ALTAGAS LTD.

Management's Discussion & Analysis

For the year ended December 31, 2024

Dated: March 6, 2025

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FORWARD-LOOKING INFORMATION AND STATEMENTS

This Management's Discussion and Analysis ("MD&A") dated March 6, 2025 is provided to enable readers to assess the results of operations, liquidity, and capital resources of AltaGas Ltd. ("AltaGas", the "Company" or the "Corporation") as at and for the year ended December 31, 2024. This MD&A should be read in conjunction with the accompanying audited Consolidated Financial Statements and notes thereto of AltaGas as at and for the year ended December 31, 2024.

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

Abbreviations, acronyms and capitalized terms used in this MD&A without express definition shall have the same meanings given to those terms in the MD&A as at and for the year ended December 31, 2024 or the Annual Information Form for the year ended December 31, 2024.

This MD&A contains forward-looking information ("forward-looking statements"). Words such as "may", "can", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "aim", "seek", "propose", "contemplate", "estimate", "focus", "strive", "forecast", "expect", "project", "target", "potential", "objective", "continue", "outlook", "vision", "opportunity" and similar expressions suggesting future events or future performance, as they relate to the Corporation or any affiliate of the Corporation, are intended to identify forward-looking statements. In particular, this MD&A contains forward-looking statements with respect to, among other things, business objectives, expected growth, results of operations, performance, business projects and opportunities, and financial results. Specifically, such forward-looking statements included in this document include, but are not limited to, statements with respect to the following: AltaGas' belief in the role and importance of global resource exports; investment in the Utilities business, including investment in asset modernization programs and system betterment, being a key focus in 2025 and beyond and the anticipated benefits therefrom; potential opportunities in connection with data centers and the anticipated benefits therefrom; expected timing of regulatory approval of SEMCO's Keweenaw Connector Pipeline project and the anticipated benefits therefrom; REEF remaining on schedule and on budget, expected timing of REEF coming online and the anticipated benefits of REEF; advances on construction of Pipestone II; Pipestone II remaining on schedule and on budget; expected timing of Pipestone II coming in-service; advances on regulatory and engineering work on a number of gas, processing, fractionation, storage and export projects and the anticipated benefits therefrom; the sale of AltaGas' equity stake in MVP including the timing thereof, anticipated use of proceeds and benefits therefrom; Washington Gas' anticipated issuance of US$100 million of private placement notes in April 2025; expected 2025 annual consolidated normalized EBITDA of approximately $1.775 to $1.875 billion; anticipated 2025 normalized earnings per share of approximately $2.10 to $2.30; the expectation that the Utilities segment will contribute approximately 55 percent of normalized EBITDA for 2025; expected growth drivers of normalized EBITDA in the Utilities segment; the expectation that the Midstream segment will contribute approximately 45 percent of normalized EBITDA for 2025; drivers of expected growth in the Midstream segment; expected growth drivers of 2025 normalized earnings per share; AltaGas' expectation of an active 2025 hedging program and anticipated outcomes therefrom; anticipated capital expenditures of approximately $1.4 billion in 2025; anticipated segment allocation and focus of capital expenditures in 2025; the expectation that the 2025 committed capital program will be funded through a combination of internally-generated cash flows, investment capacity associated with stronger normalized EBITDA across the enterprise and ongoing capital recycling with the planned divestiture of AltaGas' interest in MVP; the expectation that additional asset sales will be considered on an opportunistic basis and the anticipated use of proceeds therefrom; the estimated cost, status and expected in-service dates for growth capital projects in the Midstream and Utilities businesses; AltaGas' belief that the MVP Southgate project will become operational and its commitment to supporting the MVP Southgate project; the expectation that AltaGas will grow its existing utility infrastructure and the anticipated benefits therefrom; AltaGas' pursuit of opportunities and its long-term objectives in the Utilities segment including, among other things, RNG and lower carbon investments, anticipated rate base growth and *ensuring energy affordability for its customers; AltaGas' pursuit of opportunities and its long-term objectives in the Midstream segment including, among other things, expanding and optimizing strategically-located assets and its global exports platform; expected filing, procedure and decision dates for rate cases in the Utilities business; timing of material regulatory filings, proceedings and decisions in the Utilities business; Washington Gas' ARP modernization programs and the expected benefits therefrom; the Company's ability to deliver on its 2025 guidance; the percentage of AltaGas' expected 2025 frac exposed volumes that are hedged; the percentage of AltaGas' expected 2025 global export volumes that are tolled or financially hedged; estimated impact of changes in commodity prices, exchange rates, and weather on normalized annual EBITDA; AltaGas' commitment to maintaining a disciplined, self-funded capital program; AltaGas' objectives for managing capital and maintaining its investment grade ratings; anticipated sources of funding for contractual obligations; future legal obligations on asset retirement; penalties for breaching merger conditions associated with the WGL acquisition; objectives and expected results from AltaGas' commodity price contract strategies by segment; AltaGas' dividend policy and the dividend rate for 2025; and the effect of future changes in accounting policies and adoption of new accounting standards.*

These statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events and achievements to differ materially from those expressed or implied by such statements. Such statements reflect AltaGas' current expectations, estimates, and projections based on certain material factors and assumptions at the time the statement was made. Material assumptions include: AltaGas' effective tax rate, U.S./ Canadian dollar exchange rates; inflation; interest rates, credit ratings, regulatory approvals and policies; expected commodity supply, demand and pricing; volumes and rates; propane price differentials; degree day variance from normal; pension discount rate; financing initiatives; the performance of the businesses underlying each sector; impacts of the hedging program; weather; frac spread; access to capital; future operating and capital costs; timing and receipt of regulatory approvals; seasonality; planned and unplanned plant outages; timing of in-service dates of new projects and acquisition and divestiture activities; taxes; operational expenses; returns on investments; dividend levels; and transaction costs.

AltaGas' forward-looking statements are subject to certain risks and uncertainties which could cause results or events to differ from current expectations, including, without limitation: health and safety risks; operating risks; infrastructure; natural gas supply risks; volume throughput; service interruptions; transportation of petroleum products; market risk; inflation; general economic conditions including tariffs; internal credit risk; capital market and liquidity risks; interest rates; foreign exchange risk; debt financing, refinancing, and debt service risk; counterparty and supplier risk; construction and development; cybersecurity, information, and control systems; regulatory risks; changes in law; climate-related risks; environmental regulation risks; Indigenous and treaty rights; litigation; dependence on certain partners; political uncertainty, activism, civil unrest, terrorist attacks and threats, escalation of military activity and acts of war; risks related to conflict, including the conflicts in Eastern Europe and the Middle East; decommissioning, abandonment and reclamation costs; reputation risk; weather data; technical systems and processes incidents; growth strategy risk; failure to realize anticipated benefits of acquisitions and dispositions; underinsured and uninsured losses; impact of competition in AltaGas' businesses; counterparty credit risk; composition risk; collateral; rep agreements; market value of the Common Shares and other securities; variability of dividends; potential sales of additional shares; labor relations; key personnel; risk management costs and limitations; commitments associated with regulatory approvals for the acquisition of WGL; cost of providing retirement plan benefits; failure of service providers; risks related to pandemics, epidemics or disease outbreaks; and the other factors discussed under the heading "Risk Factors" in the Corporation's Annual Information Form for the year ended December 31, 2024 ("AIF") and set out in AltaGas' other continuous disclosure documents.

Many factors could cause AltaGas' or any particular business segment's actual results, performance or achievements to vary from those described in this MD&A, including, without limitation, those listed above and the assumptions upon which they are based proving incorrect. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, sought, proposed, estimated, forecasted, expected, projected or targeted and such *forward-looking statements included in this MD&A, should not be unduly relied upon. The impact of any one assumption, risk, uncertainty, or other factor on a particular forward-looking statement cannot be determined with certainty because they are interdependent and AltaGas' future decisions and actions will depend on Management's assessment of all information at the relevant time. Such statements speak only as of the date of this MD&A. AltaGas does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this MD&A are expressly qualified by these cautionary statements.*

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

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

ALTAGAS BUSINESS OVERVIEW AND ORGANIZATION

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

Utilities Segment

AltaGas' Utilities segment owns and operates franchised, cost-of-service, rate-regulated natural gas distribution and storage utilities that are focused on providing safe, reliable, and affordable energy to its customers. AltaGas' Utilities provided energy to approximately 1.6 million residential and commercial customers in 2024 with an average rate base of approximately US$5.4 billion.

The Utilities segment includes two utilities that deliver essential energy across four major U.S. jurisdictions:

- Washington Gas Light Company ("Washington Gas"), which is the Company's largest operating utility that serves approximately 1.2 million customers across Maryland, Virginia, and the District of Columbia ("D.C."); and
- SEMCO Energy, Inc. ("SEMCO Energy"), which serves approximately 330,000 customers in Southern Michigan and Michigan's Upper Peninsula.

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

Midstream Segment

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

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

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

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

- **Global Exports,** which includes AltaGas' two operational LPG export terminals where the Company has nameplate capacity to export up to 150,000 Bbl/d of propane and butane to key markets in Asia;
- **Natural Gas Gathering, Processing and Extraction**, which includes 1.2 Bcf/d of extraction processing capacity and approximately 1.2 Bcf/d of raw field gas processing capacity, which is heavily focused on the Montney and Deep Basin; and
- **Fractionation and Liquids Handling**, which includes 70 MBbl/d of fractionation capacity and a sizable liquids handling footprint.

The Midstream segment also consists of natural gas and natural gas liquids ("NGLs") marketing businesses, domestic logistics, trucking and rail terminals, liquids storage with approximately 3.2 million barrels of capacity through a network of underground salt caverns through the Company's Strathcona Storage JV with ATCO Energy Solutions Ltd., 15 Bcf of natural gas storage through the Dimsdale natural gas storage facility ("Dimsdale") which was acquired as part of AltaGas' acquisition of natural gas processing and storage infrastructure assets in the Pipestone area of the Alberta Montney (the "Pipestone Acquisition" or "Pipestone Assets") in December 2023, as well as AltaGas' 10 percent equity interest in the Mountain Valley Pipeline ("MVP"), which is a 2.0 Bcf/d transportation pipeline that transports natural gas from the Marcellus across Virginia and West Virginia to key downstream demand markets.

Corporate/Other Segment

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

HIGHLIGHTS

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

- Normalized earnings per share ("EPS") was $0.76 in the fourth quarter of 2024 consistent with the same quarter of 2023, and $2.18 for the full year of 2024 compared to $1.90 for the same period in 2023, while GAAP EPS was $0.68 in the fourth quarter of 2024 compared to $0.40 in the same quarter of 2023 and $1.95 for the full year of 2024 compared to $2.27 for the same period in 2023. Full year normalized EPS was above the midpoint of AltaGas' 2024 guidance range, driven by strong performance across the enterprise.
- Normalized EBITDA was $520 million in the fourth quarter of 2024 compared to $502 million in the same quarter of 2023, and $1,769 million for the full year of 2024 compared to $1,575 million for the same period in 2023, while income before income taxes was $231 million in the fourth quarter of 2024 compared to $161 million in the same quarter of 2023 and $746 million for the full year of 2024 compared to $912 million for the same period in 2023. Full year normalized EBITDA was at the top-end of AltaGas' 2024 guidance range, driven by strong business performance, including: the partial settlement of Washington Gas' post-retirement benefit pension plan in the third quarter, record LPG export volumes, the benefit of continued Utilities rate base investments, the addition of the Pipestone assets, and enhanced cost management at the Utilities.
- The Utilities segment reported normalized EBITDA of $336 million in the fourth quarter of 2024 compared to $311 million in the same quarter of 2023, while income before income taxes was $186 million in the fourth quarter of 2024 compared to $207 million in the same quarter of 2023. The largest drivers of the eight percent year-over-year growth in Utilities normalized EBITDA were enhanced cost management, contribution from investments in rate base, and increased revenue from the 2023 D.C rate case decision. These factors were partially offset by warm weather in D.C. and Michigan and lower contributions from the Retail business.
- The Midstream segment reported normalized EBITDA of $182 million in the fourth quarter of 2024 consistent with the same quarter of 2023, while income before income taxes was $181 million in the fourth quarter of 2024 compared to $79 million in the same quarter of 2023. Positive contributions from increased export volumes and the addition of the Pipestone Assets were offset by lower extraction volumes due to ethane re-injection, a higher percentage of export volumes under tolling contracts in 2024 relative to 2023, and lower contribution from MVP due to recording equity earnings instead of the allowance for funds used during construction ("AFUDC") recorded in 2023.
- AltaGas continued to heavily invest in its Utilities business in 2024 to add new customers and enhance the safety and reliability of its system. The Company deployed $722 million of capital to the Utilities in 2024, with $360 million spent on asset modernization programs and the balance on system betterment and new meter growth. Asset modernization and system betterment will remain a key focus in 2025 and beyond, which will allow AltaGas to deliver the lowest cost and most reliable form of residential and commercial heating in its jurisdictions.
- AltaGas continues to work with numerous data center developers in Northern Virginia around building pipeline interconnects to provide natural gas for onsite power generation for new data centers. Business development and engineering work on these opportunities is expected to progress through 2025 with potential construction in 2026 and onwards. AltaGas is pursuing these opportunities on a de-risked basis through traditional rate regulated investments. These data center opportunities would further increase AltaGas' strong Utilities growth outlook.

- Utilities system expansion opportunities progressed during the fourth quarter of 2024. SEMCO's Keweenaw Connector Pipeline project continued with key regulatory and engineering work and now expects to seek regulatory approval in 2025. The project is focused on ensuring long-term reliable gas and system resiliency for our Michigan customers, offering diversity of supply and more reliable service to 14,000 customers in the Keweenaw Peninsula.
- AltaGas advanced a number of key Midstream growth projects in 2024:
  - The Company and Royal Vopak reached a positive final investment decision (“FID”) and commenced construction on the Ridley Island Energy Export Facility (“REEF”). REEF remains on budget and on-schedule to achieve its 2026 in-service date. With only ten shipping days to strong demand markets in Northeast Asia, REEF will efficiently deliver Canada's vital energy products to the region and allow Canadian LPGs access to premium global markets.
  - AltaGas continued to progress construction of the Pipestone II deep cut facility in the Alberta Montney. The acid gas wells and gas gathering system have been completed, offsite fabrication has been executed in line with the project delivery schedule, and more than 40 percent of facility construction is complete. The project is on track to be in-service in 2025. Pipestone II is fully contracted under long-term take-or-pay agreements with principally all costs incurred or committed under fixed price contracts.
  - AltaGas continued to advance regulatory and engineering work across a number of gas processing, fractionation, storage and export projects, based on strong customer demand. These projects would further extend the growth outlook for AltaGas' Midstream business.
- The Company advanced commercial contracting across the Midstream business which further de-risked cash flows:
  - Executed long-term LPG supply and tolling agreements across the global exports platform during the fourth quarter of 2024 and first quarter of 2025 achieving AltaGas' base long-term tolling target for REEF. This includes Keyera entering a 15-year contract for 12,500 Bbls/d of LPGs at REEF.
  - Entered two agreements that have a high-single digit average contract length with a large investment grade international energy company in Northeastern B.C. ("NEBC") for a total of 100 Mmcf/d of gas processing capacity at the Townsend facility, with associated liquids handling and fractionation.
  - Extended the contract term with a large investment grade producer at the Pipestone I facility in the Alberta Montney for five years, including gas processing, liquids handling and marketing services.
  - Entered an 18-year agreement for approximately 8,000 Bbls/d fractionation capacity at Keyera Fort Saskatchewan ("KFS"), which provides AltaGas with dedicated frac capacity Pipestone II liquids while securing take-in-kind rights for LPG volumes and provides access to Keyera's extensive rail, storage, and logistics network in Alberta's Industrial Heartland.
- Since entering service in June 2024, the Mountain Valley Pipeline ("MVP") has been steadily operating under long-term 20-year contracts with investment grade counterparties. The 2.0 Bcf/d pipeline is expandable by 475 MMcf/d through additional compression and is extendable into North Carolina through the Southgate expansion project. The Southgate project filed an application with the U.S. Federal Energy Regulatory Commission ("FERC") in February to approve its proposed shortened pipeline route. AltaGas has a ten percent non-operated equity stake in the MVP pipeline and a 5.1 percent interest in Southgate and is currently evaluating a sale of its interests with proceeds planned to accelerate AltaGas' deleveraging plan.
- AltaGas had two financings in the fourth quarter of 2024, including Washington Gas' execution of a note purchase agreement on October 1, 2024 to issue US$200 million of private placement notes. Of this, US$100 million was issued on October 1, 2024 at 5.40 percent with a maturity date of October 1, 2054 and the remaining US$100 million will be issued on April 1, 2025 at 4.84 percent with a maturity date of April 1, 2035. On November 18, 2024, AltaGas also executed a partial debt extinguishment of medium-term notes

("MTNs"), resulting in the derecognition of $806 million of previously issued MTNs for total consideration of $793 million.

