

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

This prospectus supplement, together with the short form base shelf prospectus dated July 15, 2010 (the “Prospectus”) to which it relates, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference in the short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may lawfully be offered for sale and therein only by persons permitted to sell such securities.

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

Information has been incorporated by reference in this prospectus supplement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of the issuer at 1700, 355 - 4 Avenue S.W., Calgary, Alberta, T2P 0J1 (telephone (403) 691-7575) and are also available electronically at www.sedar.com.

**PROSPECTUS SUPPLEMENT
To a Short Form Base Shelf Prospectus Dated July 15, 2010**

New Issue

August 11, 2010

AltaGas

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

8,000,000 Cumulative Redeemable 5-Year Rate Reset Preferred Shares, Series A

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

The holders of Series A Shares will be entitled to receive, as and when declared by the board of directors of AltaGas (the “Board of Directors”) out of moneys of AltaGas properly applicable to the payment of dividends, fixed cumulative preferential cash dividends for the initial period from and including the date of issue of the Series A Shares to, but excluding, September 30, 2015 (the “Initial Fixed Rate Period”), at an annual rate of \$1.25 per share, payable quarterly on the last day of March, June, September and December in each year. Assuming an issue date of August 19, 2010, the first dividend, if declared, will be payable December 31, 2010, in the amount of \$0.4589 per share. See “Details of the Offering”.

For each five-year period after the Initial Fixed Rate Period (each a “Subsequent Fixed Rate Period”), the holders of Series A Shares shall be entitled to receive, as and when declared by the Board of Directors, fixed cumulative preferential cash dividends, payable quarterly on the last day of March, June, September and December in each year, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate (as defined herein) for such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be determined by AltaGas on the applicable Fixed Rate Calculation Date (as defined herein) and will be equal to the sum of the Government of Canada Yield (as defined herein) on the applicable Fixed Rate Calculation Date plus 2.66%. See “Details of the Offering”.

The Series A Shares shall not be redeemable prior to September 30, 2015. On September 30, 2015, and on September 30 in every fifth year thereafter, AltaGas may, at its option, upon not less than 30 days and not more than

60 days prior written notice, redeem for cash all or any part of the outstanding Series A Shares by the payment of \$25.00 per Series A Share plus all accrued and unpaid dividends. See “*Details of the Offering*”.

Option to Convert into Series B Shares

The holders of the Series A Shares will have the right to convert all or any of their shares into cumulative redeemable floating rate preferred shares, series B of AltaGas (the “**Series B Shares**”), subject to certain conditions, on September 30, 2015 and on September 30 in every fifth year thereafter. The holders of the Series B Shares will be entitled to receive, as and when declared by the Board of Directors, quarterly floating rate cumulative preferential cash dividends payable on the last day of March, June, September and December in each year in the amount per share determined by multiplying the Floating Quarterly Dividend Rate (as defined herein) for such Quarterly Floating Rate Period (as defined herein) by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365 or 366, depending upon the actual number of days in the applicable year. The Floating Quarterly Dividend Rate will be the annual rate of interest equal to the sum of the T-Bill Rate (as defined herein) on the applicable Floating Rate Calculation Date (as defined herein) plus 2.66%. See “*Details of the Offering*”.

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

Price: \$25.00 per Series A Share to initially yield 5.00% per annum

	Price to the Public	Underwriters' Fee⁽¹⁾	Net Proceeds to AltaGas⁽²⁾
Per Series A Share	\$25.00	\$0.75	\$24.25
Total	\$200,000,000	\$6,000,000	\$194,000,000

- (1) The Underwriters' fee for the Series A Shares is \$0.25 for each share sold to certain institutions by closing of the Offering, and \$0.75 per share for all other Series A Shares purchased by the Underwriters (as defined herein). The Underwriters' fee indicated in the table assumes that no Series A Shares are sold to such institutions.
- (2) Before deducting the estimated expenses of the Offering of approximately \$500,000. The expenses of the Offering and the Underwriters' fee will be paid from the general funds of AltaGas.

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

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

AltaGas has applied to the Toronto Stock Exchange (the “**TSX**”) to list the Series A Shares and Series B Shares described in this prospectus supplement. Listing will be subject to AltaGas fulfilling all the listing requirements of the TSX. There can be no assurance that the Series A Shares and Series B Shares will be accepted for listing on the TSX.

