ATCO LTD.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2014

FEBRUARY 19, 2015

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CORPORATE STRUCTURE

ATCO Ltd. (the Company) is the successor to the business founded in 1947 by the late S.D. Southern and by R.D. Southern. It was incorporated under The Companies Act (Alberta) by Certificate of Incorporation on August 31, 1962. The Company was continued under the Business Corporations Act (Alberta) on March 13, 1984. The address of the head office and the registered office of the Company is 700 ATCO Centre, 909 - 11th Avenue S.W., Calgary, Alberta T2R 1N6.

A significant change to the Company's corporate structure occurred in June 1980 when ATCO Ltd. acquired a 58.1% controlling interest in Canadian Utilities Limited from IU International Corporation of Philadelphia. In March 1999, Canadian Utilities was reorganized to separate its Alberta-based regulated businesses from the non-regulated businesses.

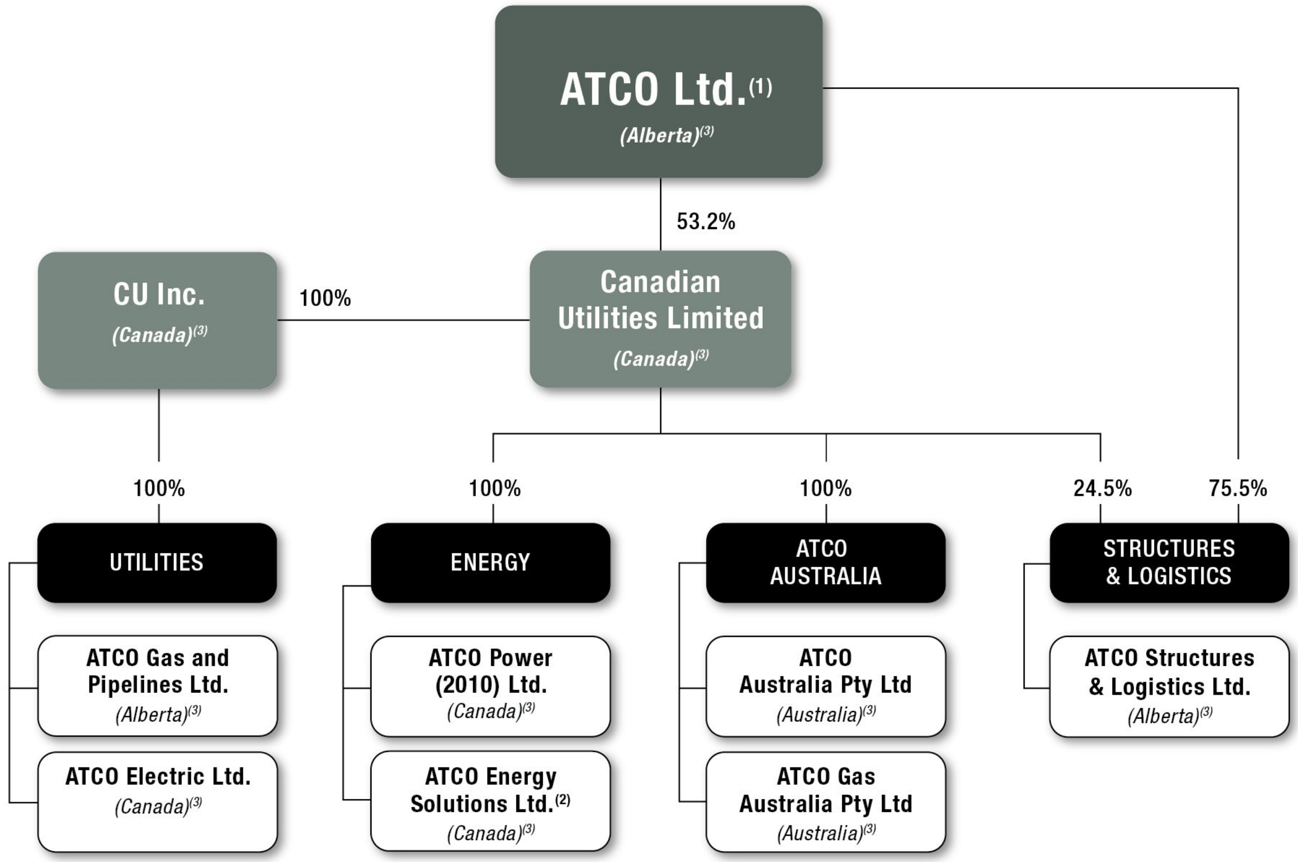
This reorganization was implemented by the transfer of the common shares and debt of the regulated subsidiaries from Canadian Utilities to CU Inc., in return for common shares of CU Inc. As a result of the reorganization, the Company's regulated subsidiaries, which had been financed by Canadian Utilities, are now mainly financed by CU Inc. The common shares and debt of those regulated subsidiaries are held by CU Inc.