- On December 3, 2024, AltaGas' Board of Directors approved a six percent increase to its 2025 common share dividends to $1.26 per common share annually ($0.315 per common share quarterly). This change will be effective for the dividend that will be paid on March 31, 2025.
- AltaGas has had a strong start to the year and is reiterating the Company's 2025 full year guidance, including normalized EBITDA of $1,775 million to $1,875 million and normalized net income per share of $2.10 to $2.30.

2025 OUTLOOK

In 2025, AltaGas expects to achieve normalized EBITDA of approximately $1.775 to $1.875 billion, compared to actual normalized EBITDA of $1.769 billion in 2024, and normalized earnings per share of approximately $2.10 to $2.30, compared to actual normalized earnings per share of $2.18 and GAAP net income per share of $1.95 in 2024. For the year ended December 31, 2024, income before income taxes was $746 million while net income applicable to common shares was $578 million.

The Utilities segment is expected to contribute approximately 55 percent of normalized EBITDA in 2025, with year-over-year expected growth primarily driven by continued rate base growth through ongoing capital investments in asset modernization programs on behalf of AltaGas' customers, normal 2025 weather, positive contribution from new customer growth, stronger performance from WGL's retail marketing business, and increased asset optimization activities at Washington Gas. The Midstream segment is expected to contribute approximately 45 percent of normalized EBITDA, with year-over-year expected growth driven primarily by strong expected global export volumes and margins, higher natural gas and NGL marketing margins, and higher utilization at the Company's Montney facilities, including the Townsend complex, North Pine, and Pipestone I, partially offset by lower expected equity earnings from MVP, including an assumed divestiture mid-year, and lower co-generation revenue at the Harmattan gas processing facility and extraction plant ("Harmattan") due to forward power prices.

The variance in expected normalized earnings per share from $2.18 in 2024 to approximately $2.10 to $2.30 in 2025 is anticipated to be primarily due to the same above factors impacting normalized EBITDA, partially offset by higher depreciation and amortization expense and higher normalized income tax expense.

The forecasted normalized EBITDA and earnings per share include assumptions around the Canadian/U.S. dollar exchange rate, and the currency hedges that AltaGas currently has in place. Within each segment, the performance of the underlying businesses has the potential to vary. Any variance from AltaGas’ current assumptions could impact the forecasted normalized EBITDA and normalized earnings per share. For further discussion of the risks impacting AltaGas please refer to the *Risk Factors* section of AltaGas' 2024 Annual Information Form, which is available on SEDAR+ at www.sedarplus.ca.

AltaGas continues to focus on de-risking its business and managing direct commodity price exposure to drive predictable and durable results. While the Company does have exposure, it plans to maintain an active hedging program that proactively hedges commodity price and spread risk to mitigate the impact of fluctuations in margins and cash flows. For the first half of 2025, AltaGas has hedged materially all of its expected Baltic freight exposure through time charters, financial hedges, and tolled volumes, in addition to the hedges in the following table:

2025 Midstream Hedge Program	Q1 2025	Q2 2025	First half of 2025
Global Exports volumes hedged (%) (1)	81	94	87
Average propane/butane Far East Index ("FEI") to North America hedge (US$/Bbl) (2) (3)	18.33	18.90	18.61
Fractionation volumes hedged (%) (3)	72	80	76
Frac spread hedge rate (US$/Bbl) (3)	27.63	26.57	27.10

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

AltaGas is actively contracting and hedging the balance of 2025 global export volumes, recognizing the NGL re-contracting season is more dynamic this year given the impact of tariffs on Canadian LPGs entering the U.S.

SENSITIVITY ANALYSIS

AltaGas' financial performance is affected by factors such as changes in commodity prices, exchange rates, and weather. The following table illustrates the approximate effect of these key variables on AltaGas' expected normalized annual results for 2025:

Factor	Increase or decrease	Approximate impact on normalized annual results *($ millions)*
Degree day variance from normal - Utilities (1) (2)	5 percent	8
Change in Canadian dollar per U.S. dollar exchange rate (3) (4)	0.05	Less than $1 million
Propane and butane FEI to North America spreads (1) (5)	US$1/Bbl	23

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

CAPITAL EXPENDITURES

AltaGas is maintaining a disciplined capital program and currently expects to deploy the following amount of invested capital in 2025:

	2025 Estimated	2024 Actuals
Invested Capital	**$1.4 billion**	$1.3 billion
Split by segment:		
Utilities	**51%**	54%
Midstream	**45%**	41%
Corporate	**4%**	5%

In 2025, AltaGas' capital expenditures for the Utilities segment are expected to focus primarily on safety and reliability programs, including system betterment, asset modernization and pipeline replacement programs, and new customer additions. In the Midstream segment, capital expenditures are anticipated to primarily relate to new project development, including REEF and Pipestone Phase II, maintenance and administrative capital, and other optimization capital for existing assets. The Corporation continues to focus on capital efficient organic growth and disciplined capital allocation while improving balance sheet strength and flexibility.

AltaGas' 2025 committed capital program is expected to be funded through a combination of internally generated cash flows, the investment capacity associated with higher normalized EBITDA across the enterprise, and ongoing capital recycling through the planned divestiture of the Company's equity interest in MVP. Additional asset sales will be considered on an opportunistic basis, with any potential proceeds to be used to strengthen the balance sheet and increase financial flexibility.

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

Growth Capital Project Updates

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

Project	AltaGas' Ownership Interest	Estimated Cost [(1)]	Project Description and Status	Expected In-Service Date
Midstream Projects				
Pipestone Phase II	100%	$425 million - $450 million	Pipestone Phase II is a 100 MMcf/d sour deep-cut natural gas processing facility with 20,000 Bbls/d of liquids handling capabilities. The project reached a positive FID in December 2023 and is 100 percent contracted under long-term take-or-pay agreements. The project will be adjacent to Pipestone Phase I, which AltaGas acquired in December 2023, and is being constructed on a fixed price turnkey basis for the majority of the capital costs. Construction is underway and when complete, will deliver critical gas processing and liquids handling capacity in the Pipestone region of Alberta, which is one of the fastest growing liquids-rich natural gas developments in Canada.	2025 Year-end
REEF	50%	$675 million	REEF is a large-scale LPG and bulk liquids export terminal with supporting marine infrastructure that is under construction on Ridley Island, British Columbia. The project is being developed by AltaGas and Vopak Development Canada Holdings Inc. ("Vopak") and is located adjacent to the partners' existing RIPET facility. On May 29, 2024, a positive FID for Phase 1 was announced on the project. AltaGas will hold a 50 percent working interest in REEF and will be the project operator with Vopak holding the other 50 percent interest. Construction of in water works, overburden removal, rock blasting and early rail offloading foundation works are all progressing. Phase 1 includes construction of a new deep water marine jetty with significant capacity for potential future phases.	2026 Year-end

Project	AltaGas' Ownership Interest	Estimated Cost [1]	Project Description and Status	Expected In-Service Date
Midstream Projects, continued				
MVP Southgate Project	5%	US$19 million	The MVP Southgate Project is an interstate natural gas pipeline that will extend MVP from southern Virginia into central North Carolina. The project is owned by a consortium with AltaGas owning a 5.1 percent equity stake. In December 2023, MVP announced it entered into precedent agreements with two counterparties to collectively provide 550,000 Dth per day of firm capacity commitments for 20-year terms with two potential five-year extensions. The precedent agreements contemplate a redesigned project, which would extend 31-miles from the terminus of MVP in Pittsylvania County, Virginia to planned new delivery points in Rockingham County, North Carolina using a 30-inch diameter pipe, substantially fewer water crossings, and would not require a new compressor station. On February 3, 2025, MVP filed with the FERC requesting amendment to the existing "Certificate of Public Convenience and Necessity" for the redesigned MVP Southgate Project. The redesigned MVP Southgate Project is expected to cost approximately US$370 million, of which approximately US$19 million will be AltaGas' portion. In the fourth quarter of 2021, AltaGas impaired its equity investment in the MVP Southgate project to a carrying value of $nil as a result of legal and regulatory challenges the project had encountered. AltaGas has a high degree of confidence in MVP Southgate becoming operational and remains committed to supporting the MVP Southgate project and connecting downstream customers to this critical transportation capacity.	June 2028 with majority of the spend expected in 2027.

Project	AltaGas' Ownership Interest	Estimated Cost [1]	Project Description and Status	Expected In-Service Date
Utilities Projects [2]				
Accelerated Utility Pipe Replacement Programs – ***Washington Gas - D.C.***	100%	Estimated US$93 million for the period March 2024 to December 2025. Previous three years totaled US$150 million.	The second phase of Washington Gas' ARP in D.C. was scheduled to end in December 2023. On December 22, 2022, Washington Gas filed an application with the Public Service Commission of the District of Columbia ("PSC of DC") for PROJECTpipes 3, seeking approval of approximately US$672 million for the five-year period from January 1, 2024 to December 31, 2028. On November 6, 2023, Washington Gas filed a request to extend PROJECTpipes 2 through December 31, 2024. The PSC of DC has issued orders extending PROJECTpipes 2 through December 2025 with an additional approved spending limit of approximately US$93 million. On June 12, 2024, the PSC of DC issued an order dismissing Washington Gas' PROJECTpipes 3 application, and concurrently opened a new docket and directed Washington Gas to file a new and restructured application that comports with DC's climate goals. On September 27, 2024, Washington Gas filed its restructured plan, District SAFE, requesting US$215 million for the period from March 1, 2025 through December 31, 2027. The procedural schedule in the District SAFE matter has been extended to allow additional discovery on Washington Gas' rebuttal testimony, and the PSC of DC directed the parties to file a Joint List of Material Facts in dispute on May 30, 2025. The PSC of DC will determine if evidentiary hearings are needed after review of the Joint List of Material facts in dispute. A final order in the District SAFE case is not expected until the second half of 2025.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.

Project	AltaGas' Ownership Interest	Estimated Cost [(1)]	Project Description and Status	Expected In-Service Date
Utilities Projects, continued				
Accelerated Utility Pipe Replacement Programs – ***Washington Gas - Maryland***	100%	Estimated US$330 million over the five year period from January 2024 to December 2028, plus additional expenditures for subsequent phases upon approval.	On December 13, 2023, the Public Service Commission of Maryland ("PSC of MD") affirmed a public law judge's proposed order for the third phase of Washington Gas' ARP ("STRIDE 3") in Maryland, with a total five-year spending cap of approximately US$330 million.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.
Accelerated Utility Pipe Replacement Programs – ***Washington Gas - Virginia***	100%	Estimated US$878 million over the five year period from January 2023 to December 2027, plus additional expenditures for subsequent phases upon approval.	On May 26, 2022, the Commonwealth of Virginia State Corporation Commission ("SCC of VA") approved Washington Gas' proposed amendment for the 2023 to 2027 SAVE Plan with a total five-year spending cap of approximately US$878 million, which may be exceeded by up to 5 percent.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.
Accelerated Mains Replacement and Infrastructure Reliability Improvement Programs – ***SEMCO ENERGY - Michigan***	100%	Estimated US$115 million over five year period from 2021 to 2025, as well as incremental expenditures of US$99 million from 2025 to 2027, plus additional expenditures for subsequent phases upon approval.	A MRP was agreed to in SEMCO's last rate case settled in December 2019. The five-year MRP program began in 2021 with a total spend of approximately US$60 million. In addition to the MRP program, SEMCO was granted an IRIP, which is also a five-year program with a total spend of approximately US$55 million beginning in 2021. On April 1, 2024, SEMCO submitted its MRP and IRIP amendment application, seeking approval from the Michigan Public Service Commission ("MPSC") to extend its MRP and IRIP programs for approximately US$46 million and US$68 million, respectively, for the period from 2025 to 2027, which includes approximately US$15 million of spend for 2025 approved through the previous program. The MPSC approved the settlement on September 26, 2024.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.

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

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

UTILITY ASSETS

Description of Assets

AltaGas owns and operates utilities assets that store and deliver natural gas to residential, commercial, and industrial end-users in Virginia, Maryland, Michigan, and D.C. AltaGas' Utilities provide energy to approximately 1.6 million customers with an average rate base of approximately US$5.4 billion.

The Utilities are underpinned by regulated returns and regulatory regimes that generally provide AltaGas with stable earnings and cash flows. The Utilities segment enhances the diversification of AltaGas' portfolio of energy infrastructure assets and strengthens the Corporation's business profile, thus allowing the Corporation to meet its objective of operating a diversified lower-risk, high-growth energy infrastructure business that is focused on delivering resilient and durable value for its stakeholders with long-life assets.

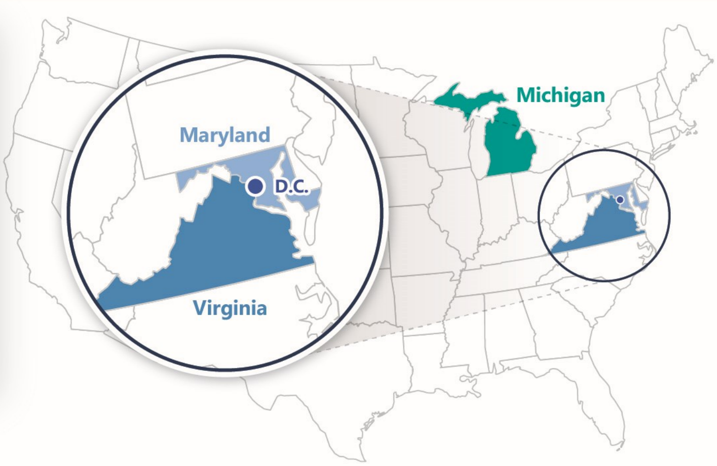
The Utilities segment includes:

- **Washington Gas**, which is a regulated gas utility that operates in Virginia, Maryland, and D.C.;
- **Hampshire Gas**, which provides regulated interstate natural gas storage to Washington Gas;
- **SEMCO**, which is a regulated gas utility that operates in Michigan; and
- **WGL's Retail Marketing** business, which is an unregulated energy platform that sells power and natural gas directly to residential, commercial, and industrial customers in Maryland, Virginia, Delaware, Pennsylvania, Ohio, and D.C.

AltaGas Utilities

Breakdown		Customers[1]	Rate Base[2] (US$MM)	Allowed ROE
Washington Gas	Maryland	518,000	1,622	9.50%
	Virginia	557,000	1,964	9.65%
	D.C.	164,000	848	9.65%
SEMCO ENERGY	Michigan	330,000	932	9.87%

1) Numbers are rounded/approximate.
2) Average rate base.



All of AltaGas' regulated Utilities are allowed the opportunity to earn regulated returns. This return on rate base is composed of regulator-allowed financing costs and return on equity ("ROE"). If actual costs are different from those recoverable through approved rates, the utility bears the risk of this difference other than for certain costs that are subject to deferral treatment.

Earnings in the Utilities segment are seasonal, as revenues are primarily based on the demand for space heating in the winter months, mainly from November to March. Costs, on the other hand, are generally incurred more uniformly over the year. This typically results in stronger first and fourth quarters and weaker second and third quarters. In Michigan and D.C., earnings can be impacted by variations from normal weather resulting in delivered gas volumes being different than anticipated. Increases in the number of customers or changes in customer usage are other factors that might typically affect delivered volumes, and hence actual earned returns for the Utilities segment. In Virginia and Maryland, Washington Gas has billing mechanisms in place which are designed to eliminate or mitigate the effects of variance in customer usage caused by weather and other factors such as conservation.

Washington Gas

Washington Gas is a regulated gas utility that distributes natural gas to end users in Virginia, Maryland, and D.C. At the end of 2024, Washington Gas had approximately 1.2 million customers, of which approximately 94 percent were residential and the balance were commercial and industrial. The average rate base for the year ended December 31, 2024 was approximately US$4.4 billion. At the end of 2024, the approved regulated ROE for Washington Gas in its various jurisdictions ranged from 9.5 - 9.65 percent based on an equity ratio ranging from 52.0 - 52.5 percent.

