

AltaGas

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

~~1. Indicative~~ Term Sheet

November 12, 2015

A final base shelf prospectus of AltaGas dated August 10, 2015 (the "final base shelf prospectus") containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the provinces of Canada.

A copy of the final base shelf prospectus, any amendment to the final base shelf prospectus and any applicable shelf prospectus supplement that has been filed, is required to be delivered with this document.

This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the final base shelf prospectus, any amendment and any applicable shelf prospectus supplement for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

There is no market through which the Series I Preferred Shares may be sold and purchasers may not be able to resell such securities purchased under the final base shelf prospectus and any prospectus supplement. This may affect the pricing of such securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors" in the final base shelf prospectus.

Investing in the Series I Preferred Shares involves risk. It is important for an investor to consider the particular risk factors that may affect the industry in which it is investing. See, for example, the risk factors set out under "Risk Factors" on pages 56 to 61 of the Annual Information Form of AltaGas dated March 20, 2015. These sections also describe AltaGas' assessment of those risk factors, as well as the potential consequences to an investor if a risk should occur. The risk factors identified under the heading "Note Regarding Forward Looking Statements" in the final base shelf prospectus should also be carefully reviewed and evaluated by prospective investors before purchasing Series I Preferred Shares offered under the final base shelf prospectus.

Credit ratings are not a recommendation to buy, sell or hold securities and are subject to revision or withdrawal by Standard & Poor's Ratings Services ("S&P") or DBRS Limited ("DBRS") at any time.

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

ISSUER: AltaGas Ltd. ("AltaGas" or the "Issuer")

ISSUE: ~~4,000,000~~ 8,000,000 Cumulative 5-Year Minimum Rate Reset Redeemable Preferred Shares, Series I (the "Series I Preferred Shares")

AMOUNT: ~~\$100,000,000~~ \$200,000,000

ISSUE PRICE: \$25.00 per Series I Preferred Share

UNDERWRITERS' OPTION: ~~The Issuer has granted an option, exercisable by the underwriters at any time up to 48 hours prior to closing of the offering, to purchase up to an additional 2,000,000 Series I Preferred Shares (representing \$50,000,000 at the Issue Price).~~

PROVISIONAL RATINGS: DBRS: Pfd-3
S&P: P-3 (High)

INITIAL DIVIDEND RATE: 5.25% per annum, payable quarterly for the Initial Fixed Rate Period (as defined herein).

USE OF PROCEEDS: The net proceeds will be used to reduce existing indebtedness and for general corporate purposes.

DIVIDENDS: *Initial Fixed Rate Period:*

- Fixed, cumulative, preferential cash dividends payable quarterly on the last day of each of March, June, September and December at an annual

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rate of \$1.31250 per Series I Preferred Share, for the initial five-year period ending on, but excluding, December 31, 2020 (the "Initial Fixed Rate Period"). The first of such dividends, if declared, shall be payable on March 31, 2016 and shall be \$0.46387 per Series I Preferred Share, based on the anticipated closing of the Issue on November 23, 2015.

Subsequent Fixed Rate Period:

- For every five-year period after the Initial Fixed Rate Period (a "Subsequent Fixed Rate Period"), the Issuer will determine on the 30th day prior to the first day of a Subsequent Fixed Rate Period, the annual fixed dividend rate applicable to that Subsequent Fixed Rate Period (the "Annual Fixed Dividend Rate").
- The Annual Fixed Dividend Rate will be equal to the 5-Year Government of Canada Bond Yield ("GCAN5YR") as quoted on the Bloomberg page "GCAN5YR <INDEX>" or comparable sources at 10:00 a.m. (Toronto time) on the 30th day prior to the first day of a Subsequent Fixed Rate Period plus 4.19%, provided that, in any event, such rate shall not be less than 5.25%
- Fixed, cumulative, preferential cash dividends payable quarterly on the last day of each of March, June, September and December, based on the Annual Fixed Dividend Rate.

CONVERSION:

Election to Convert:

- On December 31, 2020 and on December 31 every five years thereafter (each, a "Series I Conversion Date"), the holders of Series I Preferred Shares will have the right to elect to convert (subject to the Automatic Conversion and Restrictions on Conversion provisions described below) any or all of their Series I Preferred Shares into an equal number of Cumulative Redeemable Floating Rate Preferred Shares, Series J (the "Series J Preferred Shares"). Should any such December 31 not be a business day, the Series I Conversion Date will be the next succeeding business day.