It is currently anticipated that the closing date of the Offering (the “**Offering Closing Date**”) will be on or about August 19, 2010, or such later date as AltaGas and the Underwriters may agree but in any event not later than August 31, 2010. See “*Details of the Offering*”.

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

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

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

In the opinion of Counsel, subject to the provisions of any particular plan, the Series A Shares, if issued on the date hereof, generally would be qualified investments under the *Income Tax Act* (Canada) (the “**Tax Act**”) for certain tax-exempt trusts. See “*Eligibility for Investment*”.

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

The Underwriters are, directly or indirectly, subsidiaries or affiliates of Canadian chartered banks that are lenders to AltaGas or its subsidiaries. Accordingly, pursuant to applicable securities legislation, AltaGas may be considered a “connected issuer” of the Underwriters. The net proceeds from the sale of the Series A Shares may be used to reduce the indebtedness of AltaGas to such lenders. See “*Relationship Between the Underwriters and AltaGas*” and “*Use of Proceeds*”.

TABLE OF CONTENTS

Important Notice About Information In This Prospectus Supplement and the Accompanying Prospectus .	4
Documents Incorporated by Reference.....	5
Use of Proceeds.....	6
Capitalization of AltaGas.....	6
Price Range and Trading Volume.....	6
Plan of Distribution.....	7
Relationship Between the Underwriters and AltaGas.....	8
Earnings Coverage.....	8
Details of the Offering.....	9
Depository Services.....	17
Certain Canadian Federal Income Tax Considerations.....	17
Ratings.....	19
Eligibility for Investment.....	20
Risk Factors.....	20
Experts.....	22
Legal Matters.....	22
Consent of Ernst & Young LLP.....	23
Certificate of the Underwriters.....	C-1

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

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the securities AltaGas is offering and also adds to and updates certain information contained in the Prospectus and the documents incorporated by reference therein. The second part, the Prospectus, gives more general information, some of which may not apply to the Series A Shares offered hereunder.

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

In this prospectus supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. References to “dollars” or “\$” are to the lawful currency of Canada.

Unless otherwise indicated, all financial information included and incorporated by reference in this prospectus supplement and the Prospectus is determined using Canadian generally accepted accounting principles (“GAAP”) which are in effect from time to time.

DOCUMENTS INCORPORATED BY REFERENCE

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

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

- (a) the audited comparative consolidated financial statements of AltaGas Income Trust (the “Trust”) and notes thereto as at and for the years ended December 31, 2009 and 2008 together with the auditors' report thereon, and management's discussion and analysis of results of operations and financial condition for the year ended December 31, 2009;
- (b) the annual information form of the Trust dated March 4, 2010 for the year ended December 31, 2009;
- (c) the information circular dated May 4, 2010 relating to the Annual and Special Meeting of holders of trust units of the Trust and holders of class B limited partnership units of AltaGas Holding Limited Partnership No.1 (collectively, “Securityholders”) held on June 3, 2010 to consider, among other things, the Arrangement (as defined below);
- (d) the information circular dated March 3, 2009 relating to the Annual and Special Meeting of Securityholders held on April 21, 2009;
- (e) the unaudited comparative consolidated financial statements of the Trust and notes thereto as at and for the six months ended June 30, 2010 and 2009, and management's discussion and analysis of results of operations and financial condition for the six months ended June 30, 2010;
- (f) the material change report of the Trust dated June 3, 2010 with respect to the announcement of signing a 60-year CPI indexed Electricity Purchase Agreement with BC Hydro for its 195-MW Forrest Kerr run-of-river hydroelectricity generation project; and
- (g) the material change report of AltaGas and the Trust dated July 2, 2010 with respect to the arrangement, under the provisions of section 192 of the *Canada Business Corporations Act* (the “CBCA”), involving the Trust, AltaGas, AltaGas General Partner Inc., AltaGas Holding Limited Partnership No.1, AltaGas Holding Limited Partnership No.2, AltaGas Holding Trust, AltaGas Conversion Inc., AltaGas Conversion #2 Inc., Computershare Trust Company of Canada (as trustee under the voting and exchange trust agreement of the Trust) and the holders of trust units of the Trust and class B limited partnership units of AltaGas Holding Limited Partnership No.1, pursuant to which the business of the Trust was reorganized into AltaGas effective July 1, 2010 (the “Arrangement”).