Washington Gas is regulated by the PSC of DC, the PSC of MD, and the SCC of VA, which approve its terms of service and the billing rates that it charges to customers. The rates charged to Utilities customers are designed to recover Washington Gas' operating expenses and natural gas commodity costs and to provide a return on its investment in the net assets used in its firm gas sales and delivery service.

Washington Gas utilizes ARP modernization programs across all three of its operating jurisdictions. These programs are focused on reducing risk and further enhancing the safety and reliability of the networks. Each regulatory commission with jurisdiction over Washington Gas' customer rates has ARPs with an associated surcharge mechanism to recover the cost, including providing a return on those capital investments. In contrast to the traditional rate-making approach to capital investments, these ARP programs ensure that Washington Gas is receiving recovery for these investments as the programs are generally executed against over three to five-year approved increments.

Washington Gas' customers are eligible to purchase their natural gas from unregulated third-party marketers through natural gas unbundling. As at December 31, 2024, approximately 12 percent of its customers have chosen to purchase gas from marketers. This does not negatively impact Washington Gas' earnings as the Corporation does not earn a margin on the sale of natural gas to firm customers, rather only from the delivery and distribution of the gas.

Washington Gas obtains natural gas supplies that originate from multiple regions throughout the United States. At December 31, 2024, it had service agreements with four pipeline companies that provided firm transportation and storage services with contract expiration dates ranging from 2025 to 2045. Washington Gas has also contracted with various interstate pipeline and storage companies to add to its storage and transportation capacity. Washington Gas, under its asset optimization program, makes use of storage and transportation capacity resources available, when those assets are not required to serve utility customers. The objective of this program is to derive a profit from excess storage and transportation capacity that is shared with its utilities customers. These profits are earned by entering into commodity-related physical and financial contracts with third parties and the profits help reduce overall utility costs for Washington Gas' customers.

Hampshire Gas

Hampshire owns underground natural gas storage facilities, including pipeline delivery facilities located in and around Hampshire County, West Virginia, and operates these facilities to serve Washington Gas. Hampshire is regulated by the Federal Energy Regulatory Commission ("FERC"). Washington Gas purchases all of the storage services of Hampshire, and includes the cost of the services in the commodity cost of its regulated energy bills to customers. Hampshire operates under a “pass-through” cost-of-service based tariff approved by FERC.

SEMCO

SEMCO is a regulated gas utility that distributes natural gas to end users in Michigan's southern half of the Lower Peninsula and in the central, eastern, and western parts of the state's Upper Peninsula. At the end of 2024, SEMCO had approximately 325,000 regulated customers, of which approximately 93 percent were residential, and the balance were commercial and industrial. Additionally, SEMCO serves approximately 5,000 customers through its non-regulated business. The average 2024 rate base was approximately US$932 million. In 2024, the approved regulated ROE for SEMCO was 9.87 percent with an approved capital structure based on 45.86 percent equity, inclusive of the impact of deferred income tax.

SEMCO is regulated by the MPSC. It operates under cost-of-service regulation and utilizes actual results from the most recently completed fiscal year along with known and measurable changes in its application for new rates.

SEMCO has an Accelerated MRP surcharge to recover a stated amount of accelerated main replacement capital expenditures in excess of what is authorized in its current base rates. Any MRP revenue associated with unspent capital will be placed into a regulatory liability account to be addressed in the next general rate base case. Additionally, SEMCO has an IRIP to improve the reliability of infrastructure. Similar to the MRP, any unspent IRIP capital is placed into a regulatory liability account to be addressed in the next general rate base case.

Retail Energy Marketing

The U.S. retail gas marketing business sells natural gas directly to residential, commercial, and industrial customers in Maryland, Virginia, Delaware, Pennsylvania, and D.C.

The U.S. retail power marketing business sells power to end users in Maryland, Delaware, Pennsylvania, Ohio, and D.C. This area is served by the PJM Interconnection ("PJM"), a regional transmission organization that regulates and coordinates generation supply and the wholesale delivery of electricity in these states and jurisdictions.

Natural gas and electricity are purchased with the objective of earning a profit through competitively priced sales contracts with end users. Requirements to serve retail customers is closely matched with commitments for deliveries, and thus, a secured supply arrangement expiring in March 2026 has been entered into with Shell Energy North America (US), L.P, which reduces credit requirements.

Capitalize on Opportunities

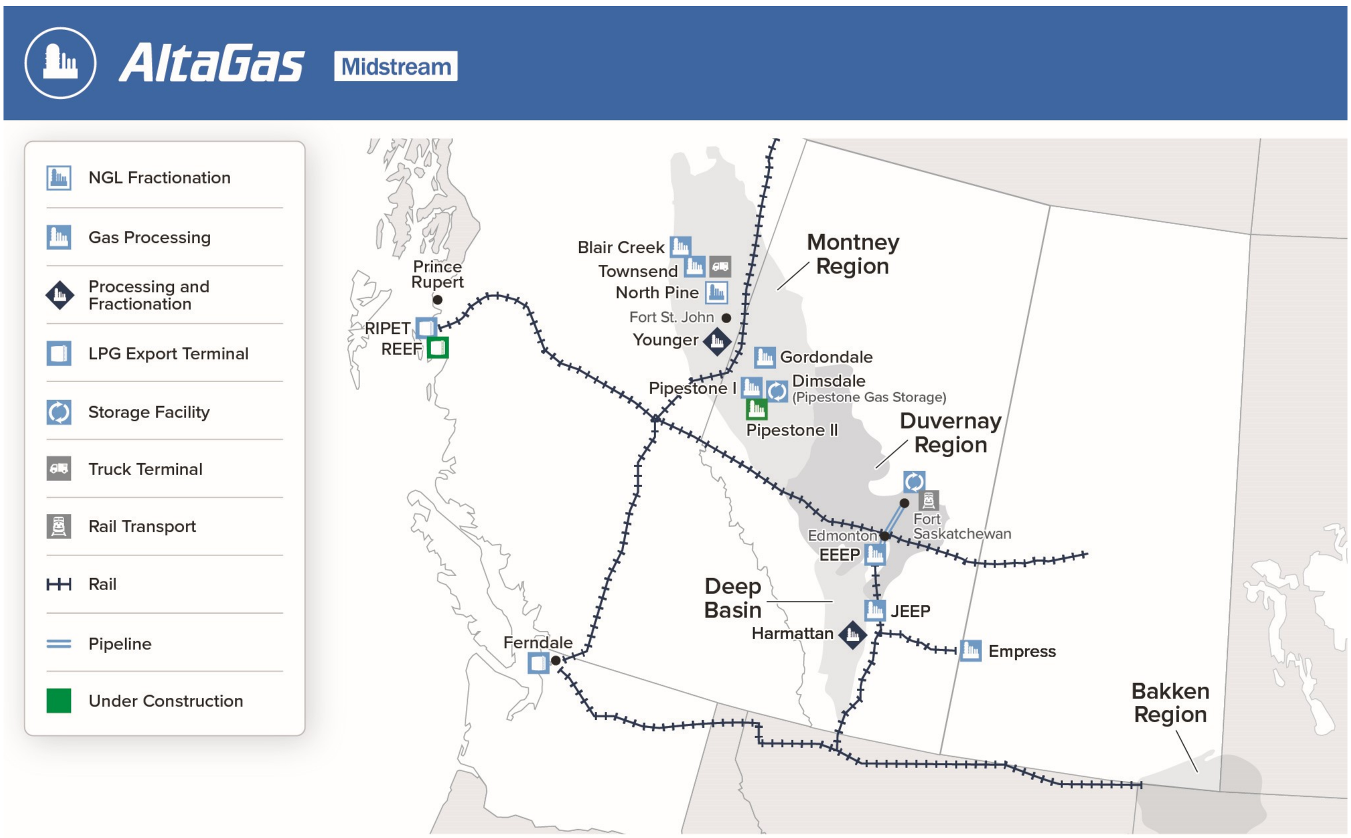
AltaGas expects to grow its existing utilities through adding new customers from ongoing household and business formation, extending its network to currently un-serviced regions within its service territory, and through capital investments to replace aging infrastructure that are focused on long-term safety and reliability, which will collectively drive rate base growth. AltaGas' utilities have had annual rate base growth averaging approximately 8 percent in U.S. dollars over the past three years, after excluding the impact of asset sales. The growth in rate base is a result of prudent investments in current areas of operations and the addition of new customers. Customer growth rates for AltaGas’ utilities are moderate, as is typical with mature utilities, with growth rates generally tied closely to the economic growth and new household and business formation within its respective franchise regions.

MIDSTREAM ASSETS

Description of Assets

AltaGas’ Midstream business is a fully integrated North American platform that connects customers and markets to critical forms of energy. From wellhead to tidewater, the Company is focused on providing its customers with safe and reliable service and connectivity across the Midstream value chain that facilitates the best outcomes for their businesses. AltaGas is heavily focused on the Montney and Deep Basin resource plays and providing global market access for North American LPGs, which provides North American producers and aggregators with attractive netbacks for propane and butane while delivering diversity of supply and supporting stronger energy security in Asia to AltaGas' downstream customers.

Please see below for a map of AltaGas' Midstream assets. The Midstream segment also includes expansion projects under development or construction, as discussed under the *Growth Capital* section of this MD&A.



Global Exports

AltaGas' global export business provides market connectivity for North American LPGs to reach global downstream markets, where the strongest pricing is realized. The business owns and operates the following large-scale export terminals:

Export Facilities						
Facility	Location	Equity Interest (%)	Propane LPG Storage Capacity (Bbls)	Butane Storage Capacity (Bbls)	Nameplate LPG Export Capacity (Bbls/d)	2024 LPG Export Throughput (Bbls/d)
RIPET	Ridley Island, BC	70 %	600,000	—	80,000	76,296
Ferndale	Ferndale, WA	100 %	400,000	400,000	70,000	45,951
REEF - *under construction* (1)	Ridley Island, BC	50 %	400,000	200,000	56,000	n/a
Total			1,400,000	600,000	206,000	122,247

(1) Listed storage and export capacity is proposed as REEF is still under construction.

RIPET exclusively exports propane while Ferndale exports propane and butane to key downstream markets. Both of these facilities are deepwater ports that are capable of loading Very Large Gas Carriers ("VLGCs"), which are the largest global vessels and provide the strongest economies of scale and are the most efficient, safest, and lowest-carbon solution to transporting across the Pacific Ocean. VLGCs are also the most in demand vessels from a destination perspective in key import markets, like Japan, South Korea, and China.

AltaGas is also developing REEF, which is a large-scale LPG and bulk liquids export terminal with supporting marine infrastructure that is being constructed on Ridley Island in Northwestern B.C., adjacent to the current RIPET terminal. The project is being developed by AltaGas and Vopak and is proposed to have the capability to export propane and butane in the first phase of development, with bulk liquids, ethane and other products as potential next phases of development. Please refer to the *Capital Expenditures* section of this MD&A for further details on the status of REEF.

Natural Gas Gathering, Processing and Extraction

Natural gas gathering and processing activities are comprised of gathering systems that move raw natural gas and NGLs from producing wells to processing facilities, where impurities and certain hydrocarbon components are removed, and the product moves down the energy value chain. The gas is then compressed to meet downstream pipelines' operating specifications for transportation to North American natural gas markets. All of AltaGas' processing facilities are capable of extracting NGLs, which are then converted into usable products. The facilities provide revenues based on take-or-pay contracts and fee-for-service arrangements with its customers, with the latter based on volumes processed. A significant portion of AltaGas' Midstream contracts flow the Company's operating costs through to its end customers and provide a steady rate of return on its infrastructure investments. AltaGas' significant gas gathering, processing, and extraction facilities are as follows:

Natural Gas Gathering, Processing, and Extraction Facilities					
Facility	Location	Equity Interest (%)	Operated / Non-Operated	Licensed Gas Processing Capacity - Net (Mmcf/d)	2024 Gas Processing Throughput - Net (Mmcf/d)
Townsend	North of Fort St. John, BC	100 %	Operated	550	254
Pipestone Phase I	Grand Prairie, AB	100 %	Operated	110	90
Pipestone Phase II - *under construction* (1)	Grand Prairie, AB	100 %	Operated	100	n/a
Gordondale	Bonanza, AB	100 %	Non-Operated	150	106
Blair Creek	North of Fort St. John, BC	100 %	Operated	120	46
JEEP	Joffre, AB	100 %	Operated	250	103
EEEP	Edmonton, AB	100 %	Operated	390	155
Empress Pembina ("PEEP")	Empress, AB	11 %	Non-Operated	135	132
Harmattan	Sundre, AB	100 %	Operated	490	352
Younger	Taylor, BC	28 %	Non-Operated	213	159
Total				2,508	1,397

(1) Listed licensed capacity is proposed as Pipestone Phase II is still under construction.

Construction is underway for Pipestone Phase II, which is an expansion project that will provide an additional 100 MMcf/d of sour deep-cut natural gas processing capacity and an additional 20,000 Bbls/d of liquids handling capabilities. Please refer to the *Capital Expenditures* section of this MD&A for further details on the status of Pipestone Phase II.

In January 2024, AltaGas completed and placed in-service the Harmattan Acid Gas Injection well, which is capable of capturing up to 60,000 tonnes per year of carbon emissions at the Company’s Harmattan gas plant.

Fractionation and Liquids Handling

AltaGas' fractionation and liquids handling business is highly integrated with its upstream gas gathering, processing, and extraction business, with the business driven by gas processing volumes, liquids composition, and NGL extraction volumes from the gas streams. AltaGas' fractionation and liquids handling business is also physically linked to its global exports business, with LPGs that come from fractionators shipped through its NGL pipelines and rail network to the Company's global exports terminals.

AltaGas' liquids handling infrastructure consists of NGL pipelines, treating, storage, truck, and rail terminal infrastructure centered around AltaGas’ key Midstream operating assets at RIPET, Ferndale, Harmattan and, in Northeast British Columbia ("NEBC"), Townsend and North Pine.

AltaGas’ significant fractionation and liquids handling facilities are as follows:

Fractionation and Liquids Handling Facilities					
Facility	Location	Equity Interest (%)	Operated / Non-Operated	NGL Fractionation Capacity - Net (Bbls/d)	2024 NGL Fractionation Throughput - Net (Mmcf/d)
Harmattan	Sundre, AB	100 %	Operated	35,000	18,352
Younger	Taylor, BC	50 %	Non-Operated	9,750	4,717
North Pine	Fort St. John, BC	100 %	Operated	25,000	20,283
Total				69,750	43,352

Other fractionation and liquids handling infrastructure includes:

- A network of NGL pipelines in the NEBC area that connects upstream gas plant producers to the AltaGas North Pine facility. The NEBC NGL pipelines consist of three liquids egress lines. The third line, which connects the Townsend facility to the Townsend truck terminal on the Alaska Highway (30 km) and AltaGas' North Pine facility (70 km), was commissioned in the third quarter of 2020;
- NGL and spec propane lines that connect the Townsend complex in the North, to the Aitken Creek facilities through the 60 km Aitken Connector NGL pipeline, Canadian Natural Resources Limited's Nig plant through a lateral, and to the Tourmaline Gundy facility in the West through a 15 km spec propane line, were commissioned in the first half of 2020;
- Pipestone Phase I which has 20,000 Bbls/d of liquids handling capacity located in the heart of the Alberta Montney and Pipestone Phase II when constructed will provide an additional 20,000 Bbls/d of liquids handling capabilities; and
- A rail logistics network consisting of approximately 4,500 rail cars that AltaGas manages to support LPG and NGL handling.

Terminals and Storage

AltaGas' terminals and storage business provides support to the global exports business by providing the ability to source, transport, process, store, and deliver products through strategically located fixed assets throughout North America. In addition, the business provides various storage and handling services to third-party customers through take-or-pay and fee-for-service agreements, which provide earnings stability through volatile commodity price environments.

Significant infrastructure includes:

Terminals					
Facility	Location	Equity Interest (%)	Operated / Non-Operated	Operational Capacity LPG/ NGL/Crude - Gross (Bbls/d)	Storage Capacity - Gross (Bbls)
Griffith LPG Terminal (1)	Griffith, IN	100 %	Operated	12,000	700,000
Fort Sask. NGL Terminal (2)	Fort Saskatchewan, AB	100 %	Operated	25,000	180,000
Strathcona Storage JV	Fort Saskatchewan, AB	40 %	Non-Operated	—	3,215,500
Crude Blending Terminals	Various	100 %	Operated	25,700	20,000
Total				62,700	4,115,500

(1) Operational capacity can be expandable to 30,000 Bbls/d. Also includes rail siding capacity of up to 220 railcars.

