltaGas.

### **EARNINGS COVERAGE**

The following consolidated earnings coverage ratios are calculated for the 12-month periods ended December 31, 2014 and September 30, 2015 after giving effect to the issuance of the Series I Shares pursuant to this Offering and the intended use of proceeds therefrom. The consolidated earnings coverage ratio for the 12-month period ended December 31, 2014 also gives effect to: (a) the issuance on April 14, 2015 of US\$125 million floating rate medium term notes due April 17, 2017; and (b) the repayment at maturity on April 13, 2015 of US\$175 million floating rate medium term notes. The earnings coverage ratios set out below do not purport to be indicative of earnings coverage ratios for any future period.

	<u>December 31, 2014</u>	<u>September 30, 2015</u>
Earnings Coverage.....	1.3 times	1.3 times

AltaGas’ dividend requirements on all of its Preferred Shares, after giving effect to the foregoing, and adjusted to a before-tax equivalent using an effective income tax rate of 25%, amounted to approximately \$60.0 million for the 12 months ended December 31, 2014 and to approximately \$67.9 million for the 12 months ended September 30, 2015. AltaGas’ interest requirements, after giving effect to the foregoing, amounted to approximately \$139.1 million and \$144.9 million for the 12 months ended December 31, 2014 and September 30, 2015, respectively. AltaGas’ earnings before interest and income tax for the 12 months ended December 31, 2014 and September 30, 2015 were approximately \$257.5 million and \$277.1 million, respectively, which are 1.3 times and 1.3 times, respectively, AltaGas’ aggregate dividend and interest requirements for this period.

### **DETAILS OF THE OFFERING**

The following is a summary of the principal rights, privileges, restrictions and conditions attaching to the Preferred Shares of AltaGas as a class and to be attached to the Series I Shares and Series J Shares. AltaGas will furnish on request a copy of the text of the provisions attaching to the Preferred Shares as a class and the Series I Shares and Series J Shares, each as a series and such provisions will also be available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Definition of Terms**

The following definitions are relevant to the Series I Shares and the Series J Shares.

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 4.19%, provided that, in any event, such rate shall not be less than 5.25%.

“**Bloomberg Screen GCAN5YR Page**” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada bond yields.

“**Business Day**” means a day on which banks are generally open for business in both Calgary, Alberta and Toronto, Ontario.

“**Dividend Payment Date**” means the last day of March, June, September and December in each year commencing March 31, 2016.

“**Fixed Rate Calculation Date**” means, for any Subsequent Fixed Rate Period, the 30<sup>th</sup> day prior to the first day of such Subsequent Fixed Rate Period.

“**Floating Quarterly Dividend Rate**” means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 4.19%.

“**Floating Rate Calculation Date**” means, for any Quarterly Floating Rate Period, the 30<sup>th</sup> day prior to the first day of such Quarterly Floating Rate Period.

“**Government of Canada Yield**” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and that appears on the Bloomberg Screen GCAN5YR Page on such date; provided that if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, then the Government of Canada Yield shall mean the arithmetic average of the yields quoted to AltaGas by two registered Canadian investment dealers selected by AltaGas as being the annual yield to maturity on such date, compounded semi-annually, that a non-callable Government of Canada bond would carry if issued, in Canadian dollars, at 100% of its principal amount on such date with a term to maturity of five years.

“**Initial Fixed Rate Period**” means the period from and including the date of issue of the Series I Shares to, but excluding, December 31, 2020.

“**Quarterly Commencement Date**” means the last day of March, June, September and December in each year, commencing December 31, 2020.

“**Quarterly Floating Rate Period**” means the period from and including a Quarterly Commencement Date to, but excluding, the next succeeding Quarterly Commencement Date.

“**Series I Conversion Date**” means December 31, 2020, and December 31 in every fifth year thereafter.

“**Series J Conversion Date**” means December 31, 2025, and December 31 in every fifth year thereafter.

“**Subsequent Fixed Rate Period**” means, for the initial Subsequent Fixed Rate Period, the period from and including December 31, 2020 to, but excluding, December 31, 2025, and for each succeeding Subsequent Fixed Rate Period means the period from and including the day immediately following the last day of the immediately preceding Subsequent Fixed Rate Period to, but excluding, December 31 in the fifth year thereafter.

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as an annual rate on 90 day Government of Canada treasury bills using the three-month average results, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date, as posted on the Bloomberg page “CA3MAY<INDEX>” (or such other page as may replace the CA3MAY<INDEX> page on that service for purposes of displaying Government of Canada treasury bills yields).

### **Certain Provisions of the Preferred Shares as a Class**

Subject to certain limitations, including that the number of Preferred Shares issuable in series at any time must have aggregate voting rights representing less than 50% of the voting rights attaching to the then issued and outstanding Common Shares, the Board of Directors may, from time to time, issue Preferred Shares in one or more series and determine for any such series, prior to any issuance, its designation, number of shares and respective rights, privileges, restrictions and conditions. The Preferred Shares, as a class, have, among others, provisions to the effect set forth below.

#### *Priority*

The Preferred Shares of each series shall rank on parity with the Preferred Shares of every other series with respect to accumulated dividends and return of capital, and shall be entitled to preference over the Common Shares and any other shares ranking junior to the Preferred Shares with respect to the payment of dividends and the distribution of assets of AltaGas in the event of a liquidation, dissolution or winding up of AltaGas, whether voluntary or involuntary, or any other distribution of the assets of AltaGas among its shareholders for the purpose of winding up its affairs.