Any documents of the type referred to above (excluding confidential material change reports), press releases containing financial information for financial periods more recent than the most recent annual or interim financial statements and any business acquisition reports subsequently filed by AltaGas with securities regulatory authorities in Canada after the date of this prospectus supplement and prior to the termination of the Offering shall be deemed to be incorporated by reference into this prospectus supplement and the Prospectus for the purposes of this Offering. These documents are available through the internet on SEDAR, which can be accessed at www.sedar.com.

Any statement contained in the Prospectus, in this prospectus supplement or in any other document (or part thereof) incorporated or deemed to be incorporated by reference into the Prospectus shall be deemed to be modified or superseded, for purposes of this prospectus supplement, to the extent that a statement contained herein or in any other subsequently filed document (or part thereof) which also is or is deemed to

be incorporated by reference into the Prospectus modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the Prospectus.

USE OF PROCEEDS

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

The net proceeds of the Offering will be used by AltaGas to reduce outstanding indebtedness of AltaGas pursuant to the \$600 million unsecured extendible revolving three-year facility with a syndicate of Canadian chartered banks (the "**Three-Year Facility**"), thereby strengthening AltaGas' balance sheet, giving it the financial flexibility to support, among other things, construction activities related to the Forrest Kerr hydroelectric project.

Over the preceding two years, the Trust and its affiliates used borrowings under their credit facilities (certain of which were replaced by the Three-Year Facility on June 30, 2010) to, among other things, finance the completion of the Bear Mountain Wind Park with commercial operating date of October 24, 2009 and the acquisition of the remaining shareholder debt and common shares of Heritage Gas Limited not already owned by the Trust and its affiliates on November 18, 2009.

The Underwriters are, directly or indirectly, subsidiaries or affiliates of Canadian chartered banks which are lenders to AltaGas or its subsidiaries in connection with the Three-Year Facility. Consequently, AltaGas may be considered to be a connected issuer of the Underwriters for purposes of applicable securities legislation. See "*Plan of Distribution*".

CAPITALIZATION OF ALTAGAS

There have been no material changes in the consolidated share and loan capital of AltaGas from June 30, 2010 to the date of this prospectus supplement.

After giving effect to the Offering, the shareholders' equity of AltaGas will increase by the amount of the net proceeds of the Offering. The number of issued and outstanding Series A Shares will increase by 8,000,000 Series A Shares. After giving effect to the Offering and the use of proceeds as discussed herein, the indebtedness of AltaGas under the Three-Year Facility will be reduced by approximately \$194,000,000 (assuming no institutional sales of Series A Shares).

PRICE RANGE AND TRADING VOLUME

The common shares of AltaGas ("**Common Shares**") were substitutionally listed on the TSX under the trading symbol "ALA" on July 1, 2010, and prior thereto the trust units of AltaGas Income Trust (the "**Trust Units**") were listed and posted for trading on the TSX under the trading symbol "ALA.UN".

The following table sets forth the price range for and trading volume of the Trust Units (for the period up to July 1, 2010) and the Common Shares (for the period following July 1, 2010) on the TSX for June 2009 through August 10, 2010, as reported by the TSX.

Month and Year	High	Low	Volume
June 2009	\$17.50	\$15.55	7,094,098
July 2009	\$16.35	\$15.55	6,777,304
August 2009	\$17.24	\$16.36	5,542,824
September 2009	\$17.70	\$16.60	7,349,020
October 2009.....	\$19.09	\$17.18	8,099,281

Month and Year	High	Low	Volume
November 2009	\$18.95	\$17.75	5,918,666
December 2009	\$19.07	\$17.19	6,167,026
January 2010	\$19.29	\$18.15	5,887,258
February 2010	\$18.79	\$17.97	4,765,768
March 2010	\$18.89	\$17.80	7,180,976
April 2010	\$18.73	\$17.14	7,772,868
May 2010	\$17.73	\$16.28	7,430,297
June 2010	\$18.76	\$17.10	7,619,430
July 2010	\$20.43	\$18.25	9,477,038
August 2010 (1-10).....	\$20.10	\$19.41	1,435,539

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the “**Underwriting Agreement**”) dated August 11, 2010 between AltaGas and the Underwriters, AltaGas has agreed to sell an aggregate of 8,000,000 Series A Shares to the Underwriters, and the Underwriters have severally (and not jointly or jointly and severally) agreed to purchase from AltaGas, as principals, such Series A Shares at a price of \$25.00 per Series A Share payable in cash against delivery of such Series A Shares on the Offering Closing Date. The Underwriting Agreement provides that, in consideration of the services of the Underwriters in connection with the Offering, AltaGas will pay the Underwriters a fee of \$0.25 per Series A Share issued and sold by AltaGas to certain institutions, and \$0.75 per Series A Share for all other Series A Shares issued and sold by AltaGas as part of the Offering, for an aggregate fee payable by AltaGas of \$6,000,000, assuming that no Series A Shares are sold to such institutions. The Underwriters’ fee is payable on the Offering Closing Date.