(2) Includes rail siding capacity of up to 265 railcars.

Natural Gas Storage Facilities				
Facility	Location	Equity Interest (%)	Operated / Non-Operated	Storage Capacity - Gross (Bcf)
Sarnia Gas Storage	Sarnia, ON	50 %	Non-Operated	5.9
Dimsdale Natural Gas Storage (1)	Grand Prairie, AB	100 %	Operated	15.0

(1) Storage capacity can be increased more than four-fold through potential expansion projects.

NGL and Crude Marketing

AltaGas' marketing business is focused on the purchase, sale, exchange, and distribution of NGLs and crude oil, primarily in proximity to its strategically owned and leased asset base. By leveraging AltaGas' fully integrated infrastructure base and extensive logistical capabilities, the marketing team is able to source competitively priced supply at the key hubs and across various hydrocarbon basins in order to capture arbitrage opportunities derived through regional pricing differentials. Marketing efforts are driven by two primary focuses: 1) domestic NGL and crude oil wholesale, and 2) LPG waterborne exports. AltaGas supports its distribution efforts by maintaining an extensive leased rail fleet consisting of approximately 4,500 rail cars in 2024. Leases are on a full-service basis and are established on a staggered maturity schedule with multiple lessors to ensure railcar integrity and up-to-date DOT classification. AltaGas also provides energy procurement services for utility gas users and manages the third-party pipeline transportation requirements for many of its gas marketing customers.

Pipeline Investments

AltaGas has a 10 percent equity interest in MVP, which is a 2.0 Bcf/d interstate natural gas pipeline system that spans more than 300 miles from northwestern West Virginia to southern Virginia and is fully subscribed. MVP was completed and placed into service in June 2024 and saw its 20 year firm service contracts with investment grade counterparties come into effect July 1, 2024. AltaGas also owns a 5 percent equity stake in the MVP Southgate Project, which is an interstate natural gas pipeline that will extend MVP from Southern Virginia into central North Carolina and add an additional 550 MMcf/d of capacity to MVP through low-cost compression. Please refer to the *Capital Expenditures* section of the MD&A for further details on the status of MVP Southgate.

Capitalize on Opportunities

To take advantage of opportunities, including the continued natural gas and NGL growth and the increasing Asian demand for LPGs, AltaGas plans to grow its Midstream business by expanding and optimizing strategically located assets throughout the Montney and Deep Basin and its global export platform. This includes brownfield and greenfield assets that will support enhanced market connectivity and the continued development of the vast reserves in North America.

CORPORATE/OTHER ASSETS

Description of Assets

AltaGas' Corporate/Other segment includes all non-operating activities that support AltaGas and are not specifically attributable to the Utilities and Midstream segments. It also includes a small portfolio of remaining power assets, including the Blythe Energy Center, which is a natural gas-fired plant in California with 507 MW of generating capacity (the "Blythe Energy Center" or "Blythe").

Blythe is a gas-fired power generation asset that serves the transmission grid operated by the California Independent System Operator ("CAISO") to cover periods of high demand primarily driven by the Los Angeles region. The facility is directly connected to an El Paso Gas Company natural gas pipeline for its primary gas supply and a Southern California Gas Company pipeline as a secondary supply source, and interconnects to Southern California Edison ("SCE") and CAISO via a 67-mile transmission line also owned by Blythe Energy Inc., an indirect wholly-owned subsidiary of AltaGas. In February 2023, AltaGas reached an agreement with SCE for the purchase of resource adequacy attributes from Blythe for the period from January 1, 2024 through December 31, 2027. AltaGas believes this facility is an important asset for California to meet its ongoing power needs and ensuring the reliability of the power grid during peak demand periods.

CONSOLIDATED FINANCIAL REVIEW

	Three Months Ended December 31		Year Ended December 31	
($ millions, except where noted)	**2024**	2023	**2024**	2023
Revenue	**3,259**	3,288	**12,448**	12,997
Normalized EBITDA [1]	**520**	502	**1,769**	1,575
Income before income taxes	**231**	161	**746**	912
Net income applicable to common shares	**203**	113	**578**	641
Normalized net income [1]	**227**	214	**648**	536
Total assets	**26,092**	23,471	**26,092**	23,471
Total long-term liabilities	**13,546**	12,195	**13,546**	12,195
Invested capital [1]	**392**	290	**1,328**	946
Cash used in investing activities	**402**	594	**1,375**	199
Dividends declared [2]	**88**	79	**353**	316
Cash from operations	**508**	154	**1,538**	1,121
Normalized funds from operations [1]	**397**	376	**1,192**	1,128
Normalized effective income tax rate (%) [1]	**12.4**	21.1	**19.1**	20.9
Effective income tax rate (%) [3]	**9.5**	20.5	**18.5**	24.5

	Three Months Ended December 31		Year Ended December 31	
($ per share, except shares outstanding)	**2024**	2023	**2024**	2023
Net income per common share - basic	**0.68**	0.40	**1.95**	2.27
Net income per common share - diluted	**0.68**	0.40	**1.94**	2.26
Normalized net income - basic [1]	**0.76**	0.76	**2.18**	1.90
Normalized net income - diluted [1]	**0.76**	0.75	**2.17**	1.89
Dividends declared [2]	**0.30**	0.28	**1.19**	1.12
Cash from operations	**1.70**	0.54	**5.18**	3.98
Normalized funds from operations [1]	**1.33**	1.33	**4.01**	4.00
Shares outstanding - basic (millions)				
During the period [4]	**298**	283	**297**	282
End of period	**298**	295	**298**	295

(1) Non-GAAP financial measure or non-GAAP financial ratio; see discussion in the *Non-GAAP Financial Measures* section of this MD&A.
(2) Dividends declared per common share per quarter: $0.28 per share beginning March 2023, increased to $0.2975 per share effective March 2024, and increased to $0.315 per share effective March 2025.
(3) The decrease in the effective tax rate for the three months and year ended December 31, 2024 is primarily due to the resolution of tax authority audits.
(4) Weighted average.

RESULTS OF OPERATIONS BY REPORTING SEGMENT

Normalized EBITDA [1]		Three Months Ended December 31			Year Ended December 31
($ millions)		**2024**	2023	**2024**	2023
Utilities	**$**	**336**	$ 311	**$ 1,012**	$ 886
Midstream		**182**	182	**785**	684
Sub-total: Operating Segments	**$**	**518**	$ 493	**$ 1,797**	$ 1,570
Corporate/Other		**2**	9	**(28)**	5
	$	**520**	$ 502	**$ 1,769**	$ 1,575

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

Income (Loss) Before Income Taxes		Three Months Ended December 31			Year Ended December 31
($ millions)		**2024**	2023	**2024**	2023
Utilities	**$**	**186**	$ 207	**$ 627**	$ 886
Midstream		**181**	79	**646**	460
Sub-total: Operating Segments	**$**	**367**	$ 286	**$ 1,273**	$ 1,346
Corporate/Other		**(136)**	(125)	**(527)**	(434)
	$	**231**	$ 161	**$ 746**	$ 912

Revenue		Three Months Ended December 31			Year Ended December 31
($ millions)		**2024**	2023	**2024**	2023
Utilities	**$**	**1,203**	$ 1,288	**$ 4,444**	$ 4,827
Midstream		**2,036**	1,971	**7,918**	8,069
Sub-total: Operating Segments	**$**	**3,239**	$ 3,259	**$ 12,362**	$ 12,896
Corporate/Other		**20**	29	**86**	101
	$	**3,259**	$ 3,288	**$ 12,448**	$ 12,997

THREE MONTHS ENDED DECEMBER 31

Normalized EBITDA for the fourth quarter of 2024 was $520 million, compared to $502 million for the same quarter of 2023. The increase was largely driven by strong results from the Utilities segment, as well as strong global export volumes in the Midstream segment.

In the Utilities segment, normalized EBITDA was mainly impacted by lower operating and administrative expenses due to ongoing cost controls, higher revenue from ongoing ARP investments, and the impact of the 2022 D.C. rate case, partially offset by lower contributions from WGL's retail marketing business, which had experienced outsized contribution in the fourth quarter of 2023. Please refer to the *Utilities Segment* section of this MD&A for more details on the factors impacting Utilities results.

In the Midstream segment, normalized EBITDA was mainly impacted by higher volumes and merchant margins from the global exports business, offset by lower contributions from the extraction facilities and lower equity earnings at MVP due to the absence of AFUDC recorded in the fourth quarter of 2023. Please refer to the *Midstream Segment* section of this MD&A for more details on the factors impacting Midstream results.

In the Corporate/Other segment, normalized EBITDA was mainly impacted by lower contributions from Blythe. Please refer to the *Corporate/Other Segment* section of this MD&A for more details on the factors impacting Corporate results.

Income before income taxes for the fourth quarter of 2024 was $231 million, compared to $161 million for the same quarter of 2023. The increase was mainly due to lower unrealized losses on risk management contracts, the same previously referenced factors impacting normalized EBITDA, foreign exchange gains compared to foreign exchange losses in the same quarter of 2023, and lower transaction costs related to acquisitions and dispositions. These factors were partially offset by higher interest expense, provisions on assets in the fourth quarter of 2024 related to EEEP and certain non-operational equipment in the Corporate/Other segment, higher depreciation and amortization expense, and higher transition and restructuring costs. Net income applicable to common shares for the fourth quarter of 2024 was $203 million ($0.68 per share), compared to $113 million ($0.40 per share) for the same quarter of 2023. The increase was mainly due to the same previously referenced factors impacting income before income taxes, lower income tax expense, the absence of the loss on redemption of preferred shares in the fourth quarter of 2023, lower preferred share dividends, and lower net income applicable to non-controlling interests.

Normalized funds from operations for the fourth quarter of 2024 was $397 million ($1.33 per share), compared to $376 million ($1.33 per share) for the same quarter of 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, foreign exchange gains compared to foreign exchange losses in the same quarter of 2023, higher distributions from equity investments, and lower normalized current income tax expense, partially offset by higher interest expense and the impact of non-cash items included in normalized EBITDA.

Cash from operations for the fourth quarter of 2024 was $508 million ($1.70 per share), compared to $154 million ($0.54 per share) for the same quarter of 2023. The increase was mainly due to favourable variances in the net change in operating assets and liabilities, primarily as a result of fluctuations in commodity prices and sales volumes as well as higher net income after taxes (after adjusting for non-cash items). Please refer to the *Liquidity* section of this MD&A for further details on the variance in cash from operations.

Interest expense for the fourth quarter of 2024 was $128 million, compared to $101 million for the same quarter of 2023. The increase was mainly due to incremental interest costs due to the issuance of additional subordinated hybrid notes in the third quarter of 2024 as well as the fourth quarter of 2023, higher average interest rates, and a higher average Canadian/U.S. dollar exchange rate, partially offset by higher capitalized interest and a decrease in average debt balances. Interest expense recorded on subordinated hybrid notes for the fourth quarter of 2024 was $34 million, compared to $11 million for the same quarter of 2023.

AltaGas recorded income tax expense of $22 million for the fourth quarter of 2024, compared to $33 million for the same quarter of 2023. The decrease in income tax expense was mainly due to the resolution of audit matters.

Normalized net income was $227 million ($0.76 per share) for the fourth quarter of 2024, compared to $214 million ($0.76 per share) for the same quarter of 2023. The increase was mainly due to lower normalized income tax expense and the same previously referenced factors impacting normalized EBITDA, partially offset by higher interest expense and higher depreciation and amortization expense. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further details on normalization adjustments.

YEAR ENDED DECEMBER 31

Normalized EBITDA for the year ended December 31, 2024 was $1,769 million, compared to $1,575 million in 2023. The largest positive impact was from the Utilities segment, followed by the Midstream segment.

In the Utilities segment, normalized EBITDA was mainly impacted by the partial settlement of WGL's post-retirement benefit pension plan, higher revenue from ongoing ARP investments, lower operating and administrative expenses due to cost controls, and higher contributions from WGL's retail marketing business. These factors were partially offset by the impact of the Alaska Utilities Disposition in the first quarter of 2023, decreased asset optimization activities at Washington Gas, and the absence of the gain resulting from the partial debt defeasance associated with the Alaska Utilities Disposition. Please refer to the *Utilities Segment* section of this MD&A for more details on the factors impacting Utilities results.

In the Midstream segment, normalized EBITDA was higher due to stronger volumes and merchant margins from the global exports business, the addition of the Pipestone Assets, and higher contributions from the fractionation and liquids handling business, partially offset by a lower impact of the favourable resolution of certain acquisition related commercial disputes and contingencies in 2024 compared to 2023. Please refer to the *Midstream Segment* section of this MD&A for more details on the factors impacting Midstream results.

In the Corporate/Other segment, normalized EBITDA was mainly impacted by higher expenses related to employee incentive plans as a result of the increasing share price in 2024, as well as lower contributions from Blythe. Please refer to the *Corporate/Other Segment* section of this MD&A for more details on the factors impacting Corporate results.

Income before income taxes for the year ended December 31, 2024 was $746 million, compared to $912 million in 2023. The decrease was mainly due to lower gains on sale of assets, higher interest expense, higher transition and restructuring costs, higher depreciation and amortization expense, and the previously mentioned provisions on assets in the fourth quarter of 2024, partially offset by the same previously referenced factors impacting normalized EBITDA, lower unrealized losses on risk management contracts, lower transaction costs related to acquisitions and dispositions, foreign exchange gains compared to foreign exchange losses in the same period in 2023, and lower accretion expense. Net income applicable to common shares for the year ended December 31, 2024 was $578 million ($1.95 per share), compared to $641 million ($2.27 per share) in 2023. The decrease was mainly due to the same previously referenced factors impacting income before income taxes, partially offset by lower income tax expense, lower preferred share dividends, the absence of the loss on redemption of preferred shares in the fourth quarter of 2023, and lower net income applicable to non-controlling interests.

Normalized funds from operations for the year ended December 31, 2024 was $1,192 million ($4.01 per share), compared to $1,128 million ($4.00 per share) in 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, foreign exchange gains compared to foreign exchange losses in the same period in 2023, and higher distributions from equity investments, partially offset by the impact of non-cash items included in normalized EBITDA, higher interest expense, and higher normalized current income tax expense.

Cash from operations for the year ended December 31, 2024 was $1,538 million ($5.18 per share), compared to $1,121 million ($3.98 per share) in 2023. The increase was mainly due to a favourable net change in operating assets and liabilities, primarily as a result of fluctuations in commodity prices and sales volumes as well as higher net income after taxes (after adjusting for non-cash items). Please refer to the *Liquidity* section of this MD&A for further details on the variance in cash from operations.

Interest expense for the year ended December 31, 2024 was $455 million, compared to $394 million in 2023. The increase was mainly due to incremental hybrid interest costs due to the issuance of additional subordinated hybrid notes in the third quarter of 2024 as well as the fourth quarter of 2023, higher average interest rates, an increase in average debt balances, and a higher average Canadian/U.S. dollar exchange rate, partially offset by higher capitalized interest. For the year ended December 31, 2024, AltaGas recorded total interest expense of $75 million on the subordinated hybrid notes, compared to $37 million in 2023.

AltaGas recorded income tax expense of $138 million for the year ended December 31, 2024, compared to $223 million in 2023. The decrease in tax expense was mainly due to lower income before income taxes, resolution of audit matters, and the absence of the tax impact of the Alaska Utilities Disposition that occurred in the first quarter of 2023.

Normalized net income was $648 million ($2.18 per share) for the year ended December 31, 2024, compared to $536 million ($1.90 per share) in 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, lower preferred share dividends, and lower accretion expense, partially offset by higher interest expense, higher depreciation and amortization expense, and higher normalized income tax expense. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further details on normalization adjustments.

NON-GAAP FINANCIAL MEASURES

This MD&A contains references to certain financial measures used by AltaGas that do not have a standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other entities. Readers are cautioned that these non-GAAP measures should not be construed as alternatives to other measures of financial performance calculated in accordance with GAAP. The non-GAAP measures and their reconciliation to GAAP financial measures are shown below. These non-GAAP measures provide additional information that management of AltaGas ("Management") believes is meaningful in describing AltaGas' operational performance, liquidity and capacity to fund dividends, capital expenditures, and other investing activities. The specific rationale for, and incremental information associated with, each non-GAAP measure is discussed below.