Election Notice:

- Holders of Series I Preferred Shares who elect to convert their Series I Preferred Shares into Series J Preferred Shares on a Series I Conversion Date are required to provide the transfer agent and registrar with written notice (an "Election Notice") on a date not earlier than the 30th day and not later than 5:00 p.m. (Toronto time) on the 15th day preceding the applicable Series I Conversion Date. Once received by the transfer agent and registrar, an Election Notice is irrevocable.

Automatic Conversion and Restrictions on Conversion:

- If the Issuer determines that after giving effect to all Election Notices received by the transfer agent and registrar during the time fixed therefor (and all similar notices regarding the conversion of the Series J Preferred Shares into Series I Preferred Shares) there would be less than 1,000,000 Series I Preferred Shares issued and outstanding on the applicable Series I Conversion Date, then all of the issued and outstanding Series I Preferred Shares will automatically be converted on such Series I



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Conversion Date into an equal number of Series J Preferred Shares (“Automatic Conversion”).

- If (I) the Issuer determines that, after taking into account all Election Notices received by the transfer agent and registrar during the time fixed therefor (and all similar notices regarding the conversion of the Series J Preferred Shares into Series I Preferred Shares), there would be less than 1,000,000 Series J Preferred Shares outstanding on a Series I Conversion Date, or (II) the Issuer gives notice of redemption of all issued and outstanding Series I Preferred Shares, then holders of Series I Preferred Shares will not be entitled to convert their shares into Series J Preferred Shares.

Notice of Series I Conversion Date and next Annual Fixed Dividend Rate:

- Notice of a Series I Conversion Date and a form of Election Notice will be given by the Issuer at least 30 days and not more than 60 days prior to the Series I Conversion Date.
- Notice of the Annual Fixed Dividend Rate for the upcoming Subsequent Fixed Rate Period will be provided by the Issuer on the 30th day prior to each Series I Conversion Date.

Notice of Initial Series J Floating Quarterly Dividend Rate:

- Notice of the Series J Preferred Shares Floating Quarterly Dividend Rate (as defined herein) for the subsequent quarter will be provided by the Issuer on the 30th day prior to such Series I Conversion Date.

Not electing to convert and continuing to hold Series I Preferred Shares:

- If the Issuer does not receive an Election Notice from a holder of Series I Preferred Shares during the time fixed therefor, then the Series I Preferred Shares shall be deemed not to have been converted (except in the case of an Automatic Conversion).

REDEMPTION:

The Series I Preferred Shares will not be redeemable prior to December 31, 2020. On December 31, 2020 and on December 31 every five years thereafter, on not more than 60 nor less than 30 days’ notice, the Issuer may, at its option, but subject to the provisions below under “Restrictions on Payments and Reductions in Capital”, redeem all or any number of the then outstanding Series I Preferred Shares upon payment in cash for each Series I Preferred Share so redeemed of an amount equal to \$25.00 per Series I Preferred Share together with all declared and unpaid dividends to, but excluding, the date fixed for redemption. Should any such December 31 not be a business day, the redemption date will be the next succeeding business day.

PURCHASE FOR CANCELLATION:

The Issuer may at any time purchase for cancellation any Series I Preferred Shares at the lowest price or prices at which in the opinion of the Board of Directors of the Issuer such shares are obtainable.

RIGHTS ON LIQUIDATION:

In the event of the liquidation, dissolution or winding-up of the Issuer or any other distribution of assets of the Issuer among its shareholders for the purpose of winding up its affairs, the holders of the Series I Preferred Shares will be entitled to payment of an amount equal to \$25.00 per Series I Preferred Share, plus an



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amount equal to all accrued and unpaid dividends up to but excluding the date fixed for payment or distribution (less any tax required to be deducted and withheld by the Issuer), before any amount is paid or any assets of the Issuer are distributed to the holders of the common shares or any other shares ranking junior to the Series I Preferred Shares in any respect. The holders of the Series I Preferred Shares will not be entitled to share in any further distribution of the assets of the Issuer.

RESTRICTIONS ON PAYMENTS AND REDUCTIONS OF CAPITAL:

So long as any Series I Preferred Shares are outstanding, the Issuer shall not:

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

VOTING RIGHTS:

The Series I Preferred Shares are non-voting unless the Issuer fails to pay eight quarterly dividends on the Series I Preferred Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Issuer properly applicable to the payment of dividends. In that event and for only so long as any such dividends remain in arrears, the holders of the Series I Preferred Shares will be entitled to receive notice of and to attend all shareholders' meetings, other than meetings at which only holders of another specified class or series are entitled to vote, and will be entitled to one vote for each Series I Preferred Share held.