#### *Changes in Terms*

The provisions attaching to the Preferred Shares as a class may be repealed, altered, modified, amended or amplified only with the approval of the holders of the Preferred Shares as a class. Any such approval to be given by the holders of the Preferred Shares may be given either by resolution in writing executed by all holders of the Preferred Shares entitled to vote on that resolution or passed by the affirmative vote of the holders of not less than  $66\frac{2}{3}$  per cent of the Preferred Shares represented and voted at a meeting or adjourned meeting of such holders.

### **Certain Provisions of the Series I Shares**

#### *Issue Price*

The Series I Shares will have an issue price of \$25.00 per share.

#### *Dividends on Series I Shares*

During the Initial Fixed Rate Period, the holders of the Series I Shares shall be entitled to receive and AltaGas shall pay, as and when declared by the Board of Directors, out of the moneys of AltaGas properly applicable to the payment of dividends, fixed cumulative preferential cash dividends at an annual rate of \$1.31250 per share, payable quarterly on each Dividend Payment Date in each year (less any tax required to be deducted or withheld by AltaGas). The first dividend, if declared, shall be payable on March 31, 2016, and, notwithstanding the foregoing, shall be in the amount per share determined by multiplying \$1.31250 by the number of days in the period from and including the date of issue of the Series I Shares to, but excluding, March 31, 2016, and dividing that product by 365, being the amount of \$0.46387 per Series I Share.

During each Subsequent Fixed Rate Period, the holders of the Series I Shares shall be entitled to receive and AltaGas shall pay, as and when declared by the Board of Directors, out of the moneys of AltaGas properly applicable to the payment of dividends, fixed cumulative preferential cash dividends, payable quarterly on each Dividend Payment Date, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate for such Subsequent Fixed Rate Period by \$25.00 (less any tax required to be deducted or withheld by AltaGas).

On each Fixed Rate Calculation Date, AltaGas shall determine the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon AltaGas and upon all holders of Series I Shares. AltaGas shall, on each Fixed Rate Calculation Date,

give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series I Shares.

*Redemption of Series I Shares*

The Series I Shares shall not be redeemable prior to December 31, 2020. Subject to the provisions described under “*Restrictions on Payments and Reductions of Capital*”, on December 31, 2020, and on December 31 in every fifth year thereafter, AltaGas may, at its option, redeem all or any part of the Series I Shares by the payment of an amount in cash for each share to be redeemed equal to \$25.00 plus all accrued and unpaid dividends thereon to, but excluding, the date fixed for redemption (less any tax required to be deducted or withheld by AltaGas).

Notice of any redemption of Series I Shares will be given by AltaGas not more than 60 days and not less than 30 days prior to the date fixed for redemption. If less than all of the outstanding Series I Shares are at any time to be redeemed, the shares so to be redeemed shall be redeemed *pro rata* (disregarding fractions).

*Conversion of Series I Shares into Series J Shares*

The Series I Shares shall not be convertible prior to December 31, 2020. Holders of Series I Shares shall have the right to convert on each Series I Conversion Date, subject to restrictions on conversion described below, all or any of their Series I Shares into Series J Shares on the basis of one Series J Share for each Series I Share. Notice of a holder’s intention to convert Series I Shares must be received by the transfer agent and registrar for the Series I Shares at its principal office in Toronto or Calgary not earlier than the 30<sup>th</sup> day prior to, but not later than 5:00 p.m. (Toronto time) on the 15<sup>th</sup> day preceding, a Series I Conversion Date. Once received by the transfer agent and registrar on behalf of AltaGas, the election of a holder to convert is irrevocable. If AltaGas does not receive notice of a holder’s intention to convert Series I Shares during the time fixed therefor, then the Series I Shares shall be deemed to not have been converted (except in the case of an automatic conversion, as described below).

AltaGas shall, not more than 60 days and not less than 30 days prior to the applicable Series I Conversion Date, give notice to the then registered holders of the Series I Shares of the conversion right. On the 30<sup>th</sup> day prior to each Series I Conversion Date, AltaGas shall give notice to the then registered holders of the Series I Shares of the Annual Fixed Dividend Rate for the Series I Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series J Shares for the next succeeding Quarterly Floating Rate Period.

Holders of Series I Shares shall not be entitled to convert their shares into Series J Shares if AltaGas determines that there would remain outstanding on a Series I Conversion Date less than 1,000,000 Series J Shares, after having taken into account all Series I Shares tendered for conversion into Series J Shares and all Series J Shares tendered for conversion into Series I Shares. AltaGas shall give notice thereof to all affected registered holders of the Series I Shares at least seven days prior to the applicable Series I Conversion Date. Furthermore, if AltaGas determines that there would remain outstanding on a Series I Conversion Date less than 1,000,000 Series I Shares, after having taken into account all Series I Shares tendered for conversion into Series J Shares and all Series J Shares tendered for conversion into Series I Shares, then all of the remaining outstanding Series I Shares shall be converted automatically into Series J Shares on the basis of one Series J Share for each Series I Share on the applicable Series I Conversion Date and AltaGas shall give notice thereof to the then registered holders of such remaining Series I Shares at least seven days prior to the Series I Conversion Date.

AltaGas reserves the right not to deliver Series J Shares to any person that AltaGas or its transfer agent has reason to believe is a person whose address is in, or that AltaGas or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require AltaGas to take any action to comply with the securities laws of such jurisdiction. In those circumstances, AltaGas shall hold, as agent of any such person, all or the relevant number of Series J Shares, and AltaGas shall attempt to sell such Series J Shares to parties other than AltaGas and its affiliates on behalf of any such person. Such sales (if any) shall be made at such times and at such prices as AltaGas, in its sole discretion, may determine. AltaGas shall not be subject to any liability for failure to sell Series J Shares on behalf of any such person at all or at any particular price or on any particular day. The net proceeds received by AltaGas from the sale of any such Series J Shares shall be delivered to any such person, after deducting the costs of sale, by cheque or in any other manner determined by AltaGas.