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

Normalized EBITDA

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2024**	2023	**2024**	2023
Income before income taxes (GAAP financial measure)	**$ 231**	$ 161	**$ 746**	$ 912
Add:				
Depreciation and amortization	**123**	110	**475**	441
Interest expense	**128**	101	**455**	394
EBITDA	**$ 482**	$ 372	**$ 1,676**	$ 1,747
Add (deduct):				
Transaction costs related to acquisitions and dispositions (1)	**2**	6	**11**	36
Unrealized losses on risk management contracts (2)	**2**	94	**12**	70
Gains on sale of assets (3)	**—**	—	**(12)**	(319)
Transition and restructuring costs (4)	**21**	15	**70**	22
Wind-up of pension plan (5)	**—**	—	**—**	2
Provisions on assets	**20**	—	**20**	—
Accretion expenses	**1**	3	**5**	11
Foreign exchange losses (gains) (6)	**(8)**	12	**(13)**	6
Normalized EBITDA	**$ 520**	$ 502	**$ 1,769**	$ 1,575

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

(2) Included in the "revenue", “cost of sales”, and "foreign exchange gains (losses)" line items on the Consolidated Statements of Income. Please refer to Note 22 of the 2024 Annual Consolidated Financial Statements for further details regarding AltaGas' risk management activities.

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

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

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

(6) Excludes unrealized losses (gains) on foreign exchange forward contracts that have been entered into for the purpose of cash management. These losses (gains) are included above in the line "unrealized losses on risk management contracts".

EBITDA is a measure of AltaGas' operating profitability prior to how business activities are financed, assets are amortized, or earnings are taxed. EBITDA is calculated from the Consolidated Statements of Income using income before income taxes adjusted for pre-tax depreciation and amortization, and interest expense.

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

Normalized Net Income

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2024**	2023	**2024**	2023
Net income applicable to common shares (GAAP financial measure)	**$ 203**	$ 113	**$ 578**	$ 641
Add (deduct) after-tax:				
Transaction costs related to acquisitions and dispositions [1]	**2**	5	**9**	27
Unrealized losses on risk management contracts [2]	**3**	74	**10**	54
Gains on sale of assets [3]	**(3)**	—	**(9)**	(217)
Transition and restructuring costs [4]	**15**	11	**52**	17
Loss on redemption of preferred shares [5]	**—**	5	**—**	5
Wind-up of pension plan [6]	**—**	—	**—**	2
Provisions on assets	**15**	—	**15**	—
Unrealized foreign exchange losses (gains) on intercompany balances [7]	**(8)**	6	**(7)**	7
Normalized net income	**$ 227**	$ 214	**$ 648**	$ 536

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

(2) The pre-tax amounts are included in the "revenue", “cost of sales”, and "foreign exchange gains (losses)" line items on the Consolidated Statements of Income. Please refer to Note 22 of the 2024 Annual Consolidated Financial Statements for further details regarding AltaGas' risk management activities.

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

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

(5) Comprised of the loss on the redemption of Series E Preferred Shares on December 31, 2023. The loss is recorded in the "loss of redemption of preferred shares" line item on the Consolidated Statements of Income.

(6) Relates to the completion of the wind-up of the Canadian defined benefit pension plan in the second quarter of 2023. The associated costs are included in the "other income" line on the Consolidated Statements of Income.

(7) Relates to unrealized foreign exchange losses (gains) on intercompany accounts receivable and accounts payable balances between a U.S. subsidiary and a Canadian entity, where the impact to the U.S. subsidiary is recorded through accumulated other comprehensive income as a gain (loss) on foreign currency translation, and the impact to the Canadian entity is recorded through the "foreign exchange gains (losses)" line item on the Consolidated Statements of Income.

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

Normalized Funds From Operations

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2024**	2023	**2024**	2023
Cash from operations (GAAP financial measure)	**$ 508**	$ 154	**$ 1,538**	$ 1,121
Add (deduct):				
Net change in operating assets and liabilities	**(129)**	198	**(430)**	(100)
Asset retirement obligations settled	**2**	3	**3**	15
Funds from operations	**$ 381**	$ 355	**$ 1,111**	$ 1,036
Add (deduct):				
Transaction costs related to acquisitions and dispositions (1)	**2**	6	**11**	36
Current tax expense (recovery) on asset sales (2)	**(7)**	—	**—**	34
Transition and restructuring costs (3)	**21**	15	**70**	22
Normalized funds from operations	**$ 397**	$ 376	**$ 1,192**	$ 1,128

(1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. These costs exclude non-cash amounts and are included in the "cost of sales" and "operating and administrative" line items on the Consolidated Statements of Income. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.
(2) Included in the "current income tax expense" line item on the Consolidated Statements of Income.
(3) Comprised of transition and restructuring costs (including CEO transition). These costs are included in the “operating and administrative” line item on the Consolidated Statements of Income.

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

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

Normalized Income Tax Expense

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2024**	2023	**2024**	2023
Income tax expense (GAAP financial measure)	**$ 22**	$ 33	**$ 138**	$ 223
Add (deduct) tax impact of:				
Transaction costs related to acquisitions and dispositions	**—**	1	**2**	9
Unrealized losses (gains) on risk management contracts	**(1)**	20	**2**	16
Losses (gains) on sale of assets	**3**	—	**(3)**	(102)
Transition and restructuring costs	**6**	4	**19**	5
Provisions on assets	**5**	—	**5**	—
Unrealized foreign exchange losses (gains) on intercompany balances	**(2)**	2	**(3)**	2
Normalized income tax expense	**$ 33**	$ 60	**$ 160**	$ 153

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

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

Net Debt, Adjusted Net Debt, and Adjusted Net Debt to Normalized EBITDA

Net debt, adjusted net debt, and adjusted net debt to normalized EBITDA are used by the Corporation to monitor its capital structure and assess its capital structure relative to earnings. It is also used as a measure of the Corporation's overall financial strength and is presented to provide this perspective to analysts and investors. Net debt is defined as short-term debt, plus current and long-term portions of long-term debt, current and long-term portions of finance lease liabilities, and subordinated hybrid notes, less cash and cash equivalents. Adjusted net debt is defined as net debt adjusted for current and long-term portions of finance lease liabilities, subordinated hybrid notes, and debt associated with acquisitions that occurred in the last half of the fiscal year. Adjusted net debt to normalized EBITDA is calculated by dividing adjusted net debt as defined above by normalized EBITDA for the preceding twelve month period.

($ millions, except adjusted net debt to normalized EBITDA)	**December 31, 2024**	December 31, 2023
Short-term debt	**$ 10**	$ 129
Current portion of long-term debt [1]	**858**	999
Current portion of finance lease liabilities	**23**	11
Long-term debt [2]	**6,992**	7,528
Finance lease liabilities	**126**	120
Subordinated hybrid notes [3]	**2,022**	742
Total debt	**10,031**	9,529
Less: cash and cash equivalents	**(85)**	(95)
Net debt	**$ 9,946**	$ 9,434
Current portion of finance lease liabilities	**(23)**	(11)
Finance lease liabilities	**(126)**	(120)
Subordinated hybrid notes [3]	**(2,022)**	(742)
Debt on Pipestone Acquisition	**—**	(327)
Adjusted net debt	**$ 7,775**	$ 8,234
Adjusted net debt to normalized EBITDA [4]	**4.4**	5.2

(1) Net of debt issuance costs, unamortized premiums, and unamortized discounts of less than $1 million as at December 31, 2024 (December 31, 2023 - less than $1 million).
(2) Net of debt issuance costs, unamortized premiums, and unamortized discounts of $29 million as at December 31, 2024 (December 31, 2023 - $19 million).
(3) Net of debt issuance costs of $23 million as at December 31, 2024 (December 31, 2023 - $8 million).
(4) Calculated as adjusted net debt at the balance sheet date, divided by normalized EBITDA for the preceding twelve month period.

Invested Capital and Net Invested Capital

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2024**	2023	**2024**	2023
Cash used in investing activities (GAAP financial measure)	**$ 402**	$ 594	**$ 1,375**	$ 199
Add (deduct):				
Net change in non-cash capital expenditures [1]	**40**	26	**60**	3
AFUDC [2]	**—**	(3)	**—**	(3)
Contributions from non-controlling interests	**(50)**	—	**(123)**	—
Net invested capital	**$ 392**	$ 617	**$ 1,312**	$ 199
Business acquisition [3]	**—**	(327)	**—**	(327)
Asset dispositions	**—**	—	**2**	1,073
Disposals of equity investments [4]	**—**	—	**14**	1
Invested capital	**$ 392**	$ 290	**$ 1,328**	$ 946

(1) Comprised of non-cash capital expenditures included in the "accounts payable and accrued liabilities" line item on the Consolidated Balance Sheets. Please refer to Note 30 of the 2024 Annual Consolidated Financial Statements for further details.

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

(3) Includes only the cash portion of the total consideration paid for the Pipestone Acquisition, net of cash acquired.

(4) Relates to escrow account proceeds received from AltaGas' previous investment in in Meade Pipeline Co. LLC ("Meade"), which held WGL Midstream's indirect, non-operating interest in Central Penn pipeline ("Central Penn"). Upon close of the sale in 2019, various escrow accounts were established to provide the purchaser a form of recourse for the settlement of indemnification obligations.

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

Supplemental Calculations

Reconciliation of Normalized EBITDA to Normalized Net Income

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

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2024**	2023	**2024**	2023
Normalized EBITDA [1]	**$ 520**	$ 502	**$ 1,769**	$ 1,575
Add (deduct):				
Depreciation and amortization	**(123)**	(110)	**(475)**	(441)
Interest expense	**(128)**	(101)	**(455)**	(394)
Income tax expense	**(22)**	(33)	**(138)**	(223)
Normalizing items impacting income taxes [1]	**(10)**	(27)	**(21)**	70
Accretion expenses	**(1)**	(3)	**(5)**	(11)
Foreign exchange gains (losses)	**8**	(12)	**13**	(6)
Unrealized foreign exchange gains (losses) on intercompany balances	**(11)**	8	**(10)**	9
Net income applicable to non-controlling interests	**(1)**	(3)	**(12)**	(16)
Preferred share dividends	**(5)**	(7)	**(18)**	(27)
Normalized net income [1]	**$ 227**	$ 214	**$ 648**	$ 536

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

Calculation of Normalized Effective Income Tax Rate

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

	Three Months Ended December 31		Year Ended December 31	
($ millions, except normalized effective income tax rate)	**2024**	2023	**2024**	2023
Normalized net income	**$ 227**	$ 214	**$ 648**	$ 536
Add (deduct):				
Normalized income tax expense [1]	**33**	60	**160**	153
Net income applicable to non-controlling interests	**1**	3	**12**	16
Preferred share dividends	**5**	7	**18**	27
Normalized net income before taxes	**$ 266**	$ 284	**$ 838**	$ 732
Normalized effective income tax rate (%) [2]	**12.4**	21.1	**19.1**	20.9

(1) Calculated in the section above.
(2) Calculated as normalized income tax expense divided by normalized net income before taxes.

UTILITIES

Operating Statistics

	Three Months Ended December 31		Year Ended December 31	
	2024	2023	**2024**	2023
Natural gas deliveries - end-use (Bcf) (1)	**38.3**	48.3	**115.4**	133.5
Natural gas deliveries - transportation (Bcf) (1)	**27.6**	30.5	**106.0**	108.0
Service sites (thousands) (2)	**1,568**	1,560	**1,568**	1,560
Degree day variance from normal - SEMCO (Michigan) (%) (3)	**(13.5)**	(9.8)	**(16.9)**	(10.6)
Degree day variance from normal - Washington Gas (D.C.) (%) (3) (4)	**(15.8)**	(9.2)	**(17.3)**	(17.9)
Retail energy marketing - gas sales volumes (Mmcf)	**17,191**	16,863	**58,843**	56,438
Retail energy marketing - electricity sales volumes (GWh)	**3,851**	3,518	**15,451**	14,339

(1) Bcf is one billion cubic feet.
(2) Service sites reflect all of the service sites of the utilities, including transportation and non-regulated business lines.
(3) A degree day is a measure of coldness determined daily as the number of degrees the average temperature during the day in question is below 65 degrees Fahrenheit. Degree days for a particular period are determined by adding the degree days incurred during each day of the period. Normal degree days for a particular period are the average of degree days during the prior 15 years for SEMCO and during the prior 30 years for Washington Gas.
(4) In certain of Washington Gas' jurisdictions (Virginia and Maryland) there are billing mechanisms in place that are designed to eliminate the effects of variance in customer usage caused by weather and other factors such as conservation. In D.C., there is no weather normalization billing mechanism nor does Washington Gas hedge to offset the effects of weather. As a result, colder or warmer weather will result in variances to financial results.

Regulatory Metrics

	Year Ended December 31	
	2024	2023
Approved ROE (%) (1)	**9.6**	9.6
Approved return on debt (%) (1)	**4.4**	4.5
Rate base *(US$ millions)* (2) (3)	**5,366**	5,100

(1) Weighted average of all the regulated utilities.
(2) Rate base is indicative of the earning potential of each utility over time. Approved revenue requirement for each utility is typically based on the rate base as approved by the regulator for the respective rate application, but may differ from the rate base indicated above.
(3) 2023 rate base excludes ENSTAR and SEMCO Energy's 65 percent interest in CINGSA, which were sold on March 1, 2023 pursuant to the Alaska Utilities Disposition.

Three Months Ended December 31

Normalized EBITDA in the Utilities segment was $336 million for the fourth quarter of 2024, compared to $311 million for the same quarter of 2023. The increase in normalized EBITDA was mainly due to lower operating and administrative expenses partially driven by ongoing cost management, higher revenue from ongoing ARP investments into asset modernization, the positive impact of the 2022 D.C. rate case, the impact of the higher average Canadian/U.S. dollar exchange rate, inclusive of foreign exchange hedges in place, as well as continued new customer additions through new meter growth. These factors were partially offset by lower contributions from WGL's retail marketing business, decreased asset optimization activities at Washington Gas, and warmer weather in Michigan and D.C.

Income before income taxes in the Utilities segment was $186 million for the fourth quarter of 2024, compared to $207 million for the same quarter of 2023. The decrease was mainly due to higher unrealized losses on risk management contracts, higher transition and restructuring costs, and higher depreciation and amortization expense, partially offset by the same previously referenced factors impacting normalized EBITDA.

Year Ended December 31

Normalized EBITDA in the Utilities segment was $1,012 million for the year ended December 31, 2024, compared to $886 million in 2023. The increase in normalized EBITDA was mainly due to the partial settlement of WGL's post-retirement benefit pension plan, higher revenue from ARP spend, lower operating and administrative expenses, higher contributions from WGL's retail marketing business, the net impacts of the 2022 D.C. and 2023 Maryland rate cases, the impact of the higher average Canadian/U.S. dollar exchange rate, inclusive of foreign exchange hedges in place, as well as continued customer growth through new meter connects. These factors were partially offset by the impact of the Alaska Utilities Disposition in the first quarter of 2023, decreased asset optimization activities at Washington gas, the absence of the gain resulting from the partial debt defeasance associated with the Alaska Utilities Disposition, and warmer weather in Michigan.

Income before income taxes in the Utilities segment was $627 million for the year ended December 31, 2024, compared to $886 million in 2023. The decrease was primarily due to the absence of the gain on the Alaska Utilities Disposition, higher transition and restructuring costs, unrealized losses on risk management contracts compared to unrealized gains in the same period in 2023, and higher depreciation and amortization expense, partially offset by the same previously referenced factors impacting normalized EBITDA and lower transaction costs related to acquisitions and dispositions.

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

UTILITIES REGULATORY UPDATES

Utility/ Jurisdiction	Date Filed	Request	Status	Expected Timing of Decision
Washington Gas - District of Columbia	April 2022	US$53 million increase in base rates, including US$5 million currently collected through the PROJECTpipes surcharge. Therefore, the incremental amount of the base rate increase requested was approximately US$48 million.	On April 4, 2022, Washington Gas filed an application for authority to increase charges for gas service in D.C. On December 22, 2023, the PSC of DC approved a rate increase of approximately US$25 million, of which approximately US$5 million was transferred from the PROJECTpipes surcharge. The new rates went into effect January 19, 2024.	Final order received on December 22, 2023.
Washington Gas - District of Columbia	August 2024	US$46 million increase in base rates, including US$12 million currently collected through the PROJECTpipes surcharge. Therefore, the incremental amount of the base rate increase requested was approximately US$34 million.	On August 5, 2024, Washington Gas filed an application for authority to increase existing rates and charges for gas service in D.C. The requested rates are designed to collect approximately US$257 million in total revenues, which represents an increase in Washington Gas' weather-normalized annual revenues of approximately US$46 million. Of the requested revenue increase, approximately US$12 million represents costs currently collected through the PROJECTpipes surcharge and approximately US$34 million represents an incremental increase in new base rate revenues. On September 25, 2024, Washington Gas and the parties filed a Joint Proposed Procedural Schedule with the PSC of DC. The proposed schedule calls for legal briefs to be filed on June 18, 2025, whereupon the case would be before the PSC of DC for decision. On October 9, 2024, the Joint Proposed Procedural Schedule filed by Washington Gas was approved by the PSC of DC with hearings scheduled for May 2025. Washington Gas expects to receive a final order from the PSC of DC in the fourth quarter of 2025.	Final order expected in the fourth quarter of 2025.