INTERCORPORATE RELATIONSHIPS

With more than 9,000 employees and assets of approximately $18 billion, ATCO is a diversified global corporation delivering service excellence and innovative business solutions through leading companies engaged in Structures & Logistics (manufacturing, logistics and noise abatement), Utilities (pipelines, natural gas and electricity transmission and distribution) and Energy (power generation and sales, industrial water infrastructure, natural gas gathering, processing, storage and liquids extraction). More information can be found at www.atco.com.

SIMPLIFIED ORGANIZATIONAL STRUCTURE

The following chart includes the names of the Company's principal subsidiaries and the jurisdictions in which they were incorporated. The chart also shows the percentages of the principal operating subsidiaries' shares the Company beneficially owns, controls or directs, either directly or indirectly.



(1) At December 31, 2014, ATCO Ltd. owned 88.2% of the Class B common shares, which are the only voting securities outstanding, and 39.2% of the Class A non-voting shares of Canadian Utilities, for an aggregate ownership of 53.2%.

(2) On January 1, 2013, ATCO Midstream Ltd. and ATCO Energy Solutions Ltd. amalgamated under the name ATCO Energy Solutions Ltd.

(3) Jurisdiction in which the company was incorporated.

BUSINESS DESCRIPTION

The Company operates in the following business segments: (i) Structures & Logistics; (ii) Utilities; (iii) Energy; (iv) ATCO Australia; and (v) Corporate & Other.