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

The obligations of the Underwriters under the Underwriting Agreement are several (and not joint or joint and several) and may be terminated at their discretion upon the occurrence of certain stated events. If an Underwriter fails to purchase the Series A Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Series A Shares, provided that, if the aggregate number of Series A Shares not purchased is less than or equal to 11% of the aggregate number of Series A Shares agreed to be purchased by the Underwriters, then each of the other Underwriters is obligated to purchase severally the Series A Shares not taken up, on a *pro rata* basis or as they may otherwise agree as between themselves. The Underwriters are, however, obligated to take up and pay for all Series A Shares if any Series A Shares are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that AltaGas will indemnify the Underwriters and their respective directors, officers, shareholders, agents and employees against certain liabilities and expenses.

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

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

AltaGas has applied to the TSX to list the Series A Shares and Series B Shares. Listing will be subject to AltaGas fulfilling all the listing requirements of the TSX. There can be no assurance that the Series A Shares and the Series B Shares will be accepted for listing on the TSX.

AltaGas has agreed that, subject to certain exceptions, it shall not issue or agree to issue any Preferred Shares or other securities convertible into, or exchangeable for, Preferred Shares prior to 90 days after the Offering

Closing Date without the prior consent of TD Securities Inc. and RBC Dominion Securities Inc. on behalf of the Underwriters, which consent shall not be unreasonably withheld.

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

RELATIONSHIP BETWEEN THE UNDERWRITERS AND ALTAGAS

The Underwriters are, directly or indirectly, subsidiaries or affiliates of Canadian chartered banks that are lenders to AltaGas or its subsidiaries. Accordingly, pursuant to applicable securities legislation, AltaGas may be considered a “connected issuer” of the Underwriters. As at August 9, 2010, AltaGas or its subsidiaries were indebted to a syndicate of lenders including lender affiliates of the Underwriters in the approximate amount of \$227.5 million under the Three-Year Facility and to a syndicate of lenders including lender affiliates of certain of the Underwriters in the approximate amount of \$130 million under an unsecured extendible revolving credit facility of AltaGas Utility Group Inc. (“**AUGI**”) maturing on November 17, 2010 (the “**AUGI Facility**” and, together with the Three-Year Facility, collectively, the “**Credit Facilities**”). These Credit Facilities are unsecured. AltaGas and its subsidiaries, as applicable, are presently in compliance with the terms of such Credit Facilities and none of the lenders has waived a breach of the agreements governing such Credit Facilities since their execution. The consolidated financial position of AltaGas has not changed materially since the indebtedness under such Credit Facilities was incurred. None of the lenders were involved in the decision to offer the Series A Shares and none will be involved in the determination of the terms of the distribution of the Series A Shares. As a consequence of the sale of the Series A Shares from time to time under this prospectus supplement, each of the Underwriters will receive a commission on the Series A Shares sold through such Underwriter and the lenders may receive a portion of the proceeds from AltaGas as a repayment of outstanding indebtedness under the Three-Year Facility. See “*Use of Proceeds*”.

EARNINGS COVERAGE

The following earnings coverage ratios have been calculated on a consolidated basis and are derived from audited, in the case of the 12 month period ended December 31, 2009, and unaudited, in the case of the 12 month period ended June 30, 2010, financial information based on GAAP.

The earnings coverage on short-term and long-term debt for the 12 month period ended December 31, 2009, after giving effect to the March 29, 2010 offering of \$200 million of senior unsecured medium term notes with a coupon rate of 5.49 percent and maturing on March 27, 2017 (the “**MTN Offering**”) with *pro forma* effect of debt repayment, was 3.76 times and for the 12 month period ended June 30, 2010 was 3.02 times. Such ratios do not give effect to the issue of the Series A Shares pursuant to this prospectus supplement.