Other Regulatory Updates

Merger Commitments - D.C.

On August 9, 2023, the PSC of DC determined that AltaGas had failed to fulfill Term No. 5 Commitment of the PSC of DC's merger approval order related to the June 2018 merger of AltaGas, WGL, and Washington Gas. On reconsideration, the PSC of DC confirmed, in relevant part, that it had credited AltaGas with causing the development of 2.4 MW of Tier one renewable resources by the July 6, 2023 deadline, and that the Company had breached its Term No. 5 Commitment only for the remaining 7.6 MW. As directed by the PSC of DC, AltaGas, the DCG, and the D.C. Office of People's Counsel ("DC OPC") conducted negotiations in good faith to reach agreement on a penalty but were unable to reach agreement. Thereafter, AltaGas confirmed that it will specifically perform its Term No. 5 obligations by continuing to cause the development of the remaining 7.6 MW of solar renewable energy. On March 8, 2024, the PSC of DC issued an order to show cause why the penalty amount should not be the maximum allowed under D.C. Code §34-708 (US$5,000/day). On June 14, 2024, AltaGas and DCG jointly requested that the PSC of DC allow sixty (60) days for the parties to negotiate a settlement in the form of a consent decree or, if no agreement is reached, to file a report on the status of the negotiations. AltaGas and DCG have kept the PSC of DC appraised of the status of the negotiations and, on October 8, 2024, filed a Proposed Consent Decree for PSC of DC approval. On November 6, 2024, the PSC of DC approved the Consent Decree, without modification, as complete resolution of the issues in dispute concerning Merger Commitment No. 5. As at December 31, 2024, AltaGas recorded an accrued liability of approximately US$2.1 million and subsequently paid the civil penalty on January 5, 2025. In accordance with the terms of the PSC of DC approved Consent Decree, AltaGas continues to report on its progress that the Company is making in causing the development of the remaining megawatts of renewable resources in D.C.

Prince William County Biogas Pipeline

On December 4, 2023, Washington Gas filed an application with the SCC of VA seeking approval for a biogas supply investment plan and rate adjustment clause. Washington Gas seeks approval to purchase, own, operate, and maintain an eight-mile pipeline, associated interconnection facilities and other necessary equipment to transport renewable natural gas ("RNG") from a biogas production facility located at the Prince William County Landfill. Washington Gas also proposes to purchase a portion of the facilities output, a subset of which will be accompanied by marketable environmental attributes. Washington Gas and Opal Fuels Inc. continue to evaluate the proposed RNG project.

Climate Regulation

In D.C., DC Law 24-177 requires the Mayor to issue final regulations by December 31, 2026 that requires all new construction or substantial improvements of commercial buildings (buildings with more than three stories) to be constructed to a net-zero-energy standard, which is defined to prohibit on-site fuel combustion. On October 17, 2024, Washington Gas, joined by co-plaintiffs, filed suit in the U.S. District Court for D.C. challenging the legality of D.C. 24-177.

In Montgomery County, Maryland, Bill 13-22 will require regulations that establish all-electric building standards for all new construction (with limited exceptions) by December 31, 2026. On October 17, 2024, Washington Gas, joined by co-plaintiffs, filed suit in the U.S. District Court for the District of Maryland challenging the legality of Montgomery County, Maryland Bill 13-22.

In the State of In the State of Maryland, the Maryland Department of Environment promulgated final “Building Energy Performance Standards” regulations that will impose carbon dioxide reduction requirements (that will eventually reach zero) for certain covered buildings, effective December 23, 2024. On January 17, 2025, Washington Gas and co-plaintiffs filed suit in the U.S. District Court for the District of Maryland challenging the legality of the regulations.

MIDSTREAM

Operating Statistics

	Three Months Ended December 31		Year Ended December 31	
	2024	2023	**2024**	2023
LPG export volumes (Bbls/d) (1)	**122,233**	90,996	**122,247**	106,071
Total inlet gas processed (Mmcf/d) (1)	**1,477**	1,312	**1,397**	1,303
Extracted ethane volumes (Bbls/d) (1)	**25,454**	23,879	**21,629**	25,533
Extracted NGL volumes (Bbls/d) (1) (2) (3)	**47,745**	36,138	**47,431**	34,369
Fractionation volumes (Bbls/d) (1) (4)	**45,398**	38,150	**43,352**	38,745
Frac spread - realized ($/Bbl) (1) (5)	**20.99**	23.13	**24.03**	24.15
Frac spread - average spot price ($/Bbl) (1) (6)	**26.07**	20.55	**27.71**	22.37
Propane FEI to Mont Belvieu spread (US$/Bbl) (1) (3) (7)	**18.85**	26.44	**18.33**	20.68
Butane FEI to Mont Belvieu spread (US$/Bbl) (1) (3) (8)	**10.81**	27.74	**15.62**	21.73

(1) Average for the period.
(2) NGL volumes refer to propane, butane, and condensate.
(3) Reflects the revision of stats relating to prior periods in 2024.
(4) Fractionation volumes include NGL mix volumes processed.
(5) Realized frac spread or NGL margin, expressed in dollars per barrel of NGL, is derived from sales recorded by the segment during the period for frac spread exposed volumes plus the settlement value of frac hedges settled in the period less extraction premiums, divided by the total frac exposed volumes produced during the period.
(6) Average spot frac spread or NGL margin, expressed in dollars per barrel of NGL, is indicative of the average sales price that AltaGas receives for propane, butane and condensate less extraction premiums, before accounting for hedges, divided by the respective frac spread exposed volumes for the period.
(7) Average propane price spread between FEI and Mont Belvieu TET commercial index.
(8) Average butane price spread between FEI and Mont Belvieu TET commercial index.

Three Months Ended December 31

Normalized EBITDA in the Midstream segment was $182 million for the fourth quarter of 2024, consistent with the same quarter of 2023. Factors positively impacting normalized EBITDA included the strong performance from the global exports business as a result of higher volumes and merchant margins as well as contributions from the acquired Pipestone assets. These were offset by lower earnings from the extraction facilities primarily due to the impact of higher re-injection of volumes and lower realized frac spreads, a higher degree of global export tolling, lower equity earnings at MVP due to the absence of AFUDC recorded in the fourth quarter of 2023, and higher operating and administrative expenses.

Income before income taxes in the Midstream segment was $181 million for the fourth quarter of 2024, compared to $79 million for the same quarter of 2023. The increase was mainly due to unrealized gains on risk management contracts compared to unrealized losses in the same quarter of 2023, partially offset by provisions on assets in the fourth quarter of 2024 and higher depreciation and amortization expense.

In the fourth quarter of 2024, the Midstream segment recognized a pre-tax provision of $16 million related to EEEP, due to a decrease in expected future cash flows.

Year Ended December 31

Normalized EBITDA in the Midstream segment was $785 million for the year ended December 31, 2024, compared to $684 million in 2023. The increase in normalized EBITDA was mainly due to strong performance from the global exports business as a result of higher volumes and merchant margins, higher contributions from the fractionation and liquids handling business, contributions from the Pipestone assets, the gain on settlement of an asset retirement obligation, and higher equity earnings at MVP due to higher AFUDC recorded and the recognition of earnings from MVP's operations which commenced in June 2024. These factors were partially offset by a lower impact of the favourable resolution of certain acquisition related commercial disputes and contingencies in 2024 compared to 2023, lower earnings at the extraction facilities primarily due to higher re-injection of volumes, a higher degree of tolling in the global exports business, and higher operating and administrative expenses.

Income before income taxes in the Midstream segment was $646 million for the year ended December 31, 2024, compared to $460 million in 2023. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, unrealized gains on risk management contracts compared to unrealized losses in the same period of 2023, higher gains on sale of assets, and lower accretion expense, partially offset by higher depreciation and amortization expense and the previously mentioned provisions on assets in the fourth quarter of 2024.

In 2024, the Midstream segment recognized a pre-tax provision of $16 million related to EEEP. In 2024 and 2023, the Midstream segment recognized a pre-tax gain on sale of assets of approximately $14 million and $1 million, respectively, due to the previously mentioned Meade escrow proceeds.

Midstream Hedges

	Three Months Ended December 31		Year Ended December 31	
	2024	2023	**2024**	2023
Frac spread exposed volumes (Bbls/d)	**10,960**	10,597	**10,150**	10,062
NGL volumes hedged (Bbls/d)	**7,789**	8,000	**8,172**	7,496
Average price of NGL volumes hedged ($/Bbl) (1)	**31**	36	**35**	36
Average FEI to North American NGL price spread for volumes hedged (US$/Bbl)	**16**	15	**17**	14

(1) Excludes basis differential.

CORPORATE/OTHER

Three Months Ended December 31

In the Corporate/Other segment, normalized EBITDA for the fourth quarter of 2024 was $2 million, compared to $9 million for the same quarter of 2023. The decrease in normalized EBITDA was primarily due to lower contributions from Blythe.

Loss before income taxes in the Corporate/Other segment was $136 million for the fourth quarter of 2024, compared to $125 million for the same quarter of 2023. The higher loss was mainly due to higher interest expense, provisions on assets in the fourth quarter of 2024, and the same previously referenced factors impacting normalized EBITDA, partially offset by foreign exchange gains compared to foreign exchange losses in the same quarter of 2023 as well as lower transition and restructuring costs.

In the fourth quarter of 2024, the Corporate/Other segment recognized a pre-tax provision of $4 million related to certain co-generation equipment that is no longer operational and is not expected to be recoverable in the future.

Year Ended December 31

In the Corporate/Other segment, normalized EBITDA for the year ended December 31, 2024 was a loss of $28 million, compared to normalized EBITDA of $5 million in 2023. The decrease in normalized EBITDA was primarily due to higher expenses related to employee incentive plans as a result of the increasing share price in 2024 as well as lower contributions from Blythe.

Loss before income taxes in the Corporate/Other segment was $527 million for the year ended December 31, 2024, compared to $434 million in 2023. The higher loss was mainly due to higher interest expense, the same previously referenced factors impacting normalized EBITDA, the absence of gains on sale of assets, lower unrealized gains on risk management contracts, and the previously mentioned provisions on assets in the fourth quarter of 2024, partially offset by foreign exchange gains compared to foreign exchange losses in same period in 2023 as well as lower transaction costs related to acquisitions and dispositions.

In 2024, the Corporate/Other segment recognized a pre-tax provision of $4 million related to the previously mentioned non-operational equipment. In 2023, the Corporate/Other segment recognized a pre-tax gain of approximately $11 million on the sale of Goleta in 2022 as a result of a payment received in the first quarter of 2023 for the favourable settlement of outstanding contingencies based on contract outcomes.

NET INVESTED CAPITAL

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

							Three Months Ended December 31, 2024	
($ millions)		**Utilities**		**Midstream**		**Corporate/ Other**		**Total**
Invested capital:								
Property, plant and equipment	**$**	**178**	**$**	**185**	**$**	**21**	**$**	**384**
Intangible assets		**—**		**1**		**6**		**7**
Long-term investments		**—**		**1**		**—**		**1**
Invested capital and net invested capital	**$**	**178**	**$**	**187**	**$**	**27**	**$**	**392**

							Three Months Ended December 31, 2023	
($ millions)		Utilities		Midstream		Corporate/ Other		Total
Invested capital:								
Property, plant and equipment	$	192	$	89	$	4	$	285
Intangible assets		—		4		1		5
Invested capital	$	192	$	93	$	5	$	290
Acquisitions:								
Business acquisition [(1)]		—		327		—		327
Net invested capital	$	192	$	420	$	5	$	617

(1) Includes only the cash portion of the total consideration paid for the Pipestone Acquisition, net of cash acquired.

During the fourth quarter of 2024, AltaGas' invested capital was $392 million, compared to $290 million in the same quarter of 2023. The increase in invested capital was primarily due to higher additions to property, plant, and equipment as a result of higher growth capital spend in the Midstream segment, primarily related to Pipestone Phase II and REEF, as well as higher capital spend in the Corporate/Other segment related to the planned office relocation, partially offset by lower capital spend in the Utilities segment, primarily due to lower ARP and system betterment investments at Washington Gas. In the fourth quarter of 2023, business acquisitions related to the cash paid for the Pipestone Acquisition.

The invested capital in the fourth quarter of 2024 included maintenance capital of $25 million (2023 - $31 million) in the Midstream segment. The decrease in Midstream maintenance capital in the fourth quarter of 2024 was primarily due to lower maintenance capital spend at the Younger and Sarnia facilities as well as the absence of a turnaround at the EEEP facility in the fourth quarter of 2023, partially offset by higher maintenance spend at the Harmattan and Pipestone I facilities.

During the fourth quarter of 2024, AltaGas' cash flow from investing activities was an outflow of $402 million, compared to $594 million for the same quarter of 2023. Please refer to the *Non-GAAP Financial Measures* and *Liquidity* sections of this MD&A for further information on AltaGas' cash flow from investing activities.

($ millions)		Utilities		Midstream		Corporate/ Other		Total
								Year Ended December 31, 2024
Invested capital:								
Property, plant and equipment	**$**	**722**	**$**	**535**	**$**	**58**	**$**	**1,315**
Intangible assets		**—**		**5**		**6**		**11**
Long-term investments		**—**		**2**		**—**		**2**
Invested capital	**$**	**722**	**$**	**542**	**$**	**64**	**$**	**1,328**
Disposals:								
Asset dispositions		**—**		**(1)**		**(1)**		**(2)**
Equity method investments		**—**		**(14)**		**—**		**(14)**
Net invested capital	**$**	**722**	**$**	**527**	**$**	**63**	**$**	**1,312**

($ millions)		Utilities		Midstream		Corporate/ Other		Total
								Year Ended December 31, 2023
Invested capital:								
Property, plant and equipment	$	745	$	180	$	8	$	933
Intangible assets		—		8		1		9
Long-term investments		—		4		—		4
Invested capital	$	745	$	192	$	9	$	946
Acquisitions and disposals:								
Business acquisition [(1)]		—		327		—		327
Asset dispositions		(1,059)		(3)		(11)		(1,073)
Dispositions of equity method investments		—		(1)		—		(1)
Net invested capital	$	(314)	$	515	$	(2)	$	199

(1) Includes only the cash portion of the total consideration paid for the Pipestone Acquisition, net of cash acquired.

During the year ended December 31, 2024, AltaGas' invested capital was $1,328 million, compared to $946 million in 2023. The increase in invested capital was primarily due to the higher additions to property, plant, and equipment as a result of higher growth capital spend in the Midstream segment, primarily related to Pipestone Phase II and REEF, an increase in planned maintenance capital in the Midstream segment and the Corporate/Other segment, higher capital spend in the Corporate/Other segment related to the planned office relocation, higher system betterment spend at Washington Gas, and higher capitalized interest. These factors were partially offset by lower ARP spend at Washington Gas.

In 2024 and 2023, dispositions of equity method investments primarily related to the cash proceeds received from an escrow account related to the 2019 disposition of AltaGas' investment in Meade, which held WGL Midstream's indirect, non-operating interest in Central Penn. In 2023, asset dispositions primarily related to the Alaska Utilities Disposition and additional proceeds received for the favourable settlement of outstanding contingencies on the sale of Goleta in the first quarter of 2022. Acquisitions in 2023 related to the previously mentioned cash payment for the Pipestone Acquisition.

Invested capital for the year ended December 31, 2024 included maintenance capital of $66 million (2023 - $53 million) in the Midstream segment and $32 million (2023 - $4 million) related to Blythe in the Corporate/Other segment. The increase in maintenance capital for the Midstream segment was primarily related to maintenance at Harmattan and Pipestone Phase I, partially offset by lower maintenance at the Younger, Sarnia and EEEP facilities.

The increase in maintenance capital for the Corporate/Other segment was primarily due to a planned turnaround at Blythe.

During the year ended December 31, 2024, AltaGas' cash flow from investing activities was an outflow of $1,375 million, compared to $199 million in 2023. Please refer to the *Non-GAAP Financial Measures* and *Liquidity* sections of this MD&A for further information on AltaGas' cash flow from investing activities.