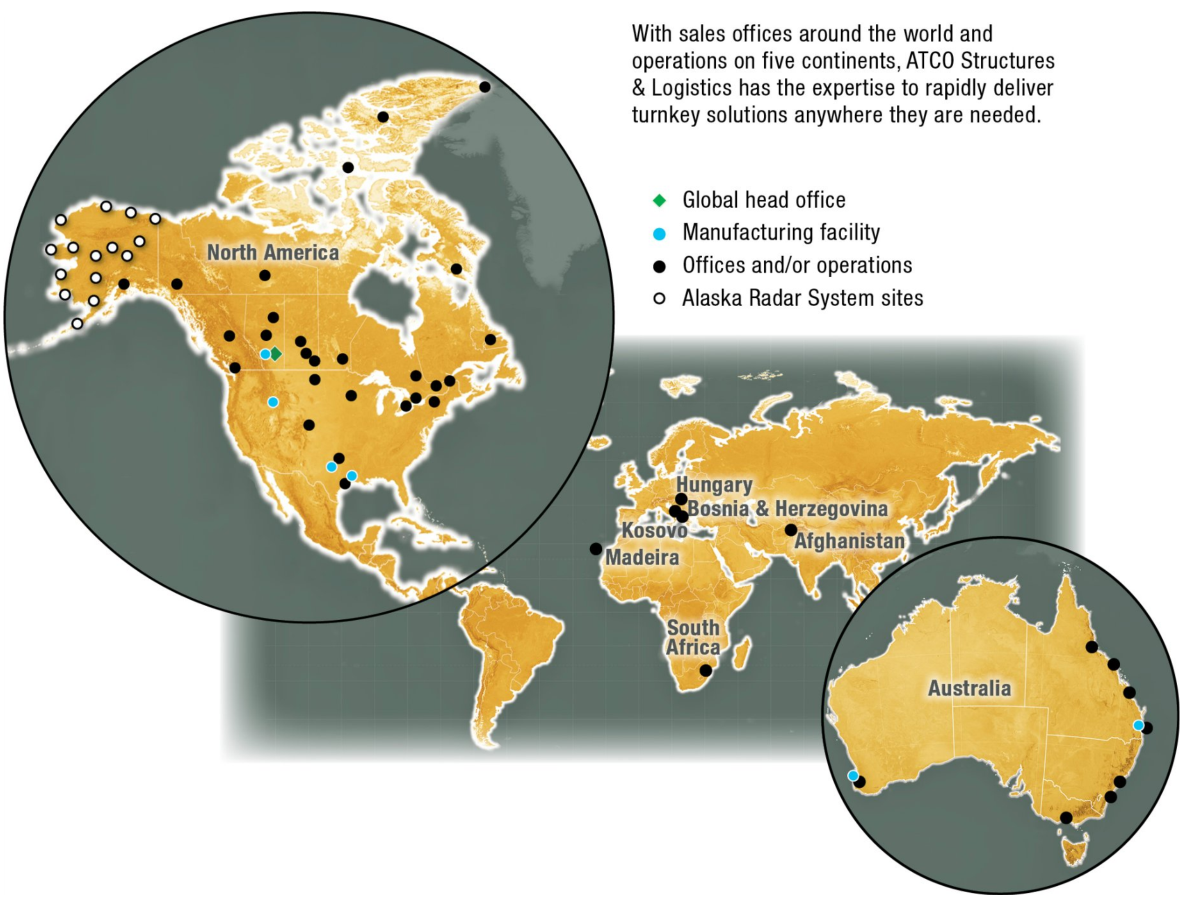
Structures & Logistics

OVERVIEW

The Structures & Logistics segment provides complete infrastructure solutions to customers worldwide. The five core business lines worldwide include: Modular Structures, Logistics and Facilities Operations and Maintenance (O&M) Services, Lodging and Support Services, Emissions Management and Sustainable Communities.

- Modular Structures comprises the design, manufacturing and installation of workforce housing facilities, including modular fleet hire and sales.
- Logistics and Facilities O&M Services delivers facilities operations and maintenance services, including equipment and building maintenance, telecommunications and radar operations and maintenance, remote fuel supply and distribution, remote airfield services, remote waste management, remote water and wastewater treatment and remote medical and fire response services.
- Lodging & Support Services provides lodge accommodations and related support services including catering, housekeeping, retail, maintenance and utility services.
- Emissions Management provides noise and air emissions control and waste heat recovery systems for power generation, oil and gas, petrochemical and other industrial sites.
- Sustainable Communities supplies pre-fabricated building solutions to Indigenous and remote communities.

ATCO Structures & Logistics is headquartered in Calgary, Alberta. Locations of facilities and operations are shown in the map below.



MODULAR STRUCTURES

The Modular Structures division has marketed and installed its manufactured products in over 100 countries. This division has established a reputation as a leading international supplier of re-locatable shelter solutions. The main sources of revenue are from workforce housing and space rentals and sales products, and related services. Workforce housing supplies modular units for accommodation. Space rentals provide modular units for temporary and permanent offices, commercial buildings, lavatories and schools.

Workforce Housing

ATCO Structures & Logistics manufactures, sells and leases workforce housing products in Canada, the U.S. and Australia. These products include prefabricated standard or custom units designed to be assembled into self-contained accommodation facilities. The units typically comprise sleeping quarters, kitchen, dining and recreation facilities. They are made to withstand a range of weather conditions and are fully transportable. The workforce housing products fleet is constructed to meet the appropriate regional building code and current industry standards and is refurbished and upgraded as needed. ATCO Structures & Logistics also purchases used workforce housing units from customers. These units are then retrofitted as needed and made available for resale or lease in the workforce housing market.

Demand for workforce housing products is directly related to both the capital spending cycle and development activity in various industries, mainly the natural resources sector.

Space Rentals and Sales

The space rentals and sales business is located in Canada, Australia and the U.S. This division leases and sells re-locatable modular offices, classrooms and other structures. The space rentals fleet comprises modular units that can be used for office and commercial complexes, lunchrooms, storage facilities, lavatories, medical facilities, classrooms and locker rooms.

On-site structures are used mainly by construction and resource companies on urban and rural construction sites. Commercial and community structures, although re-locatable, are often used as more permanent facilities by a wide range of private and public sector customers.

Space rental products are generally offered to customers under lease packages that may include options to purchase. Lease terms vary from one month to five years. Customers with longer term requirements typically purchase rather than lease. Sales from the space rental products fleet assist in the cost of maintaining a modern inventory of these units.

The following table compares ATCO Structures & Logistics' rental fleet by geographic area for 2014 and 2013. In September 2013, as part of the Company's capital redeployment strategy which continuously reviews opportunities to monetize mature assets, the Company sold its investment in its Modular Structures South American operations - Tecno Fast ATCO S.A., and its U.K. fleet assets in December 2013. Therefore, 2013 numbers were restated for the sale of Tecno Fast ATCO S.A. and the U.K. assets.