AltaGas’ dividend requirements on all of its Preferred Shares, after giving effect to the issue of the Series A Shares to be distributed under this prospectus supplement, and adjusted to a before-tax equivalent using an effective income tax rate of 26%, amounted to approximately \$13.5 million for the 12 months ended December 31, 2009 and to approximately \$13.5 million for the 12 months ended June 30, 2010. AltaGas’ interest requirements, after giving effect to the MTN Offering and after giving effect to the issue of the Series A Shares to be distributed under this prospectus supplement with *pro forma* debt repayment effect, for the 12 months then ended amounted to approximately \$44.6 million and \$53.0 million, respectively. AltaGas’ earnings before interest and income tax for the 12 months ended December 31, 2009 and June 30, 2010 were approximately \$174.2 million and \$165.8 million,

respectively, which are 3.00 times and 2.49 times AltaGas' aggregate dividend and interest requirements for this period.

	<u>December 31, 2009</u>	<u>June 30, 2010</u>
Earnings Coverage.....	3.00 times	2.49 times

DETAILS OF THE OFFERING

The following is a summary of the principal rights, privileges, restrictions and conditions attaching to the preferred shares (“**Preferred Shares**”) of AltaGas as a class and to be attached to the Series A Shares and Series B Shares. AltaGas will furnish on request a copy of the text of the provisions attaching to the Preferred Shares as a class and the Series A Shares and Series B Shares, each as a series and such provisions will also be available on SEDAR at www.sedar.com.

Definition of Terms

The following definitions are relevant to the Series A Shares and the Series B Shares.

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 2.66%.

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

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

“**Dividend Payment Date**” means the last day of March, June, September and December in each year commencing December 31, 2010.

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

“**Floating Quarterly Dividend Rate**” means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 2.66%.

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

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

“**Initial Fixed Rate Period**” means the period from and including the date of issue of the Series A Shares to, but excluding, September 30, 2015.

“Quarterly Commencement Date” means the last day of March, June, September and December in each year, commencing September 30, 2015.

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

“Series A Conversion Date” means September 30, 2015, and September 30 in every fifth year thereafter.

“Series B Conversion Date” means September 30, 2020, and September 30 in every fifth year thereafter.

“Subsequent Fixed Rate Period” means, for the initial Subsequent Fixed Rate Period, the period from and including September 30, 2015 to, but excluding, September 30, 2020, and for each succeeding Subsequent Fixed Rate Period means the period from and including the day immediately following the last day of the immediately preceding Subsequent Fixed Rate Period to, but excluding, September 30 in the fifth year thereafter.

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

Certain Provisions of the Preferred Shares as a Class

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

Priority

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

Changes in Terms

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

Certain Provisions of the Series A Shares

Issue Price

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

Dividends on Series A Shares

During the Initial Fixed Rate Period, the holders of the Series A Shares shall be entitled to receive and AltaGas shall pay, as and when declared by the board of directors, out of the moneys of AltaGas properly applicable to the payment of dividends, fixed cumulative preferential cash dividends at an annual rate of \$1.25 per share, payable quarterly on each Dividend Payment Date in each year. The first dividend, if declared, shall be payable on December 31, 2010, and, notwithstanding the foregoing, shall be in the amount per share determined by multiplying \$1.25 by the number of days in the period from and including the date of issue of the Series A Shares to, but excluding, December 31, 2010, and dividing that product by 365, being the amount of \$0.4589 per Series A Share.

During each Subsequent Fixed Rate Period, the holders of the Series A Shares shall be entitled to receive and AltaGas shall pay, as and when declared by the board of directors, out of the moneys of AltaGas properly applicable to the payment of dividends, fixed cumulative preferential cash dividends, payable quarterly on each Dividend Payment Date, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate for such Subsequent Fixed Rate Period by \$25.00.

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

Redemption of Series A Shares

The Series A Shares shall not be redeemable prior to September 30, 2015. Subject to the provisions described under “*Restrictions on Payments and Reductions of Capital*”, on September 30, 2015, and on September 30 in every fifth year thereafter, AltaGas may, at its option, redeem all or any part of the Series A Shares by the payment of an amount in cash for each share to be redeemed equal to \$25.00 plus all accrued and unpaid dividends thereon to, but excluding, the date fixed for redemption.

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

Conversion of Series A Shares into Series B Shares

The Series A Shares shall not be convertible prior to September 30, 2015. Holders of Series A Shares shall have the right to convert on each Series A Conversion Date, subject to restrictions on conversion described below, all or any of their Series A Shares into Series B Shares on the basis of one Series B Share for each Series A Share. Notice of a holder’s intention to convert Series A Shares must be received by the transfer agent and registrar for the Series A Shares at its principal office in Toronto or Calgary not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series A Conversion Date. Once received by the transfer agent and registrar on behalf of AltaGas, the election of a holder to convert is irrevocable.