If AltaGas gives notice to the holders of the Series I Shares of the redemption of all of the Series I Shares, the right of a holder of Series I Shares to convert such Series I Shares shall terminate and AltaGas shall not be required to give notice to the registered holders of the Series I Shares of an Annual Fixed Dividend Rate, a Floating Quarterly Dividend Rate or the conversion right of holders of Series I Shares.

The Series I Shares and Series J Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series I Shares and Series J Shares are identical in all material respects.

*Purchase for Cancellation*

Subject to the provisions described under “*Restrictions on Payments and Reductions of Capital*”, AltaGas may at any time or times purchase for cancellation all or any part of the Series I Shares at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable.

*Rights on Liquidation*

In the event of the liquidation, dissolution or winding-up of AltaGas or any other distribution of assets of AltaGas among its shareholders for the purpose of winding up its affairs, the holders of the Series I Shares shall be entitled to receive \$25.00 per Series I Share plus all accrued and unpaid dividends thereon (less any tax required to be deducted and withheld by AltaGas) before any amount shall be paid or any property or assets of AltaGas shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series I Shares in any respect. After payment to the holders of the Series I Shares of the amount so payable to them, they shall not, as such, be entitled to share in any further distribution of the property or assets of AltaGas.

*Restrictions on Payments and Reductions of Capital*

So long as any Series I Shares are outstanding, AltaGas shall not:

- (a) call for redemption, purchase, reduce or otherwise pay for less than all the Series I Shares and all other Preferred Shares then outstanding ranking prior to or on parity with the Series I Shares with respect to payment of dividends,
- (b) declare, pay or set apart for payment any dividends (other than stock dividends in shares of AltaGas ranking junior to the Series I Shares) on the Common Shares or any other shares of AltaGas ranking junior to the Series I Shares with respect to payment of dividends, or
- (c) call for redemption, purchase, reduce or otherwise pay for any shares of AltaGas ranking junior to the Series I Shares with respect to repayment of capital or with respect to payment of dividends,

unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on the Series I Shares and on all other Preferred Shares then outstanding ranking prior to or on parity with the Series I Shares with respect to payment of dividends shall have been declared and paid or set apart for payment at the date of any such action.

*Creation or Issue of Additional Shares*

So long as any Series I Shares are outstanding, AltaGas shall not, without the prior approval of the holders of the Series I Shares, create or issue any shares ranking prior to or on parity with the Series I Shares with respect to repayment of capital or payment of dividends, provided that AltaGas may without such approval issue additional series of Preferred Shares if all dividends then payable on the Series I Shares shall have been paid or set apart for payment.



### *Voting Rights*

The holders of the Series I Shares are not entitled to any voting rights or to receive notice of or to attend shareholders' meetings unless dividends on the Series I Shares are in arrears to the extent of eight quarterly dividends, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of AltaGas properly applicable to the payment of the dividends. Until all arrears of dividends have been paid, holders of Series I Shares will be entitled to receive notice of and to attend all shareholders' meetings (other than separate meetings of holders of another class or series of shares) and to one vote in respect of each Series I Share held with respect to the resolutions being voted on. At any time when any Series I Shares are outstanding AltaGas shall not issue additional Preferred Shares or undertake an issuer bid or other recapitalization transaction if the effect of such would be to immediately reduce the voting rights of the holders of the Series I Shares to less than one vote per share at any meeting or upon any written resolution of AltaGas shareholders where holders of Common Shares and Preferred Shares are each entitled to vote.

### *Tax Election*

The Series I Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Series I Shares. The terms of the Series I Shares require AltaGas to make the necessary election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series I Shares. See "*Certain Canadian Federal Income Tax Considerations — Dividends*".

### *Modification*

The series provisions attached to the Series I Shares may be amended with the written approval of all the holders of the Series I Shares outstanding or by at least two-thirds of the votes cast at a meeting of the holders of such shares duly called for that purpose and at which a quorum is present.

### *Business Day*

If any day on which any dividend on the Series I Shares is payable by AltaGas or on or by which any other action is required to be taken by AltaGas is not a Business Day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a Business Day.

## **Certain Provisions of the Series J Shares**

### *Issue Price*

The Series J Shares will be issuable only upon conversion of Series I Shares and will have an ascribed issue price of \$25.00 per share.

### *Dividends on Series J Shares*

During each Quarterly Floating Rate Period, the holders of the Series J Shares shall be entitled to receive and AltaGas shall pay, as and when declared by the Board of Directors, out of the moneys of AltaGas properly applicable to the payment of dividends, cumulative preferential cash dividends, payable on each Dividend Payment Date, in the amount per share determined by multiplying the Floating Quarterly Dividend Rate for such Quarterly Floating Rate Period by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year (less any tax required to be deducted or withheld by AltaGas).

On each Floating Rate Calculation Date, AltaGas shall determine the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon AltaGas and upon all holders of Series J Shares. AltaGas shall, on each Floating Rate Calculation

Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series J Shares.

*Redemption of Series J Shares*

Subject to the provisions described under “*Restrictions on Payments and Reductions of Capital*”, AltaGas may redeem all or any part of the Series J Shares by the payment of an amount in cash for each share to be redeemed equal to (i) \$25.00 in the case of redemptions on any Series J Conversion Date, or (ii) \$25.50 in the case of redemptions on any date after December 31, 2020 that is not a Series J Conversion Date, in each case plus all accrued and unpaid dividends thereon to, but excluding, the date fixed for redemption (and in each case less any tax required to be deducted or withheld by AltaGas).