Number of Units in Lease Fleet

	2014		2013	
	Workforce Housing	Space Rentals	Workforce Housing	Space Rentals
Canada	**1,953**	**4,442**	1,854	4,213
Australia	**965**	**8,627**	1,007	8,655
United States	**312**	**105**	186	91
Total	**3,230**	**13,174**	3,047	12,959

Manufacturing

The Modular Structures division manufactures products at global facilities in Canada, the U.S. and Australia. In Australia, ATCO Structures also leases manufacturing facilities.

Location	Square Feet	Ownership
Canada		
Calgary (ATCO Commercial Centre)	275,000	100%
Edmonton (Spruce Grove)	90,000	100%
U.S.		
Pocatello, Idaho	200,000	100%
Wichita Falls, Texas	140,000	100%
Diboll, Texas	90,000	100%
Australia		
Perth, Western Australia	193,000	100%
Brisbane, Queensland	31,000	100%

LOGISTICS AND FACILITY O&M SERVICES

The Logistics and Facility O&M Services division delivers services to clients in the resource, defense and telecommunications sectors. The division provides a range of operational support solutions to ensure the integrity and effectiveness of customer assets and operations.

The division's operations include site support services as follows:

- Technical services are offered for operating and maintaining technical equipment and systems to ensure required operational availability – from information technology systems to radar systems;
- Airfield services involve complete airside and groundside management as well as operation of military and civilian airports, airfield infrastructure and operating services, including airport entry and departure services, in challenging environments;
- Fuel supply and management for remote communities and the North Atlantic Treaty Organization (NATO) Flight Training Center; and
- End-to-end supply chain management, from procurement to inventory. The division offers facilities management, including property and asset management services, building operation and maintenance, roads and grounds maintenance, building safety, equipment maintenance, document management, environmental management, capital planning and range and training area control.

ATCO Structures & Logistics also provides facilities, operations and maintenance services to public sector entities operating in remote locations.

LODGING & SUPPORT SERVICES

The Lodging & Support Services division provides remote accommodations and related services, including catering, waste management and maintenance.

ATCO Structures & Logistics and the Fort McKay First Nation are partners in a joint venture which owns and operates Barge Landing and Creeburn Lake Lodges. The sister lodges, located 65 kilometres north of Fort McMurray in the community of Fort McKay, offer 1,900 beds for workers involved in natural resource projects in the surrounding area. Both lodges offer long and short-term client agreements. In addition to the operation of open lodges, the lodging division operates closed or contract lodges as part of the Company's bundled services solution, which combines the design, manufacture and installation of an accommodation complex along with operations that included catering, housekeeping, retail, maintenance and utility services. In 2014, contract lodges included the 1,470-person K+S Potash Canada Legacy Lodge in Saskatchewan, 1,900-person lodge for a major exploration and production company in Alberta, 2,586-person BHP Billiton Jansen Discovery Lodge in Saskatchewan, the 1,200-person Shell BlueSky lodge in Alberta, as well as a number of smaller contracts.

EMISSIONS MANAGEMENT

The Emissions Management division offers turnkey engineering, procurement and construction management capabilities. Its customers require acoustical controls, structural, and mechanical building solutions as well as inlet and exhaust systems for gas turbines. This division focuses on the power generation, gas transmission, and energy industries.