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

Holders of Series A Shares shall not be entitled to convert their shares into Series B Shares if AltaGas determines that there would remain outstanding on a Series A Conversion Date less than 1,000,000 Series B Shares, after having taken into account all Series A Shares tendered for conversion into Series B Shares and all Series B Shares tendered for conversion into Series A Shares. AltaGas shall give notice thereof to all affected registered

holders of the Series A Shares at least seven days prior to the applicable Series A Conversion Date. Furthermore, if AltaGas determines that there would remain outstanding on a Series A Conversion Date less than 1,000,000 Series A Shares, after having taken into account all Series A Shares tendered for conversion into Series B Shares and all Series B Shares tendered for conversion into Series A Shares, then all of the remaining outstanding Series A Shares shall be converted automatically into Series B Shares on the basis of one Series B Share for each Series A Share on the applicable Series A Conversion Date and AltaGas shall give notice thereof to the then registered holders of such remaining Series A Shares at least seven days prior to the Series A Conversion Date.

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

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

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

Purchase for Cancellation

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

Rights on Liquidation

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

Restrictions on Payments and Reductions of Capital

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

- (a) call for redemption, purchase, reduce or otherwise pay for less than all the Series A Shares and all other Preferred Shares then outstanding ranking prior to or on parity with the Series A Shares with respect to payment of dividends,

- (b) declare, pay or set apart for payment any dividends (other than stock dividends in shares of AltaGas ranking junior to the Series A Shares) on the Common Shares or any other shares of AltaGas ranking junior to the Series A Shares with respect to payment of dividends, or
- (c) call for redemption, purchase, reduce or otherwise pay for any shares of AltaGas ranking junior to the Series A Shares with respect to repayment of capital or with respect to payment of dividends,

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

Creation or Issue of Additional Shares

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

Voting Rights

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

Tax Election

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

Modification

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

Business Day

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

Certain Provisions of the Series B Shares

Issue Price

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

Dividends on Series B Shares

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

On each Floating Rate Calculation Date, AltaGas shall determine the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon AltaGas and upon all holders of Series B Shares. AltaGas shall, on each Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series B Shares.

Redemption of Series B Shares

Subject to the provisions described under “*Restrictions on Payments and Reductions of Capital*”, AltaGas may redeem all or any part of the Series B Shares by the payment of an amount in cash for each share to be redeemed equal to (i) \$25.00 in the case of redemptions on any Series B Conversion Date, or (ii) \$25.50 in the case of redemptions on any date after September 30, 2015 that is not a Series B Conversion Date, in each case plus all accrued and unpaid dividends thereon to, but excluding, the date fixed for redemption.

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

Conversion of Series B Shares into Series A Shares

The Series B Shares shall not be convertible prior to September 30, 2020. Holders of Series B Shares shall have the right to convert on each Series B Conversion Date, subject to restrictions on conversion described below, all or any of their Series B Shares into Series A Shares on the basis of one Series A Share for each Series B Share. Notice of a holder’s intention to convert Series B Shares must be received by the transfer agent and registrar for the Series B Shares at its principal office in Toronto or Calgary not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series B Conversion Date. Once received by the transfer agent and registrar on behalf of AltaGas, the election of a holder to convert is irrevocable.

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

Holders of Series B Shares shall not be entitled to convert their shares into Series A Shares if AltaGas determines that there would remain outstanding on a Series B Conversion Date less than 1,000,000 Series A Shares, after having taken into account all Series A Shares tendered for conversion into Series B Shares and all Series B

Shares tendered for conversion into Series A Shares. AltaGas shall give notice thereof to all affected registered holders of the Series B Shares at least seven days prior to the applicable Series B Conversion Date. Furthermore, if AltaGas determines that there would remain outstanding on a Series B Conversion Date less than 1,000,000 Series B Shares, after having taken into account all Series A Shares tendered for conversion into Series B Shares and all Series B Shares tendered for conversion into Series A Shares, then all of the remaining outstanding Series B Shares shall be converted automatically into Series A Shares on the basis of one Series A Share for each Series B Share on the applicable Series B Conversion Date and AltaGas shall give notice thereof to the then registered holders of such remaining Series B Shares at least seven days prior to the Series B Conversion Date.