Notice of any redemption of Series J Shares will be given by AltaGas not more than 60 days and not less than 30 days prior to the date fixed for redemption. If less than all of the outstanding Series J Shares are at any time to be redeemed, the shares so to be redeemed shall be redeemed *pro rata* (disregarding fractions).

*Conversion of Series J Shares into Series I Shares*

The Series J Shares shall not be convertible prior to December 31, 2025. Holders of Series J Shares shall have the right to convert on each Series J Conversion Date, subject to restrictions on conversion described below, all or any of their Series J Shares into Series I Shares on the basis of one Series I Share for each Series J Share. Notice of a holder’s intention to convert Series J Shares must be received by the transfer agent and registrar for the Series J Shares at its principal office in Toronto or Calgary not earlier than the 30<sup>th</sup> day prior to, but not later than 5:00 p.m. (Toronto time) on the 15<sup>th</sup> day preceding, a Series J Conversion Date. Once received by the transfer agent and registrar on behalf of AltaGas, the election of a holder to convert is irrevocable. If AltaGas does not receive notice of a holder’s intention to convert Series J Shares during the time fixed therefor, then the Series J Shares shall be deemed to not have been converted (except in the case of an automatic conversion, as described below).

AltaGas shall, not more than 60 days and not less than 30 days prior to the applicable Series J Conversion Date, give notice to the then registered holders of the Series J Shares of the conversion right. On the 30<sup>th</sup> day prior to each Series J Conversion Date, AltaGas shall give notice to the then registered holders of the Series J Shares of the Annual Fixed Dividend Rate for the Series I Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series J Shares for the next succeeding Quarterly Floating Rate Period.

Holders of Series J Shares shall not be entitled to convert their shares into Series I Shares if AltaGas determines that there would remain outstanding on a Series J Conversion Date less than 1,000,000 Series I Shares, after having taken into account all Series I Shares tendered for conversion into Series J Shares and all Series J Shares tendered for conversion into Series I Shares. AltaGas shall give notice thereof to all affected registered holders of the Series J Shares at least seven days prior to the applicable Series J Conversion Date. Furthermore, if AltaGas determines that there would remain outstanding on a Series J Conversion Date less than 1,000,000 Series J Shares, after having taken into account all Series I Shares tendered for conversion into Series J Shares and all Series J Shares tendered for conversion into Series I Shares, then all of the remaining outstanding Series J Shares shall be converted automatically into Series I Shares on the basis of one Series I Share for each Series J Share on the applicable Series J Conversion Date and AltaGas shall give notice thereof to the then registered holders of such remaining Series J Shares at least seven days prior to the Series J Conversion Date.

AltaGas reserves the right not to deliver Series I Shares to any person that AltaGas or its transfer agent has reason to believe is a person whose address is in, or that AltaGas or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require AltaGas to take any action to comply with the securities laws of such jurisdiction. In those circumstances, AltaGas shall hold, as agent of any such person, all or the relevant number of Series I Shares, and AltaGas shall attempt to sell such Series I Shares to parties other than AltaGas and its affiliates on behalf of any such person. Such sales (if any) shall be made at such times and at such prices as AltaGas, in its sole discretion, may determine. AltaGas shall not be subject to any liability for failure to sell Series I Shares on behalf of any such person at all or at any particular price or on any particular day.

The net proceeds received by AltaGas from the sale of any such Series I Shares shall be delivered to any such person, after deducting the costs of sale, by cheque or in any other manner determined by AltaGas.

If AltaGas gives notice to the holders of the Series J Shares of the redemption of all of the Series J Shares, the right of a holder of Series J Shares to convert such Series J Shares shall terminate and AltaGas shall not be required to give notice to the registered holders of the Series J Shares of an Annual Fixed Dividend Rate, a Floating Quarterly Dividend Rate or the conversion right of holders of Series J Shares.

The Series I Shares and Series J Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series I Shares and Series J Shares are identical in all material respects.

#### *Purchase for Cancellation*

Subject to the provisions described under “*Restrictions on Payments and Reductions of Capital*”, AltaGas may at any time or times purchase for cancellation all or any part of the Series J Shares at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable.

#### *Rights on Liquidation*

In the event of the liquidation, dissolution or winding-up of AltaGas or any other distribution of assets of AltaGas among its shareholders for the purpose of winding up its affairs, the holders of the Series J Shares shall be entitled to receive \$25.00 per Series J Share plus all accrued and unpaid dividends thereon (less any tax required to be deducted and withheld by AltaGas) before any amount shall be paid or any property or assets of AltaGas shall be distributed to the holders of the Common Shares or to the holders of any other shares ranking junior to the Series J Shares in any respect. After payment to the holders of the Series J Shares of the amount so payable to them, they shall not, as such, be entitled to share in any further distribution of the property, or assets of AltaGas.

#### *Restrictions on Payments and Reductions of Capital*

So long as any Series J Shares are outstanding, AltaGas shall not:

- (a) call for redemption, purchase, reduce or otherwise pay for less than all the Series J Shares and all other Preferred Shares then outstanding ranking prior to or on parity with the Series J Shares with respect to payment of dividends,
- (b) declare, pay or set apart for payment any dividends (other than stock dividends in shares of AltaGas ranking junior to the Series J Shares) on the Common Shares or any other shares of AltaGas ranking junior to the Series J Shares with respect to payment of dividends, or
- (c) call for redemption, purchase, reduce or otherwise pay for any shares of AltaGas ranking junior to the Series J Shares with respect to repayment of capital or with respect to payment of dividends,

unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on the Series J Shares and on all other Preferred Shares then outstanding ranking prior to or on parity with the Series J Shares with respect to payment of dividends shall have been declared and paid or set apart for payment at the date of any such action.