SUSTAINABLE COMMUNITIES

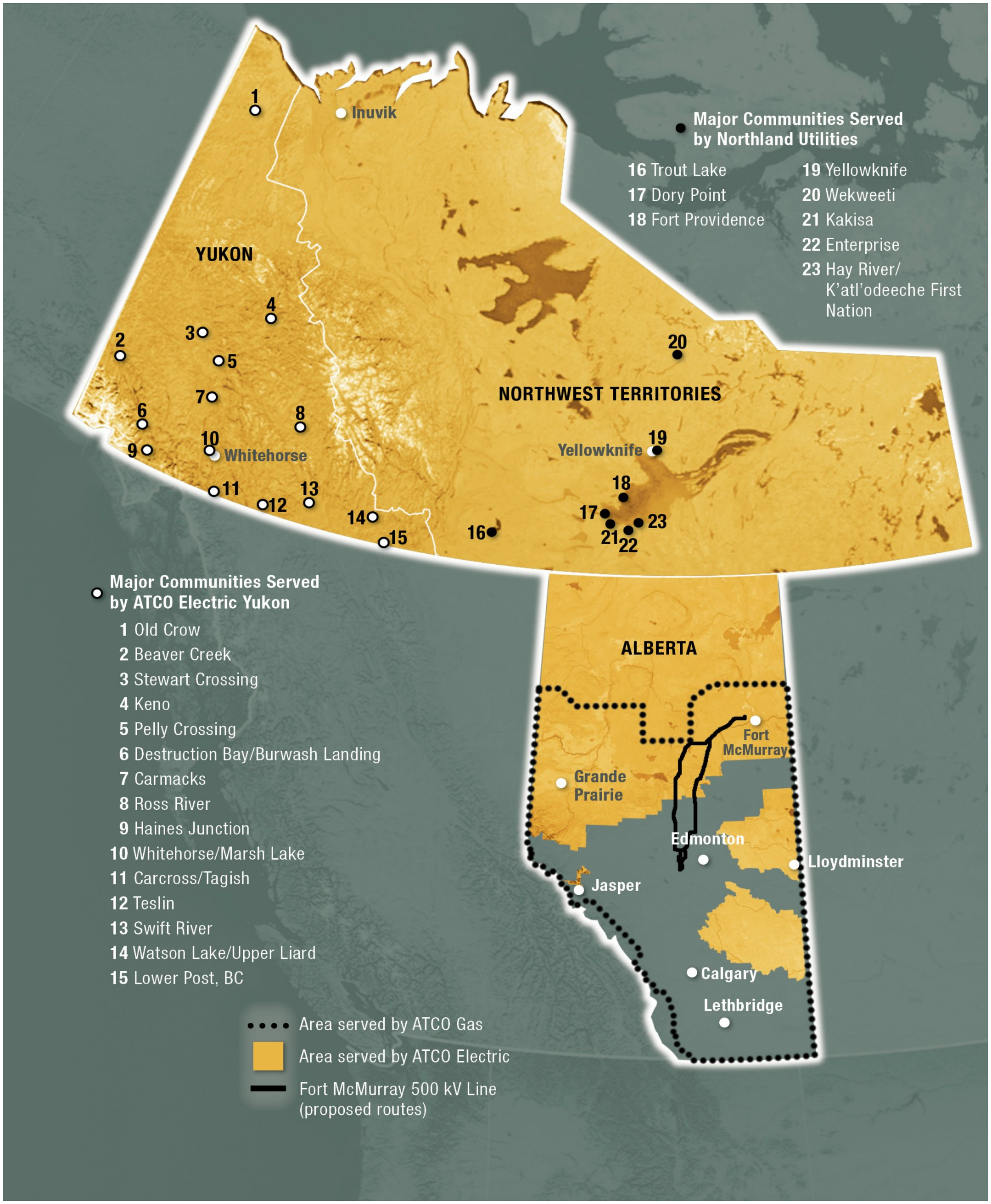
ATCO Sustainable Communities designs and manufactures permanent building solutions, including a full range of pre-fabricated, sustainable buildings. These structures are built mainly for Indigenous customers in remote locations. The building projects include schools, daycares, gymnasiums, hockey arenas, gas stations, multi-purpose community centres and offices as well as single and multi-family housing. The division combines ATCO traditional modular construction processes with either pre-engineered steel buildings or soft-wall structures that improve quality and reduce cost, site work and waste associated with building in remote locations.

Utilities

OVERVIEW

The Utilities segment includes three regulated business operations: (i) electricity distribution and transmission by ATCO Electric Ltd. and its subsidiaries, Northland Utilities (NWT) Limited (NWT), Northland Utilities (Yellowknife) Limited (NUY), and ATCO Electric Yukon (AEY); (ii) natural gas distribution by the ATCO Gas division of ATCO Gas and Pipelines Ltd. (AGP); and (iii) natural gas transmission by the ATCO Pipelines division of AGP.

The Utilities' activity areas in western and northern Canada, excluding ATCO Pipelines, are shown in the map below.



GOVERNMENT REGULATION

The Utilities segment is regulated mainly by the Alberta Utilities Commission (AUC). The AUC administers acts and regulations covering such matters as rates, financing and service area.