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

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

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

Purchase for Cancellation

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

Rights on Liquidation

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

Restrictions on Payments and Reductions of Capital

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

- (a) call for redemption, purchase, reduce or otherwise pay for less than all the Series B Shares and all other Preferred Shares then outstanding ranking prior to or on parity with the Series B Shares with respect to payment of dividends,

- (b) declare, pay or set apart for payment any dividends (other than stock dividends in shares of AltaGas ranking junior to the Series B Shares) on the Common Shares or any other shares of AltaGas ranking junior to the Series B Shares with respect to payment of dividends, or
- (c) call for redemption, purchase, reduce or otherwise pay for any shares of AltaGas ranking junior to the Series B Shares with respect to repayment of capital or with respect to payment of dividends,

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

Creation or Issue of Additional Shares

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

Voting Rights

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

Tax Election

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

Modification

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

Business Day

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

DEPOSITORY SERVICES

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

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

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

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

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

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

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

This summary is not applicable to a Holder: (i) that is a “financial institution”, as defined in the Tax Act for the purpose of the “mark-to-market” rules; (ii) an interest in which would be a “tax shelter investment” as defined in the Tax Act; (iii) that is a “specified financial institution” or a “restricted financial institution”, each as defined in the Tax Act; or (iv) which has made a “functional currency” election under the Tax Act to determine its Canadian tax results in a currency other than Canadian currency. Any such Holder should consult its own tax advisors with respect to an investment in the Series A Shares or Series B Shares.

This summary is based upon the current provisions of the Tax Act, the regulations thereunder (the “**Regulations**”), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposals**”), existing case law and Counsel’s understanding of the current published administrative and assessing practices of the Canada Revenue Agency. This summary assumes the Proposals will be enacted in the form proposed; however, no assurance can be given that the Proposals will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account any provincial, territorial or foreign income tax legislation or considerations.

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

Dividends

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

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

Dividends (including deemed dividends) received on the Series A Shares or the Series B Shares, as the case may be, by a Holder which is a corporation will be included in computing the Holder’s income and will generally be deductible in computing the Holder’s taxable income. A “private corporation”, as defined in the Tax Act, or any other corporation controlled (whether by reason of a beneficial interest in one or more trusts or otherwise) by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33¹/₃% refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Series A Shares or the Series B Shares, as the case may be, to the extent such dividends are deductible in computing its taxable income.

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

Dispositions

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

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

Redemption

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

Conversion

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

RATINGS

The Series A Shares have been rated Pfd-3 by DBRS Limited ("**DBRS**") and P-3 (High) by Standard & Poor's, a division of The McGraw Hill Companies, Inc. ("**S&P**") (DBRS and S&P are each a "**Rating Agency**"). The rating trend from DBRS is stable. Ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. The Rating Agencies' ratings for preferred shares range from a high of Pfd-1 to a low of D for DBRS and from a high of P-1 to a low of D for S&P.

A Pfd-3 rating by DBRS is the third highest of six categories granted by DBRS. According to the DBRS rating system, securities rated Pfd-3 are of adequate credit quality. While protection of dividends and principal is

still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection. “High” or “low” grades are used to indicate the relative standing within a rating category. The absence of either a “high” or “low” designation indicates the rating is in the middle of the category.

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

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

ELIGIBILITY FOR INVESTMENT

In the opinion of Counsel, subject to the provisions of any particular plan, the Series A Shares offered hereby, if issued on the date hereof, generally would be qualified investments under the Tax Act and the Regulations for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered disability savings plan, a deferred profit sharing plan, or a tax-free savings account (“TFSA”). Notwithstanding that the Series A Shares will be a qualified investment for a TFSA, the holder of a TFSA will be subject to a penalty tax on the Series A Shares held in the TFSA if such Series A Shares are a “prohibited investment” for the purposes of section 207.01 of the Tax Act. The Series A Shares will not be a “prohibited investment” for a TFSA provided that the holder of the TFSA deals at arm’s length with AltaGas for purposes of the Tax Act and does not have a significant interest (within the meaning of the Tax Act) in AltaGas or in any corporation, partnership or trust with which AltaGas does not deal at arm’s length for purposes of the Tax Act.