At any time when any Series I Preferred Shares are outstanding the Issuer 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 Preferred 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.

RANK:

The Series I Preferred Shares will rank on parity with the preferred shares of the Issuer of every other series and in priority to common shares and any other shares ranking junior to the Series I Preferred Shares as to the payment of dividends and the distribution of assets on dissolution, liquidation or winding-up.

LISTING:

Application will be made to list the Series I Preferred Shares on the Toronto Stock

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	Exchange.
ELIGIBILITY FOR INVESTMENT:	Qualified investments under the Income Tax Act (Canada) for RRSPs, RRIFs, RESPs, DPSPs, RDSPs and TFSAs.
TAXABLE PREFERRED SHARES:	The Issuer will elect to pay tax under Part VI.1 of the Income Tax Act (Canada) at such a rate that no tax under Part IV.1 of such Act will be payable by holders of the Series I Preferred Shares.
FORM OF OFFERING:	Public offering in all provinces of Canada by way of a supplement to the base shelf prospectus dated August 10, 2015.
FORM OF UNDERWRITING:	Bought, subject to an underwriting agreement containing “disaster out”, “regulatory out”, “rating change out”, and “material adverse change out” clauses running to Closing.
UNDERWRITING FEE:	1% of sales to certain institutions; 3% of all other sales.
CLOSING:	November 23, 2015

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Scotiabank



Cumulative ~~5-Year Minimum Rate Reset~~ Redeemable Floating Rate Preferred Shares, Series J

Cumulative Redeemable Floating Rate Preferred Shares, Series J

ISSUER: AltaGas Ltd. (“AltaGas” or the “Issuer”)

ISSUE: Cumulative Redeemable Floating Rate Preferred Shares, Series J (the “Series J Preferred Shares”)

DIVIDENDS: *Quarterly Dividend Payments:*

- Cumulative preferential cash dividends payable quarterly on the last day of March, June, September and December (each, a “Quarterly Dividend Payment Date”) at the Floating Quarterly Dividend Rate (as defined herein).

Floating Quarterly Dividend Rate:

- The Floating Quarterly Dividend Rate for a quarter will be equal to the 90-day Canadian Treasury Bill Rate (“T-Bill Rate”) plus 4.19%, on an actual/365 day count basis. The T-Bill Rate will be calculated using the 3-month average results, as reported by the Bank of Canada, for the most recent auction preceding the date on which the Floating Quarterly Dividend Rate for such quarter is determined. Auction results are quoted on the Bloomberg page “CA3MAY <INDEX>”.
- The Floating Quarterly Dividend Rate for such quarter will be determined 30 days prior to the first day of the quarter by the Issuer.

CONVERSION: *Election to Convert:*

- On December 31, 2025 and on December 31 every five years thereafter (each, a “Series J Conversion Date”), the holders of Series J Preferred Shares have the right to elect to convert (subject to the Automatic Conversion and Restrictions on Conversion provisions described below) any or all of their Series J Preferred Shares into an equal number of Cumulative Redeemable Rate Reset Preferred Shares, Series I (the “Series I Preferred Shares”). Should any such December 31 not be a business day, the Series J Conversion Date will be the next succeeding business day.

Election Notice:

- Holders of Series J Preferred Shares who elect to convert their Series J Preferred Shares into Series I Preferred Shares on a Series J Conversion Date are required to provide the transfer agent and registrar with written notice (an “Election Notice”) on a date not earlier than the 30th day and not later than 5:00 p.m. (Toronto time) on the 15th day preceding the applicable Series J Conversion Date. Once received by the transfer agent and registrar, an Election Notice is irrevocable.

Automatic Conversion and Restrictions on Conversion:

- If the Issuer determines that after giving effect to all Election Notices received by the transfer agent and registrar during the time fixed therefor (and all similar notices regarding the conversion of Series I Preferred



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Shares into Series J Preferred Shares) there would be less than 1,000,000 Series J Preferred Shares issued and outstanding on the applicable Series J Conversion Date, then all of the issued and outstanding Series J Preferred Shares will automatically be converted on such Series J Conversion Date into an equal number of Series I Preferred Shares (“Automatic Conversion”).

- If (I) the Issuer determines that, after taking into account all Election Notices received by the transfer agent and registrar during the time fixed therefor (and all similar notices regarding the conversion of Series I Preferred Shares into Series J Preferred Shares), there would be less than 1,000,000 Series I Preferred Shares outstanding on a Series J Conversion Date, or (II) the Issuer gives notice of redemption of all issued and outstanding Series J Preferred Shares, then holders of Series J Preferred Shares will not be entitled to convert their shares into Series I Preferred Shares.