RISK MANAGEMENT

AltaGas is subject to a variety of risks which could have a material impact on the financial results and operations of the Company. Shareholders and prospective investors should carefully evaluate risk factors noted by the Company before investing in the Company's securities, as each of these risks may negatively affect the trading price of the Company's securities, the amount of dividends paid to shareholders and the ability of the Company to fund its debt obligations, including debt obligations under its outstanding notes and any other debt securities that the Company may issue from time to time. For discussion of the risks and trends that could materially affect the Company's performance please refer to AltaGas' 2024 Annual Information Form, which is available on SEDAR+ at www.sedarplus.ca.

Risk Management Contracts

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

($ millions)		**December 31, 2024**	December 31, 2023
Natural gas	**$**	**(30)** $	(46)
Energy exports		**(27)**	(4)
NGL frac spread		**(4)**	1
Power		**(63)**	(75)
Crude oil and NGLs		**(5)**	4
Foreign exchange		**(93)**	19
Net derivative liability	**$**	**(222)** $	(101)

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

Commodity Price Contracts

The Corporation executes natural gas, power, LPG, crude oil, ocean freight, and other physical and financial commodity contracts to serve its customers as well as manage and optimize its asset portfolio. A portion of these physical contracts are not recorded at fair value because they are either: 1) designated as “normal purchases and normal sales”; 2) do not qualify as derivative instruments due to the significance of their notional amount relative to the applicable liquid markets; or 3) are weather derivatives, which are not exchanged or traded and the underlying variables relate to a climactic, geological, or other physical variable. The fair value of commodity contracts that qualify as derivatives is calculated using estimated forward prices based on published sources for the relevant period. For AltaGas’ Midstream segment, changes in the fair value of these derivative contracts are recorded in the Consolidated Statements of Income in the period in which the change occurs. For the Utilities segment, changes in the fair value of derivative instruments recoverable or refundable to customers are recorded to regulatory assets or regulatory liabilities on the Consolidated Balance Sheets, while changes in the fair value of derivative instruments not affected by rate regulation are recorded in the Consolidated Statements of Income in the period in which the change occurs.

The Midstream segment also executes fixed-for-floating NGL frac spread swaps to manage exposure to frac spreads as the financial results of several extraction plants are affected by fluctuations in NGL frac spreads. The average indicative spot NGL frac spread for the year ended December 31, 2024 was approximately $28/Bbl (2023 – $22/Bbl), inclusive of basis differentials. The average NGL frac spread realized by AltaGas (based on average spot price and realized hedge price inclusive of basis differentials) for the year ended December 31, 2024 was approximately $24/Bbl inclusive of basis differentials (2023 - $24/Bbl).

AltaGas continues to focus on de-risking its business and managing direct commodity price exposure to drive predictable and durable results. While the Company does have exposure, it plans to maintain an active hedging program that proactively hedges commodity price and spread risk to mitigate the impact of fluctuations in margins and cash flows. For the first half of 2025, AltaGas has hedged:

- Approximately 87 percent of its expected global export volumes for the first half of 2025 through a combination of tolls and financial hedges, with the average FEI to North American financial hedge price of approximately US$19/Bbl for non-tolled propane and butane volumes.
- Approximately 76 percent of its expected frac exposed volumes for the first half of 2025 hedged at approximately US$27/Bbl, prior to transportation costs.
- Materially all of AltaGas' expected Baltic freight exposure is protected through time charters, financial hedges, and tolled volumes in the first half of 2025.

AltaGas is actively contracting and hedging the balance of 2025 global export volumes, recognizing the NGL re-contracting season is more dynamic this year given the impact of tariffs on Canadian LPGs entering the U.S.

AltaGas also uses physical and financial derivatives for the purchase and sale of natural gas in order to optimize owned storage and transportation capacity as well as manage transportation and storage assets on behalf of third parties. Washington Gas executes commodity-related physical and financial contracts in the form of forward, futures, and option contracts as part of an asset optimization program. Under this program, Washington Gas realizes value from its long-term natural gas transportation and storage capacity resources when they are not being fully used to serve utility customers. To serve retail customers, WGL Energy Services enters into both physical and financial contracts for the purchase and sale of electricity and natural gas. Beginning in 2023, WGL Energy Services also began purchasing natural gas indexed to NYMEX Henry Hub to be sold to third party customers. WGL Energy Services' risk management objective and strategy is to protect earnings against the risk of price fluctuations associated with forecasted NYMEX Henry Hub purchases through the use of the NYMEX Henry Hub financial swaps.

Foreign Exchange Contracts

AltaGas is exposed to foreign exchange risk as changes in foreign exchange rates may affect the fair value or future cash flows of the Corporation's financial instruments. AltaGas has foreign operations whereby the functional currency is the U.S. dollar. As a result, the Corporation's earnings, cash flows, and other comprehensive income are exposed to fluctuations resulting from changes in foreign exchange rates. This risk is partially mitigated to the extent that AltaGas has U.S. dollar-denominated debt outstanding. AltaGas may designate its external U.S. dollar-denominated debt or certain U.S. dollar-denominated loans that may give rise to a foreign currency transaction gain or loss as a net investment hedge of its U.S. subsidiaries. As at December 31, 2024, AltaGas has designated US$645 million of outstanding loans as a net investment hedge (December 31, 2023 - US$715 million). For the year ended December 31, 2024, unrealized after-tax losses of $84 million on the net investment hedge were recorded in OCI (2023 - unrealized after-tax gains of $25 million).

AltaGas may also enter into foreign exchange forward derivatives and cross currency swaps to manage the risk of fluctuating cash flows and earnings due to variations in foreign exchange rates as well as to benefit from favorable movements in the rates. All hedges transacted are subject to risk limits and guidelines and are actively monitored and managed by AltaGas' risk management team to ensure they align with AltaGas' overall financial strategy.

In the third quarter of 2024, AltaGas executed cross-currency swaps totaling US$900 million to manage the risk of fluctuating cash flows and earnings associated with the concurrently issued US$900 million subordinated hybrid notes as a result of changes in the Canadian/U.S. dollar foreign exchange rates. The cross-currency swaps will convert the U.S. dollar principal and interest payments of the subordinated hybrid notes into Canadian dollars and apply an effective annual interest rate of 6.90 percent on the converted Canadian principal amount of approximately $1.2 billion. AltaGas has designated the cross-currency swaps as cash flow hedges. Refer to Note 22 of the 2024 Annual Consolidated Financial Statements for further details.

The following foreign exchange forward contracts and cross-currency swaps are outstanding as at December 31, 2024:

Foreign exchange forward contract	**Duration**		**Fair Value *($ millions)***
Forward USD sales (non-deliverable)	Less than 1 year	$	(50)
Forward USD sales (non-deliverable)	More than 1 year	$	(27)
Cross-currency swaps			
Fixed-to-fixed cross-currency swaps	10 years	$	(16)

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

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

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

		Year Ended December 31, 2024		Year Ended December 31, 2023
Objective of foreign exchange contract		**Losses**		Gains
Cash management [1]	**$**	**(9)**	$	—
Income statement risk management [2]	**$**	**(104)**	$	25

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

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

Interest Rate Contracts

AltaGas is exposed to interest rate risk as changes in interest rates may impact future cash flows and the fair value of its financial instruments. The Corporation manages its interest rate risk by holding a mix of both fixed and floating interest rate debt. Additionally, AltaGas may use bond forward contracts to hedge its interest rate exposure on anticipated debt issuances.

From time to time, AltaGas may also concurrently draw on its credit facility in U.S. dollars and enter into cross currency swaps as previously mentioned, whereby, on final settlement, AltaGas receives U.S. dollars from the counterparty and pays Canadian dollars to the counterparty.

In the fourth quarter of 2024, AltaGas entered into a bond forward contract to hedge the interest rate exposure on the partial debt extinguishment of certain of its medium-term notes ("MTNs"). At transaction close, AltaGas recognized a hedge loss of approximately $5 million on the bond forward contract, which was included in the net pre-tax gain of approximately $4 million recorded on the derecognition of the MTNs. Refer to Note 14 of the 2024 Annual Consolidated Financial Statements for further details.

Weather Instruments

WGL Energy Services utilizes heating degree day ("HDD") instruments from time to time to manage weather and price risks related to its natural gas and electricity sales during the winter heating season. WGL Energy Services also utilizes cooling degree day ("CDD") instruments and other instruments to manage weather and price risks related to its electricity sales during the summer cooling season. These instruments cover a portion of estimated revenue or energy-related cost exposure to variations in HDDs or CDDs. For the year ended December 31, 2024, no pre-tax gains or losses (2023 - pre-tax losses of $8 million) were recorded related to HDD and CDD instruments.

The Effects of Derivative Instruments on the Consolidated Statements of Income

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

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2024**	2023	**2024**	2023
Natural gas	**$ 13**	$ (29)	**$ 32**	$ (12)
Energy exports	**86**	(50)	**48**	(78)
Crude oil and NGLs	**—**	(16)	**(3)**	(5)
NGL frac spread	**(2)**	1	**(5)**	4
Power	**(7)**	(20)	**12**	2
Foreign exchange	**(92)**	20	**(96)**	19
	$ (2)	$ (94)	**$ (12)**	$ (70)

Please refer to Note 22 of the 2024 Annual Consolidated Financial Statements for further details regarding AltaGas' risk management activities.

LIQUIDITY

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

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

	Year Ended December 31	
($ millions)	**2024**	2023
Cash from operations	**$ 1,538**	$ 1,121
Investing activities	**(1,375)**	(199)
Financing activities	**(175)**	(882)
Increase (decrease) in cash, cash equivalents, and restricted cash	**$ (12)**	$ 40

Cash From Operations

Cash from operations increased by $417 million for the year ended December 31, 2024 compared to 2023, primarily due to favourable variances in the net change in operating assets and liabilities and higher net income after taxes (after adjusting for non-cash items). The majority of the variance in net change in operating assets and liabilities was due to increased cash flows from accounts payable due to fluctuations in commodity prices, higher cash flows from risk management assets as a result of realized hedge gains, and higher cash flows from regulated liabilities due to reduced weather impacts at the Utilities. These factors were partially offset by lower cash flows from inventory and accounts receivable primarily as a result of lower inventory volumes and fluctuations in commodity prices, respectively.

Working Capital

($ millions, except working capital ratio)		**December 31, 2024**		December 31, 2023
Current assets	**$**	**2,819**	$	3,045
Current liabilities		**3,500**		3,413
Working capital (deficiency)	**$**	**(681)**	$	(368)
Working capital ratio [(1)]		**0.81**		0.89

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

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

Investing Activities

Cash used in investing activities for the year ended December 31, 2024 was $1,375 million, compared to $199 million in 2023. Investing activities for the year ended December 31, 2024 primarily included expenditures of approximately $1,389 million for property, plant, and equipment and intangible assets, as well as approximately $2 million of net contributions to equity investments, partially offset by proceeds of approximately $14 million and $2 million from the disposition of equity investments and disposition of assets, respectfully. Investing activities for the year ended December 31, 2023 included proceeds of approximately $1.1 billion from the disposition of assets primarily related to the Alaska Utilities Disposition and additional proceeds received for the favourable settlement of outstanding contingencies on the sale of Goleta, partially offset by the expenditures of approximately $943 million for property, plant, and equipment and intangible assets, cash payment (net of cash acquired) of approximately $327 million for the Pipestone Acquisition, and approximately $4 million of net contributions to equity investments.

Financing Activities

Cash used in financing activities for the year ended December 31, 2024 was $175 million, compared to $882 million in 2023. Financing activities for the year ended December 31, 2024 were primarily comprised of repayments of long-term debt and finance lease liabilities of approximately $1.0 billion, the repurchase of MTNs of approximately $797 million, net repayments under credit facilities of approximately $702 million, dividends of approximately $371 million, distributions to non-controlling interests of approximately $18 million, and a payment of approximately $9 million related to the settlement of derivative instruments, partially offset by long-term debt issuances (net of debt issuance costs) of approximately $1.4 billion, issuance of subordinated hybrid notes (net of debt issuance costs) of approximately $1.2 billion, contributions from non-controlling interests of approximately $123 million, and net proceeds from common shares issued on the exercise of options granted pursuant to AltaGas' share option plan ("Share Options") of approximately $54 million. Financing activities for the year ended December 31, 2023 were primarily comprised of net repayments under credit facilities of approximately $678 million, repayments of long-term debt and finance lease liabilities of approximately $338 million, dividends of approximately $343 million, redemption of preferred shares of $200 million, purchase of marketable securities in connection with debt defeasance of approximately $193 million, and distributions to non-controlling interests of approximately $18 million, partially offset by long-term debt issuances (net of debt issuance costs) of approximately $673 million, issuance of subordinated hybrid notes (net of debt issuance costs) of approximately $198 million, and net proceeds from common shares issued on the exercise of Share Options of approximately $17 million.

CAPITAL RESOURCES

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

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

As at December 31, 2024, AltaGas' total debt primarily consisted of outstanding MTNs of $3.7 billion (December 31, 2023 - $3.9 billion), WGL and Washington Gas MTNs and private placement notes of $3.4 billion (December 31, 2023 - $3.0 billion), reflecting fair value adjustments on acquisition, SEMCO First Mortgage Bonds of $427 million (December 31, 2023 - $393 million), $104 million drawn under the bank credit facilities (December 31, 2023 - $1.0 billion), $2.0 billion of subordinated hybrid notes (December 31, 2023 - $750 million), and commercial paper outstanding of $263 million for WGL and Washington Gas (December 31, 2023 - $461 million). In addition, AltaGas had $251 million of letters of credit outstanding (December 31, 2023 - $252 million).

As at December 31, 2024, AltaGas' total market capitalization was approximately $10 billion based on approximately 298 million common shares outstanding and a closing trading price of $33.48 per common share.

AltaGas' earnings interest coverage for the rolling twelve months ended December 31, 2024 was 2.4 times (twelve months ended December 31, 2023 – 3.0 times).

Credit Facilities *($ millions)*	Borrowing capacity	**Drawn at December 31, 2024**	Drawn at December 31, 2023
AltaGas demand credit facilities (1) (2)	$ 70	**$ —**	$ —
AltaGas revolving credit facilities (1) (2)	2,300	**—**	484
AltaGas term credit facility (3)	—	**—**	450
SEMCO Energy US$150 million credit facilities (1) (2)	216	**104**	86
WGL US$300 million revolving credit facility (1) (2) (4)	431	**109**	199
Washington Gas US$450 million revolving credit facility (1) (2) (4)	648	**154**	261
	$ 3,665	**$ 367**	$ 1,480

(1) Amount drawn at December 31, 2024 converted at the month-end rate of 1 U.S. dollar = 1.4389 Canadian dollar (December 31, 2023 - 1 U.S. dollar = 1.3226 Canadian dollar).
(2) All US$ borrowing capacity was converted at the December 31, 2024 Canadian/U.S. dollar month-end exchange rate.
(3) The term loan was cancelled and repaid in full on June 28, 2024.
(4) Amounts drawn include commercial paper that is supported by the long term facilities. WGL and Washington Gas have the right to request additional borrowings of up to US$100 million with the bank's approval, for a total of US$400 million and US$550 million on their respective facilities.

In addition to the facilities listed above, AltaGas has demand letter of credit facilities of $463 million (December 31, 2023 - $451 million). At December 31, 2024, there were letters of credit for $251 million (December 31, 2023 - $252 million) issued on these facilities and an additional less than $1 million (December 31, 2023 - less than $1 million) issued on the Company's revolving credit facilities.

WGL and Washington Gas use short-term debt in the form of commercial paper or unsecured short-term bank loans to fund seasonal cash requirements. Revolving committed credit facilities are maintained in an amount equal to or greater than the expected maximum commercial paper position.

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

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

Ratios	Debt covenant requirements	**As at December 31, 2024**
Bank debt-to-capitalization (1) (2)	not greater than 65%	less than 43%
Bank EBITDA-to-interest expense (1) (2)	not less than 2.5x	greater than 4.0x
Bank debt-to-capitalization (SEMCO) (2) (3)	not greater than 60%	less than 43%
Bank EBITDA-to-interest expense (SEMCO) (2) (3)	not less than 2.25x	greater than 7.9x
Bank debt-to-capitalization (WGL) (2) (4)	not greater than 65%	less than 50%
Bank debt-to-capitalization (Washington Gas) (2) (4)	not greater than 65%	less than 48%

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

On March 31, 2023, a short form base shelf prospectus for the issuance of certain types of future public debt and/or equity issuances was filed to replace the short form base shelf prospectus dated February 22, 2021. This enables AltaGas to access the Canadian capital markets on a timely basis during the 25-month period that the short form base shelf prospectus remains effective.