#### *Creation or Issue of Additional Shares*

So long as any Series J Shares are outstanding, AltaGas shall not, without the prior approval of the holders of the Series J Shares, create or issue any shares ranking prior to or on parity with the Series J Shares with respect to repayment of capital or payment of dividends, provided that AltaGas may without such approval issue additional

series of Preferred Shares if all dividends then payable on the Series J Shares shall have been paid or set apart for payment.

#### *Voting Rights*

The holders of the Series J Shares are not entitled to any voting rights or to receive notice of or to attend shareholders' meetings unless dividends on the Series J Shares are in arrears to the extent of eight quarterly dividends, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of AltaGas properly applicable to the payment of the dividends. Until all arrears of dividends have been paid, holders of Series J Shares will be entitled to receive notice of and to attend all shareholders' meetings (other than separate meetings of holders of another class or series of shares) and to one vote in respect of each Series J Share held with respect to the resolutions being voted on. At any time when any Series J Shares are outstanding AltaGas shall not issue additional Preferred Shares or undertake an issuer bid or other recapitalization transaction if the effect of such would be to immediately reduce the voting rights of the holders of the Series J Shares to less than one vote per share at any meeting or upon any written resolution of AltaGas shareholders where holders of Common Shares and Preferred Shares are each entitled to vote.

#### *Tax Election*

The Series J Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Series J Shares. The terms of the Series J Shares require AltaGas to make the necessary election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series J Shares. See "*Certain Canadian Federal Income Tax Considerations — Dividends*".

#### *Modification*

The series provisions attached to the Series J Shares may be amended with the written approval of all the holders of the Series J Shares outstanding or by at least two-thirds of the votes cast at a meeting of the holders of such shares duly called for that purpose and at which a quorum is present.

#### *Business Day*

If any day on which any dividend on the Series J Shares is payable by AltaGas or on or by which any other action is required to be taken by AltaGas is not a Business Day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a Business Day.

### **DEPOSITORY SERVICES**

The Series I Shares and Series J Shares will be issued in "book entry only" form and must be purchased or transferred through a participant in the CDS depository service ("**CDS Participant**"). AltaGas will cause a global certificate or certificates representing any newly issued Series I Shares or Series J Shares to be delivered to, and registered in the name of, CDS or its nominee. All rights of holders of Series I Shares or Series J Shares must be exercised through, and all payments or other property to which such holder of Series I Shares or Series J Shares, as the case may be, is entitled, will be made or delivered by, CDS or the CDS Participant through which the holder of Series I Shares or Series J Shares holds such shares. Each person who acquires Series I Shares or Series J Shares will receive only a customer confirmation of purchase from the registered dealer from or through which the Series I Shares or Series J Shares are acquired in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book entry accounts for its CDS Participants having interests in the Series I Shares or Series J Shares.

The ability of a beneficial owner of Series I Shares or Series J Shares to pledge such shares or otherwise take action with respect to such owner's interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

AltaGas has the option to terminate registration of the Series I Shares and Series J Shares through the book entry only system, in which event certificates for Series I Shares and Series J Shares in fully registered form will be issued to the beneficial owners of such shares or their nominees.

Neither AltaGas nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Series I Shares or Series J Shares held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Series I Shares or Series J Shares; or (c) any advice or representation made by or with respect to CDS and those contained in this prospectus supplement and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Series I Shares or Series J Shares must look solely to CDS Participants for payments made by or on behalf of AltaGas to CDS in respect of the Series I Shares or Series J Shares.

If (i) required by applicable law, (ii) the book entry only system ceases to exist, (iii) CDS advises AltaGas that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Series I Shares or Series J Shares and AltaGas is unable to locate a qualified successor, or (iv) AltaGas, at its option, decides to terminate the book entry only system, then certificates representing the Series I Shares and Series J Shares, as applicable, will be made available.

#### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Counsel, the following summary, as of the date hereof, describes the principal Canadian federal income tax considerations generally applicable under the provisions of the Tax Act to a prospective purchaser of Series I Shares pursuant to this prospectus supplement who, at all relevant times, for the purposes of the Tax Act, is (or is deemed to be) resident in Canada, holds the Series I Shares and will hold the Series J Shares, as applicable, as capital property, and deals at arm's length with AltaGas and the Underwriters and is not affiliated with AltaGas or the Underwriters (a "**Holder**"). Generally, the Series I Shares or Series J Shares will be considered to be capital property to a Holder provided the Holder does not hold the shares in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Holders who might not otherwise be considered to hold their Series I Shares or Series J Shares as capital property may, in certain circumstances, be entitled to have them and all other "Canadian securities" (as defined in the Tax Act) owned by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Holders who do not hold their Series I Shares or will not hold their Series J Shares, as applicable, as capital property should consult their own tax advisors with respect to their own particular circumstances.

This summary is not applicable to a Holder: (i) that is a "financial institution", as defined in the Tax Act for the purpose of the "mark-to-market" rules; (ii) an interest in which would be a "tax shelter investment" as defined in the Tax Act; (iii) that is a "specified financial institution" as defined in the Tax Act; (iv) which has made a "functional currency" election under the Tax Act to determine its Canadian tax results in a currency other than Canadian currency; or (v) that enters into a "derivative forward agreement" with respect to the Series I Shares or Series J Shares, as such terms are defined in the Tax Act. Any such Holder should consult its own tax advisors with respect to an investment in the Series I Shares or Series J Shares.