Effective after October 16, 2009, newly proposed amendments to the Tax Act (the “**Proposed TFSA Amendments**”) may result in additional tax payable by the holder of a TFSA where the TFSA holds a “prohibited investment”, the holder makes a “deliberate over-contribution” to the TFSA or a transfer of property (other than a transfer that is a distribution or a contribution) occurs between the TFSA and the holder or a person with whom the holder does not deal at arms’ length (such as other tax exempt plans of the holder). No assurance can be given that the Proposed TFSA Amendments will be enacted in their current form or at all.

Prospective investors who intend to hold Series A Shares in their TFSA should consult their own tax advisors regarding their particular circumstances.

RISK FACTORS

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

Market for Securities

There is currently no market through which the Series A Shares may be sold and purchasers of Series A Shares may not be able to resell the Series A Shares purchased under this prospectus supplement. The Offering Price for the Series A Shares and the number of Series A Shares to be issued has been determined by negotiations among AltaGas and the Underwriters. The price paid for each Series A Share may bear no relationship to the price at which

the Series A Shares will trade in the public market subsequent to this Offering. AltaGas cannot predict at what price the Series A Shares will trade and there can be no assurance that an active trading market will develop for the Series A Shares or, if developed, that such market will be sustained. AltaGas has applied to list and post for trading the Series A Shares and Series B Shares on the TSX. Listing will be subject to AltaGas fulfilling all the listing requirements of the TSX. There can be no assurance that the Series A Shares and Series B Shares will be accepted for listing on the TSX.

Market Price

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

In addition, the value of Series A Shares and Series B Shares will be affected by the general creditworthiness of AltaGas. The Trust's annual information form for the year ended December 31, 2009 and the Trust's management's discussion and analysis for the year ended December 31, 2009 and for the six-month period ended June 30, 2010 are incorporated by reference in this prospectus supplement. These documents discuss, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on AltaGas' business, financial condition or results of operations. See also the discussion under "*Earnings Coverage*", which are relevant to an assessment of the risk AltaGas will be unable to pay dividends on the Series A Shares and Series B Shares or pay amounts due upon the liquidation, dissolution or winding-up of AltaGas.

Prevailing yields on similar securities will affect the market value of the Series A Shares and Series B Shares. Assuming all other factors remain unchanged, the market value of the Series A Shares and Series B Shares would be expected to decline as prevailing yields for similar securities rise and would be expected to increase as prevailing yields for similar securities decline.

Ratings

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

Insolvency or Winding-Up

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

Automatic Conversion

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

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

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

No Fixed Maturity

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

Dividends

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

Dividends on the Series A Shares and Series B Shares are payable at the discretion of the Board of Directors.

EXPERTS

The auditors of AltaGas are, and the auditors of the Trust were, Ernst & Young LLP, Chartered Accountants, 1000, 440 - 2nd Avenue S.W., Calgary, Alberta, T2P 5E9. Ernst & Young LLP is independent of AltaGas and was at all relevant times independent of the Trust in accordance with the Rules of Professional Conduct as outlined by the Institute of Chartered Accountants of Alberta.

LEGAL MATTERS

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

CONSENT OF ERNST & YOUNG LLP

We have read the short form base shelf prospectus of AltaGas Ltd. (“**AltaGas**”) dated July 15, 2010, as supplemented by the prospectus supplement dated August 11, 2010, relating to the sale and issue of cumulative redeemable 5-year rate reset preferred shares, Series A of AltaGas (collectively, the “**Prospectus**”). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Prospectus of our report to the unitholders of AltaGas Income Trust (the “**Trust**”) on the consolidated balance sheets of the Trust as at December 31, 2009 and 2008, and the consolidated statements of income and accumulated earnings, comprehensive income and accumulated other comprehensive income and cash flows for each of the years in the two-year period ended December 31, 2009. Our report is dated February 23, 2010.

Calgary, Canada,
August 11, 2010

(signed) “*Ernst & Young LLP*”
Chartered Accountants

CERTIFICATE OF THE UNDERWRITERS

Dated: August 11, 2010

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

TD SECURITIES INC.

RBC DOMINION SECURITIES INC.

CIBC WORLD MARKETS INC.

By: (Signed) Alec W.G. Clark

By: (Signed) Derek Neldner

By: (Signed) Kelsen Vallee

SCOTIA CAPITAL INC.

By: (Signed) David A. Potter

BMO NESBITT BURNS INC.

NATIONAL BANK FINANCIAL INC.

By: (Signed) Sean M. Brown

By: (Signed) Iain Watson

HSBC SECURITIES (CANADA) INC.

By: (Signed) Rod A. McIsaac