CONTRACTUAL OBLIGATIONS

December 31, 2024					
($ millions)	**Total**	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Short-term debt	**$ 10**	$ 10	$ —	$ —	$ —
Long-term debt [1]	**7,802**	858	1,334	975	4,635
Subordinated hybrid notes [2]	**2,045**	—	—	—	2,045
Operating and finance leases [3]	**1,301**	166	325	261	549
Purchase obligations	**17,660**	3,427	4,886	2,694	6,653
Capital project commitments	**474**	474	—	—	—
Pension plan and retiree benefits [4]	**3**	3	—	—	—
Merger commitments [5]	**5**	5	—	—	—
Environmental commitments	**24**	17	3	1	3
Other liabilities [6]	**54**	54	—	—	—
Total contractual obligations [7]	**$ 29,378**	$ 5,014	$ 6,548	$ 3,931	$ 13,885

(1) Excludes deferred financing costs, unamortized premiums and unamortized discounts, and the fair value adjustment on the WGL Acquisition.
(2) Excludes deferred financing costs.
(3) Payments are presented on an undiscounted cash basis.
(4) Assumes only required payments will be made into the pension plans in 2025. Contributions are made in accordance with independent actuarial valuations.
(5) Represents the estimated future payments of WGL merger commitments that have been accrued but not paid including the civil penalty related to the failure of the commitment to develop 10 MW of either electric grid energy storage or tier one renewable resources in D.C. As at December 31, 2024, the cumulative amount of merger commitments that have been expensed but not yet paid is approximately US$3 million. Please refer to Note 28 of the Annual Consolidated Financial Statements for further details.
(6) Excludes non-financial liabilities.
(7) U.S. dollar commitments have been converted to Canadian dollars using the December 31, 2024 exchange rate.

AltaGas expects to fund its obligations through internally-generated cash flow, asset sales, and normal course borrowings on existing committed credit facilities.

RELATED PARTY TRANSACTIONS

In the normal course of business, AltaGas transacts with its subsidiaries, affiliates and joint ventures. Refer to Note 29 of the 2024 Annual Consolidated Financial Statements for the amounts due to or from related parties on the Consolidated Balance Sheets and the classification of revenue, income, and expenses in the Consolidated Statements of Income.

Subsidiary Entities

The businesses of AltaGas are operated by the Company and a number of its subsidiaries including, without limitation, AltaGas Services (U.S.) Inc., AltaGas Utility Holdings (U.S.) Inc., WGL Holdings, Inc., Wrangler 1 LLC, Wrangler SPE LLC, Washington Gas Resources Corp., WGL Energy Services, Inc, and SEMCO Holding Corporation; in regard to the Utilities business, Washington Gas Light Company, Hampshire Gas Company, and SEMCO Energy, Inc.; and in regard to the Midstream business, AltaGas Extraction and Transmission Limited Partnership, AltaGas Pipeline Partnership, AltaGas Processing Partnership, AltaGas Northwest Processing Limited Partnership, Harmattan Gas Processing Limited Partnership, Ridley Island LPG Export Limited Partnership, AltaGas LPG Limited Partnership, Petrogas Energy Corporation ("Petrogas"), and Petrogas, Inc. In the Corporate/Other segment the main subsidiary is AltaGas Power Holdings (U.S.) Inc. SEMCO Energy, Inc. conducts its Michigan natural gas distribution business under the name SEMCO Energy Gas Company. Pursuant to an internal reorganization of certain of AltaGas' subsidiaries effective January 1, 2025, AltaGas Processing Partnership ceased to exist by operation of law and Petrogas Energy Corp. amalgamated with AltaGas.

SHARE INFORMATION

	As at February 28, 2025
Issued and outstanding	
Common shares	297,973,242
Preferred Shares	
Series A	6,746,679
Series B	1,253,321
Series G	8,000,000
Issued	
Share options	2,476,786
Share options exercisable	2,476,786

DIVIDENDS

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

The following table summarizes AltaGas' dividend declaration history as of December 31, 2024:

Common Share Dividends

Year Ended December 31		
($ per common share)	**2024**	2023
First quarter	**$ 0.297500**	$ 0.280000
Second quarter	**0.297500**	0.280000
Third quarter	**0.297500**	0.280000
Fourth quarter	**0.297500**	0.280000
Total	**$ 1.190000**	$ 1.120000

Series A Preferred Share Dividends

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

Series B Preferred Share Dividends

Year Ended December 31		
($ per preferred share)	**2024**	2023
First quarter	**$ 0.478740**	$ 0.418750
Second quarter	**0.474950**	0.450260
Third quarter	**0.473320**	0.455150
Fourth quarter	**0.431410**	0.492580
Total	**$ 1.858420**	$ 1.816740

Series E Preferred Share Dividends (1)

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

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

Series G Preferred Share Dividends

Year Ended December 31		
($ per preferred share)	**2024**	2023
First quarter	**$ 0.265125**	$ 0.265125
Second quarter	**0.265125**	0.265125
Third quarter	**0.265125**	0.265125
Fourth quarter	**0.376063**	0.265125
Total	**$ 1.171438**	$ 1.060500

Series H Preferred Share Dividends

Year ended December 31		
($ per preferred share)	**2024**	2023
First quarter	**$ 0.503610**	$ 0.443404
Second quarter	**0.499820**	0.475190
Third quarter	**0.498460**	0.480350
Fourth quarter	**—**	0.517780
Total	**$ 1.501890**	$ 1.916724

(1) On September 30, 2024, AltaGas converted all of its outstanding Series H Preferred Shares to Series G Preferred Shares.

CRITICAL ACCOUNTING ESTIMATES

Since a determination of the value of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of AltaGas' Consolidated Financial Statements requires the use of estimates and assumptions that have been made using careful judgment. AltaGas' significant accounting policies are contained in the notes to the 2024 Annual Consolidated Financial Statements. Certain of these policies involve critical accounting estimates as a result of the requirement to make particularly subjective or complex judgments about matters that are inherently uncertain, and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions.

Significant estimates and judgments made by Management in the preparation of the Consolidated Financial Statements are outlined below:

Regulatory Assets and Liabilities

SEMCO and Washington Gas engage in the delivery and sale of natural gas. SEMCO is regulated by the MPSC, and Washington Gas is regulated by the PSC of DC in the District of Columbia, the PSC of MD in Maryland, and the SCC of VA in Virginia.

The regulatory agencies exercise statutory authority over matters such as tariffs, rates, construction, operations, financing, returns and certain contracts with customers. In order to recognize the economic effects of the actions and decisions of the regulators, the timing of recognition of certain assets, liabilities, revenues and expenses as a result of regulation may differ from that otherwise expected using U.S. GAAP for entities not subject to rate regulation.

Regulatory assets represent future revenues associated with certain costs incurred in the current period or in prior periods that are expected to be recovered from customers in future periods through the rate-setting process. Regulatory liabilities represent future reductions or limitations of increases in revenue associated with amounts that are expected to be refunded to customers through the rate-setting process.

Asset Impairment

AltaGas reviews long-lived assets, regulatory assets, and intangible assets with indefinite and finite lives whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Recoverability is determined based on an estimate of undiscounted cash flows or other indicators of fair value, and measurement of an impairment loss is determined based on the fair value of the assets. The determination of fair value requires Management to make assumptions about future cash inflows and outflows over the life of an asset. Any changes to the assumptions used for the future cash flow could result in revisions to the evaluation of the recoverability of the long-lived assets or intangible assets and the recognition of an impairment loss in the Consolidated Financial Statements.

AltaGas also tests goodwill for impairment annually or more frequently if events or changes in circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying value. The Corporation has the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. If the quantitative goodwill impairment test is performed, the fair value of the Corporation's reporting units is compared to the carrying values. If the carrying value of a reporting unit, including allocated goodwill exceeds its fair value, goodwill impairment is measured as the excess of the carrying value amount of the reporting unit's allocated goodwill over the implied fair value of the goodwill. Based on the valuation approach, the fair value used in the quantitative impairment test of goodwill requires determining appropriate market multiples of earnings or estimating future cash flows as well as appropriate discount rates. AltaGas has assessed goodwill for impairment as at December 31, 2024 and determined that no write-down was required.

Asset Retirement Obligations

AltaGas records liabilities relating to asset retirement obligations when there is a legal obligation. In estimating the obligations, Management is required to make assumptions regarding inflation and discount rates, ultimate amounts and timing of settlements, and expected changes in environmental laws and regulation. A change in any of these estimates could have a material impact on AltaGas' Consolidated Financial Statements.

Income Taxes

The Corporation is subject to the provisions of the *Income Tax Act* (Canada) for purposes of determining the amount of income that will be subject to tax in Canada and the *Internal Revenue Code* (U.S.) for the purposes of determining the amount of income that will be subject to tax in the United States. The determination of AltaGas' and its subsidiaries' provision for income taxes requires the application of these complex rules.

The recognition of deferred tax assets depends on the assumption that future earnings will be sufficient to realize the deferred benefit. A valuation allowance is recorded against deferred tax assets where all or a portion of that asset is not expected to be realized. The amount of the deferred tax asset or liability recorded is based on Management's best estimate of the timing of the realization of the assets or liabilities.

If Management's interpretation of tax legislation differs from that of tax authorities, or if timing of reversals is not as anticipated, the provision for income taxes could increase or decrease in future periods. See Note 19 of the 2024 Annual Consolidated Financial Statements.

Pension Plans and Post-Retirement Benefits

The determination of pension plan obligations and expense is based on a number of actuarial assumptions. Critical assumptions include the expected long-term rate-of-return on plan assets, the discount rate applied to pension plan obligations, the expected rate of compensation increase, and mortality rates. For post-retirement benefit plans, which provide for certain health care premiums and life insurance benefits for qualifying retired employees and which are not funded, critical assumptions in determining post-retirement obligations and expense are the discount rate and the assumed health care cost trend rates.

Depreciation and Amortization

Depreciation and amortization of property, plant, and equipment and intangible assets are based on Management's judgment of the estimated useful life of the assets. When it is determined that assigned asset lives do not reflect the estimated remaining period of benefit, prospective changes are made to the depreciable lives of those assets. For regulated entities, amortization rates are generally prescribed by the applicable regulatory authority. There are a number of uncertainties inherent in estimating the remaining useful life of certain assets and changes in assumptions could result in material adjustments to the amount of amortization that AltaGas recognizes from period to period.

Loss Contingencies

AltaGas and its subsidiaries are subject to various legal claims and actions arising in the normal course of business. Liabilities for loss contingencies are determined on a case-by-case basis and are accrued for when it is probable that a liability has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine the probability of having incurred the liability and the estimated amount. Estimates are reviewed regularly and updated as new information is received. As at December 31, 2024, no material provisions on loss contingencies have been recorded by the Corporation. However, due to the inherent uncertainty of the litigation process, the resolution of any particular contingencies could have a material adverse effect on the Corporation's results of operations or financial position.

Fair Value of Financial Instruments

Fair value is defined as the amount of consideration that would be agreed upon in an arms-length transaction, other than a forced sale or liquidation, between knowledgeable, willing parties who are under no compulsion to act. The best evidence of fair value is a quoted bid or ask price, as appropriate, in an active market. Fair value based on unadjusted quoted prices in an active market requires minimal judgment by Management. Where bid or ask prices in an active market are not available, Management's judgment on valuation inputs is necessary to determine fair value. AltaGas enters into physical and financial derivative contracts to manage exposure to fluctuations in commodity prices and foreign exchange rates, as well as to optimize certain owned and managed natural gas assets. AltaGas estimates forward prices for certain derivative contracts based on published sources adjusted for factors specific to the asset or liability, including basis and location differentials, discount rates, interest rates, and foreign currency exchange rates. The forward curves used to mark these derivative instruments to market are vetted against public sources. AltaGas may also determine the fair value of derivative contracts using indicative broker quotes based on observable market data. Where observable market data is not available, AltaGas uses valuation techniques which require significant judgment by Management. Changes in estimates and assumptions about these inputs could affect the reported fair value.

Refer to Note 2 of the 2024 Annual Consolidated Financial Statements for discussion of the adoption of new accounting standards and future changes in accounting principles.

OFF-BALANCE SHEET ARRANGEMENTS

AltaGas is not party to any contractual arrangements with unconsolidated entities that have, or are reasonably likely to have, a current or future material effect on the Corporation's financial performance or financial condition including liquidity and capital resources.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

Management has designed the existing framework to result in both a complete and accurate consolidation of related information. During the year ended December 31, 2024, there were no changes made to AltaGas' ICFR that materially affected, or are reasonably likely to materially affect, its ICFR or DCP.

The Chief Executive Officer and the Chief Financial Officer have evaluated, with the assistance of AltaGas' employees, the effectiveness of AltaGas' DCP and ICFR as at December 31, 2024 and concluded that as at December 31, 2024 AltaGas' DCP and ICFR were effective.

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

SUMMARY OF CONSOLIDATED RESULTS FOR THE EIGHT MOST RECENT QUARTERS [(1)]

($ millions)	**Q4-24**	Q3-24	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23
Total revenue	**3,259**	2,759	2,775	3,655	3,288	3,030	2,631	4,048
Normalized EBITDA	**520**	294	295	660	502	252	239	582
Net income (loss) applicable to common shares	**203**	9	(42)	408	113	(50)	133	445
($ per share)	**Q4-24**	Q3-24	Q2-24	Q1-24	Q4-23	Q3-23	Q2-23	Q1-23
Net income (loss) per common share								
Basic	**0.68**	0.03	(0.14)	1.38	0.40	(0.18)	0.47	1.58
Diluted	**0.68**	0.03	(0.14)	1.37	0.40	(0.18)	0.47	1.57
Dividends declared	**0.30**	0.30	0.30	0.30	0.28	0.28	0.28	0.28

(1) Amounts may not add due to rounding.

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

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

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

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

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

- After-tax transaction costs related to acquisitions and dispositions of approximately $9 million and $27 million incurred throughout 2024 and 2023, respectively, primarily due to asset sales and the Pipestone Acquisition;
- After-tax transition and restructuring costs of approximately $52 million and $17 million incurred throughout 2024 and 2023, respectively;

- Favourable resolution of certain acquisition related commercial disputes and contingencies in the first half of 2023;
- The gain resulting from the partial defeasance of SEMCO's First Mortgage Bonds related to the Alaska Utilities Disposition in the first quarter of 2023;
- The gain on the Alaska Utilities Disposition in the first quarter of 2023;
- The loss on the redemption of the Series E Preferred Shares in the fourth quarter of 2023;
- The gain on partial settlement of WGL's post-retirement benefit pension plan in the third quarter of 2024;
- The gain on sale of assets related to the Meade escrow proceeds in the third quarter of 2024; and
- Provisions on assets recorded in the fourth quarter of 2024 related to EEEP and certain non-operational equipment in the Corporate/Other segment.

SELECTED ANNUAL FINANCIAL INFORMATION

($ millions, except where noted)	**2024**	2023	2022
Revenue	**12,448**	12,997	14,087
Net income applicable to common shares	**578**	641	399
Net income per common share - basic	**1.95**	2.27	1.42
Net income per common share - diluted	**1.94**	2.26	1.41
Total assets	**26,092**	23,471	23,965
Total long-term liabilities	**13,546**	12,195	12,940
Weighted average number of common shares outstanding *(millions)*	**297**	282	281
Dividends declared per common share *($ per share)*	**1.190000**	1.120000	1.060000
Dividends declared per preferred share *($ per share)*			
Series A	**0.765000**	0.765000	0.765000
Series B	**1.858420**	1.816740	1.007330
Series C *(US$)* [(1)]	**—**	—	0.991875
Series E [(2)]	**—**	1.348252	1.348252
Series G	**1.171438**	1.060500	1.060500
Series H [(3)]	**1.501890**	1.916724	1.107322
Series K [(4)]	**—**	—	0.312500

(1) Series C Preferred Shares were redeemed on September 30, 2022.
(2) Series E Preferred Shares were redeemed on December 31, 2023.
(3) On September 30, 2024, AltaGas converted all of its outstanding Series H Preferred Shares to Series G Preferred Shares.
(4) Series K Preferred Shares were redeemed on March 31, 2022.

OTHER INFORMATION

DEFINITIONS

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

ABOUT ALTAGAS

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

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