This summary is based upon the current provisions of the Tax Act, the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposals**"), existing case law and Counsel's understanding of the current published administrative and assessing practices of the Canada Revenue Agency. This summary assumes the Proposals will be enacted in the form proposed; however, no assurance can be given that the Proposals will be enacted in their current form, or at all. This summary is not exhaustive of all

possible Canadian federal income tax considerations and, except for the Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account any provincial, territorial or foreign income tax legislation or considerations.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder of Series I Shares or Series J Shares. No representations are made with respect to the income tax consequences to any particular Holder. Consequently, prospective Holders should consult their own tax advisors with respect to their particular circumstances for advice with respect to the tax consequences to them of acquiring, holding and disposing of the Series I Shares or the Series J Shares, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.**

#### *Dividends*

Dividends (including deemed dividends) received (or deemed to be received) on the Series I Shares or the Series J Shares, as the case may be, by an individual (other than certain trusts) will be included in the individual's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations. Individuals are entitled to an enhanced gross-up and dividend tax credit in respect of "eligible dividends" received from taxable Canadian corporations, such as AltaGas, if such dividends have been designated as eligible dividends by AltaGas at or before the time of payment. By notice in writing on AltaGas' website, AltaGas has designated all dividends paid by AltaGas after July 1, 2010 to be "eligible dividends" within the meaning of the Tax Act unless otherwise notified.

Dividends received by a Holder who is an individual (other than certain trusts) may give rise to a liability for alternative minimum tax.

Dividends (including deemed dividends) received on the Series I Shares or the Series J Shares, as the case may be, by a Holder which is a corporation will be included in computing the Holder's income and will generally be deductible in computing the Holder's taxable income. In certain circumstances, subsection 55(2) of the Tax Act (as proposed by Proposals released on July 31, 2015) will treat a taxable dividend received by a Holder that is a corporation as proceeds of disposition or a capital gain. Holders that are corporations should consult their own tax advisors having regard to their own circumstances. A "private corporation", as defined in the Tax Act, or any other corporation controlled (whether by reason of a beneficial interest in one or more trusts or otherwise) by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33 $\frac{1}{3}$ % refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Series I Shares or the Series J Shares, as the case may be, to the extent such dividends are deductible in computing its taxable income.

The Series I Shares and the Series J Shares will be "taxable preferred shares" as defined in the Tax Act. The terms of the Series I Shares and the Series J Shares require AltaGas to make the necessary election under Part VI.1 of the Tax Act so that corporate Holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series I Shares or the Series J Shares.

#### *Dispositions*

A Holder who disposes of or is deemed to dispose of Series I Shares or Series J Shares (on the redemption of such shares or otherwise but not including on a conversion of Series I Shares into Series J Shares or a conversion of Series J Shares into Series I Shares) will generally realize a capital gain (or a capital loss) to the extent that the Holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the Holder. The amount of any deemed dividend arising on the redemption, acquisition or cancellation by AltaGas of Series I Shares or Series J Shares, as the case may be, will generally not be included in computing the Holder's proceeds of disposition for purposes of computing the capital gain (or capital loss) arising on the disposition of such Series I Shares or Series J Shares, as the case may be. See "*- Redemption*" below. If the Holder is a corporation, any capital loss arising on a disposition of a Series I Share or a Series J Share, as the case may be, may, in certain circumstances, be reduced by the amount of any dividends, including deemed dividends,

which have been received (or deemed to be received) on the Series I Share or Series J Share or any share which was converted into such share. Analogous rules apply to a partnership or trust of which a corporation, partnership or trust is a member or beneficiary.

Generally, one-half of any capital gain realized by a Holder in a taxation year will be included in computing the Holder's income in the year of disposition as a taxable capital gain and one-half of any capital loss (an "**allowable capital loss**") must be deducted from the Holder's taxable capital gains in the year of disposition. Allowable capital losses in excess of taxable capital gains for a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward indefinitely and deducted against net taxable capital gains in those other taxation years, subject to and in accordance with the rules contained in the Tax Act. Capital gains realized by an individual may give rise to a liability for alternative minimum tax. Taxable capital gains of a "Canadian-controlled private corporation" (as defined in the Tax Act) may be subject to an additional refundable tax at a rate of  $6\frac{2}{3}\%$ .

#### *Redemption*

If AltaGas redeems Series I Shares or Series J Shares, or otherwise acquires or cancels Series I Shares or Series J Shares (other than by a purchase by AltaGas of the shares in the open market in the manner in which shares are normally purchased by any member of the public in the open market), the Holder will be deemed to have received a dividend equal to the amount, if any, paid by AltaGas in excess of the paid-up capital (as determined for purposes of the Tax Act) of such shares at such time. Generally, the difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for purposes of computing the capital gain or capital loss arising on the disposition of such shares. See "*Dispositions*" above. In the case of a corporate Holder, it is possible that in certain circumstances all or part of any such deemed dividend may be treated as proceeds of disposition and not as a dividend.

#### *Conversion*

The conversion of Series I Shares into Series J Shares and the conversion of Series J Shares into Series I Shares will not constitute a disposition of property for purposes of the Tax Act and, accordingly, will not give rise to a capital gain or capital loss. The cost to a Holder of the Series J Shares or Series I Shares, as the case may be, received on the conversion will, subject to the cost averaging rules contained in the Tax Act, be deemed to be equal to the Holder's adjusted cost base of the converted Series I Shares or Series J Shares, as the case may be, immediately before the conversion.

### **RATINGS**

The Series I Shares have been provisionally rated Pfd-3 by DBRS and P-3 (High) by S&P under its Canadian preferred share rating scale and BB+ under its global preferred rating scale (DBRS and S&P are each a "**Rating Agency**"). The rating trend from DBRS is stable. See "*Risk Factors – Risks Related to the Series I Shares – Ratings*". Ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. The Rating Agencies' ratings for preferred shares range from a high of Pfd-1 to a low of D for DBRS and from a high of P-1 to a low of D for S&P.