Notice of Series J Conversion Date and next Annual Fixed Dividend Rate:

- Notice of a Series J Conversion Date and a form of Election Notice will be given by the Issuer at least 30 days and not more than 60 days prior to the Series J Conversion Date.
- Notice of the annual fixed dividend rate on the Series I Preferred Shares (the “Annual Fixed Dividend Rate”) for the upcoming five-year period, after the initial five-year period ending on December 31, 2020, (a “Subsequent Fixed Rate Period”) will be provided by the Issuer on the 30th day prior to each Series J Conversion Date.

Not electing to convert and continuing to hold Series J Preferred Shares:

- If the Issuer does not receive an Election Notice from a holder of Series J Preferred Shares during the time fixed therefor, then the Series J Preferred Shares shall be deemed not to have been converted (except in the case of an Automatic Conversion).

REDEMPTION:

On December 31, 2025 and on December 31 every five years thereafter, on not more than 60 nor less than 30 days’ notice, the Issuer may, at its option, but subject to the provisions below under “Restrictions on Payments and Reductions in Capital”, redeem all or any number of the then outstanding Series J Preferred Shares upon payment in cash for each Series J Preferred Share so redeemed of an amount equal to \$25.00 per Series J Preferred Share together with all declared and unpaid dividends to, but excluding, the date fixed for redemption. On any other date after December 31, 2020 that is not a Series J Conversion Date, on not more than 60 nor less than 30 days’ notice, the Issuer may, at its option, redeem all or any part of the then outstanding Series J Preferred Shares upon payment in cash for each Series J Preferred Share so redeemed of an amount equal to \$25.50 per Series J Preferred Share together with all declared and unpaid dividends to, but excluding, the date fixed for redemption. Should any such December 31 not be a business day, the redemption date will be the next succeeding business day.

PURCHASE FOR CANCELLATION:

The Issuer may at any time purchase for cancellation any Series J Preferred Shares at the lowest price or prices at which in the opinion of the Board of Directors of the Issuer such shares are obtainable.



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RIGHTS ON LIQUIDATION: In the event of the liquidation, dissolution or winding-up of the Issuer or any other distribution of assets of the Issuer among its shareholders for the purpose of winding up its affairs, the holders of the Series J Preferred Shares will be entitled to payment of an amount equal to \$25.00 per Series J Preferred Share, plus an amount equal to all accrued and unpaid dividends up to but excluding the date fixed for payment or distribution (less any tax required to be deducted and withheld by the Issuer), before any amount is paid or any assets of the Issuer are distributed to the holders of the common shares or any other shares ranking junior to the Series J Preferred Shares in any respect. The holders of the Series J Preferred Shares will not be entitled to share in any further distribution of the assets of the Issuer.

**RESTRICTIONS ON
PAYMENTS AND
REDUCTIONS OF CAPITAL:**

So long as any Series J Preferred Shares are outstanding, the Issuer shall not:

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

VOTING RIGHTS:

The Series J Preferred Shares are non-voting unless the Issuer fails to pay eight quarterly dividends on the Series J Preferred Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Issuer properly applicable to the payment of dividends. In that event and for only so long as any such dividends remain in arrears, the holders of the Series J Preferred Shares will be entitled to receive notice of and to attend all shareholders' meetings, other than meetings at which only holders of another specified class or series are entitled to vote, and will be entitled to one vote for each Series J Preferred Share held.

At any time when any Series J Preferred Shares are outstanding the Issuer 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.

RANK:

The Series J Preferred Shares will rank on parity with the preferred shares of the Issuer of every other series and in priority to common shares and any other shares ranking junior to the Series J Preferred Shares as to the payment of dividends and



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the distribution of assets on dissolution, liquidation or winding-up.

LISTING:	Application will be made to list the Series J Preferred Shares on the Toronto Stock Exchange.
ELIGIBILITY FOR INVESTMENT:	Qualified investments under the Income Tax Act (Canada) for RRSPs, RRIFs, RESPs, DPSPs and TFSAs.
TAXABLE PREFERRED SHARES:	The Issuer will elect to pay tax under Part VI.1 of the Income Tax Act (Canada) at such a rate that no tax under Part IV.1 of such Act will be payable by holders of the Series J Preferred Shares.

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Moved from	
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Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	3
Deletions	6
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	9