A Pfd-3 rating by DBRS is the third highest of six categories granted by DBRS. According to the DBRS rating system, securities rated Pfd-3 are of adequate credit quality. While protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection. "High" or "low" grades are used to indicate the relative standing within a rating category. The absence of either a "high" or "low" designation indicates the rating is in the middle of the category.

A P-3 rating by S&P is the third highest of eight categories granted by S&P under its Canadian preferred share rating scale and a P-3 (High) rating directly corresponds with a BB+ rating under its global preferred rating scale. The Canadian preferred share rating scale is fully determined by the global preferred rating scale and there are no additional analytical criteria associated with the determination of ratings on the Canadian preferred share

rating scale. According to the S&P rating system, while securities rated P-3 are regarded as having significant speculative characteristics, they are less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. The ratings from P-1 to P-5 may be modified by "high" and "low" grades which indicate relative standing within the major rating categories.

The ratings accorded to the Series I Shares by the Rating Agencies are not recommendations to purchase, hold or sell such shares inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a Rating Agency in the future if, in its judgment, circumstances so warrant. The lowering of any rating of the Series I Shares may negatively affect the quoted market price, if any, of such shares.

AltaGas has paid each of DBRS and S&P their customary fees in connection with the provision of the ratings described above and elsewhere in this prospectus supplement and in the accompanying Prospectus. AltaGas has not made any payments to DBRS or S&P for services unrelated to the provision of such ratings.

### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Counsel, the Series I Shares offered hereby, if issued on the date hereof, generally would be, on such date, qualified investments under the Tax Act and the Regulations for a trust governed by a registered retirement savings plan ("RRSP"), a registered retirement income fund ("RRIF"), a registered education savings plan, a registered disability savings plan, a deferred profit sharing plan, or a tax-free savings account ("TFSA"), each as defined in the Tax Act.

Notwithstanding the foregoing, the annuitant of a RRSP or RRIF or the holder of a TFSA will be subject to a penalty tax if such Series I Shares are a "prohibited investment" for the purposes of section 207.01 of the Tax Act. The Series I Shares will not be a "prohibited investment" for a RRSP, RRIF or TFSA provided that the annuitant of the RRSP or RRIF or the holder of the TFSA: (i) deals at arm's length with AltaGas for purposes of the Tax Act; and (ii) does not have a significant interest (within the meaning of the Tax Act) in AltaGas. In addition, the Series I Shares will not be a prohibited investment if the Series I Shares are "excluded property" as defined in the Tax Act for trusts governed by a TFSA, RRSP or RRIF.

**Prospective investors who intend to hold Series I Shares in a RRSP, RRIF or TFSA should consult their own tax advisors regarding their particular circumstances.**

### **RISK FACTORS**

An investment in the Series I Shares offered hereunder involves certain risks. In addition to the other information contained in this prospectus supplement and the accompanying Prospectus, and in the documents incorporated by reference herein and therein, prospective purchasers of Series I Shares should consider carefully the risk factors set forth below as well as the risk factors referenced in the accompanying Prospectus under the heading "*Risk Factors*".

#### **Risks Related to the Series I Shares**

##### *No Existing Trading Market*

There is currently no market through which the Series I Shares may be sold and purchasers of Series I Shares may not be able to resell the Series I Shares purchased under this prospectus supplement. The Offering Price for the Series I Shares and the number of Series I Shares to be issued has been determined by negotiations among AltaGas and the Underwriters. The price paid for each Series I Share may bear no relationship to the price at which the Series I Shares will trade in the public market subsequent to this Offering. AltaGas cannot predict at what price the Series I Shares will trade and there can be no assurance that an active trading market will develop for the Series I



Shares or, if developed, that such market will be sustained. AltaGas has applied to list and post for trading the Series I Shares and Series J Shares on the TSX. Listing will be subject to AltaGas fulfilling all the listing requirements of the TSX. There can be no assurance that the Series I Shares and Series J Shares will be accepted for listing on the TSX.

#### *Market Price*

The market price of the Series I Shares and Series J Shares may fluctuate due to a variety of factors relative to AltaGas' business, including announcements of new developments, fluctuations in AltaGas' operating results, sales of the Series I Shares and Series J Shares in the marketplace, failure to meet analysts' expectations, any public announcements made in regard to this Offering, the impact of various tax laws or rates and general market conditions or the worldwide economy. In recent years, stock markets have experienced significant price fluctuations, which have been unrelated to the operating performance of the affected companies. There can be no assurance that the market price of the Series I Shares and Series J Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to AltaGas' performance.

In addition, the value of Series I Shares and Series J Shares will be affected by the general creditworthiness of AltaGas. AltaGas' AIF for the year ended December 31, 2014, AltaGas' 2014 MD&A for the year ended December 31, 2014 and AltaGas' 2015 Q3 MD&A for the three and nine month periods ended September 30, 2015 are incorporated by reference in the Prospectus. These documents discuss, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on AltaGas' business, financial condition or results of operations. See also the discussion under "*Earnings Coverage*", which is relevant to an assessment of the risk AltaGas will be unable to pay dividends on the Series I Shares and Series J Shares or pay amounts due upon the liquidation, dissolution or winding-up of AltaGas.

Prevailing yields on similar securities will affect the market value of the Series I Shares and Series J Shares. Assuming all other factors remain unchanged, the market value of the Series I Shares and Series J Shares would be expected to decline as prevailing yields for similar securities rise and would be expected to increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Series I Shares and Series J Shares in an analogous manner.

#### *Ratings*

The ratings applied to the Series I Shares are an assessment, by the Rating Agencies, of AltaGas' ability to pay its obligations. The ratings are based on certain assumptions about the future performance and capital structure of AltaGas that may or may not reflect the actual performance or capital structure of AltaGas. Changes in ratings of the Series I Shares may affect the market price or value and the liquidity of the Series I Shares. There is no assurance that any rating assigned to the Series I Shares will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. See "*Ratings*".

#### *Insolvency or Winding-Up*

The Series I Shares and Series J Shares are equity capital of AltaGas which rank equally with any other Preferred Shares that may be issued by AltaGas from time to time, in the event of an insolvency or winding-up of AltaGas. If AltaGas becomes insolvent or is wound up, AltaGas' assets must be used to pay liabilities and other debt before payments may be made on the Series I Shares, Series J Shares and other Preferred Shares, if any.

#### *Automatic Conversion*

An investment in the Series I Shares may become an investment in Series J Shares without the consent of the holder in the event of an automatic conversion of the Series I Shares into Series J Shares. Upon such automatic conversion, the dividend rate on the Series J Shares will be a floating rate that is adjusted quarterly by reference to

the T-Bill Rate which may vary from time to time. In addition, holders may be prevented from converting their Series I Shares into Series J Shares in certain circumstances. See “*Details of the Offering*”.

In addition, once Series I Shares have been converted to Series J Shares, an investment in those Series J Shares may revert to an investment in Series I Shares without the consent of the holder in the event of an automatic conversion of the Series J Shares into Series I Shares. Upon such automatic conversion, the dividend rate on the Series I Shares will be a fixed rate that is adjusted every five years by reference to the Government of Canada Yield which may vary from time to time. In addition, holders may be prevented from converting their Series J Shares into Series I Shares in certain circumstances. See “*Details of the Offering*”.

#### *No Fixed Maturity*

Neither the Series I Shares nor the Series J Shares have a fixed maturity date and are not redeemable at the option of the holders of Series I Shares or the Series J Shares, as applicable. The ability of a holder to liquidate its holdings of Series I Shares and the Series J Shares, as applicable, may be limited.

#### *Dividends*

The dividend rate in respect of the Series I Shares and Series J Shares will, following the Initial Fixed Rate Period, reset every five years and quarterly, respectively. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

Dividends on the Series I Shares and Series J Shares are payable at the discretion of the Board of Directors. AltaGas may not declare or pay a dividend if there are reasonable grounds for believing that (i) AltaGas is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of AltaGas’ assets would thereby be less than the aggregate of its liabilities and stated capital of its outstanding shares.

Investments in the Series J Shares, given their floating interest component, entail risks not associated with investments in the Series I Shares. The resetting of the applicable rate on a Series J Share may result in a lower yield compared to fixed rate Series I Shares. The applicable rate on a Series J Share will fluctuate in accordance with fluctuations in the T-Bill Rate on which the applicable rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which AltaGas has no control. See “*Details of the Offering — Certain Provisions of the Series J Shares — Dividends on Series J Shares*”.

#### *Voting Rights*

Holders of Series I Shares and Series J Shares will not generally have voting rights at meetings of shareholders of AltaGas except under limited circumstances. See “*Details of the Offering – Certain Provisions of the Series I Shares – Voting Rights*” and “*Details of the Offering – Certain Provisions of the Series J Shares – Voting Rights*”.

#### *Redeemable*

AltaGas may choose to redeem the Series I Shares and/or the Series J Shares from time to time, in accordance with its rights described under “*Details of the Offering — Certain Provisions of the Series I Shares — Redemption of Series I Shares*” and “*Details of the Offering — Certain Provisions of the Series J Shares — Redemption of Series J Shares*”, including when prevailing interest rates are lower than the yield provided by the Series I Shares and the Series J Shares. If prevailing rates are lower at the time of redemption, a purchaser would not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yield on the Series I Shares or the Series J Shares being redeemed. AltaGas’ redemption right also may adversely impact a purchaser’s ability to sell Series I Shares and Series J Shares.

## **General**

### *Forward-looking information may prove inaccurate*

Investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Additional information on the risks, assumptions and uncertainties are found in this prospectus supplement under the heading “*Note Regarding Forward-Looking Statements*”.

## **LEGAL MATTERS**

Certain legal matters in connection with the issuance of the Series I Shares will be passed upon on behalf of AltaGas by Stikeman Elliott LLP and on behalf of the Underwriters by Blake, Cassels & Graydon LLP. As at the date of this prospectus supplement, the partners and associates of Stikeman Elliott LLP and the partners and associates of Blake, Cassels & Graydon LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares of AltaGas.

**CERTIFICATE OF THE UNDERWRITERS**

Dated: November 16, 2015

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

**RBC DOMINION  
SECURITIES INC.**

**BMO NESBITT BURNS INC.**

**SCOTIA CAPITAL INC.**

By: (signed) "*Douglas Pearce*"

By: (signed) "*Sean M. Brown*"

By: (signed) "*David Potter*"

**CIBC WORLD MARKETS INC.**

**TD SECURITIES INC.**

By: (signed) "*Kelsen Vallee*"

By: (signed) "*Alec W. G. Clark*"

**NATIONAL BANK FINANCIAL INC.**

By: (signed) "*Iain Watson*"

**CANACCORD GENUITY  
CORP.**

**GMP SECURITIES L.P.**

**RAYMOND JAMES LTD.**

By: (signed) "*David Vankka*"

By: (signed) "*Ross Prokopy*"

By: (signed) "*Jason Holtby*"

**HSBC SECURITIES (CANADA) INC.**

By: (signed) "*Greg Gannett*"

**BEACON SECURITIES  
LIMITED**

**FIRSTENERGY CAPITAL  
CORP.**

**PETERS & CO. LIMITED.**

By: (signed) "*Daniel Holland*"

By: (signed) "*Erik B. Bakke*"

By: (signed) "*Shane R. Hutzal*"