In 2012, both the transmission and distribution operations of the Utilities were subject to a cost-of-service regulatory model. Under this model, the regulator established the revenues required to recover forecast operating costs of the regulated service, including depreciation and amortization and income taxes. The regulator also established the revenues needed for a fair return on utility investment. Determining a fair return to common share owners involved the regulator assessing many factors, including returns on alternative investment opportunities with comparable risk and the level of return for a utility to attract the necessary capital to fund operations and maintain financial integrity.

In 2013, ATCO Gas and the distribution operations of ATCO Electric moved to a form of rate regulation called Performance Based Regulation (PBR). The PBR model uses a formula to determine utility rates on an annual basis; however, the rates should provide these Utilities the opportunity to recover prudently incurred operating costs for providing regulatory services and earn a fair return on investment.

Before the introduction of PBR, the Utilities would have filed cost-of-service applications with the AUC to recover forecast costs from customers. Under PBR, however, revenue is determined by a formula that adjusts customer rates for inflation and expected productivity improvements over a five-year period.

Specifically, the PBR formula incorporates the following factors:

- Estimated annual inflation for input prices (I Factor)
- Less an offset to reflect expected productivity improvements during the PBR plan period (X Factor)

PBR also includes mechanisms to allow companies to:

- Recover capital expenditures not recoverable through the PBR formula that are significant and meet certain criteria (K Factor)
- Recover from or refund to customers amounts outside of management’s ability to control that are material, should not significantly influence the I Factor, are prudently incurred, are recurring, and could vary greatly from year to year (Y Factor), or are unforeseen, and not likely to recur (Z Factor).

The first PBR period runs from 2013 to 2017. The AUC can re-open and review the PBR plan if utility return on common equity (ROE) is +/- 300 bps of the approved ROE for two consecutive years or +/- 500 bps of the approved ROE for any single year. The current AUC-approved interim ROE is 8.75%.

ATCO Pipelines and the transmission operations of ATCO Electric continue to operate under the cost-of-service model in 2014.

The Company’s regulated operations in the Yukon Territory (AEY) and Northwest Territories (NWT and NUY) are subject to a cost-of-service regulatory model, similar to that in Alberta, administered by regulatory authorities in those jurisdictions.

ATCO ELECTRIC

ATCO Electric transmits and distributes electricity to 245 communities and rural areas in east-central and northern Alberta. Among those served are the communities of Drumheller, Lloydminster, Grande Prairie and Fort McMurray as well as the oil sands areas near Fort McMurray and the heavy oil areas near Cold Lake and Peace River.

ATCO Electric is headquartered in Edmonton and has 38 offices throughout its service area. Electric utility service is also provided to one community in British Columbia and two in Saskatchewan. AEY serves 19 communities in the Yukon Territory, including the capital city of Whitehorse. NUY and NWT serve 9 communities in the Northwest Territories, including the capital city of Yellowknife.

Approximately 564,000 people live in the principal markets for electric utility service by ATCO Electric and its subsidiaries NUY, NWT and AEY. Service is provided to approximately 252,000 customers. ATCO Electric has been assigned about 65% of the designated service area within Alberta. This service area contains approximately 14% of the provincial electrical load and 13% of the population.

The number of customers served by ATCO Electric, NUY, NWT and AEY at the end of each of the last two years was as follows.

	2014		2013	
	Number	**%**	**Number**	**%**
Industrial	**11,314**	**5**	11,547	5
Commercial	**33,338**	**13**	32,777	13
Residential	**175,934**	**70**	172,798	70
Rural, REAs and other	**31,169**	**12**	30,975	12
Total	**251,755**	**100**	248,097	100

Electricity distributed to the various classes of customers for each of the last two years was as follows.

	2014		2013	
	GWh	**%**	**GWh**	**%**
Industrial	**7,198**	**62**	7,038	62
Commercial	**2,496**	**21**	2,383	21
Residential	**1,375**	**12**	1,338	12
Rural, REAs and other	**531**	**5**	524	5
Total	**11,600**	**100**	11,283	100

ATCO Electric, NUY, NWT and AEY own and operate extensive electricity transmission and distribution systems. The systems consist of approximately 11,000 kilometres of transmission lines and 71,000 kilometres of distribution lines. In addition, ATCO Electric delivers power to and operates approximately 4,000 kilometres of distribution lines owned by Rural Electrification Associations (REA).

ATCO Electric, NUY, NWT and AEY own and operate 27 diesel, natural gas turbine and hydro-generating plants, with an aggregate nameplate capacity of 62 MW in Alberta, the Yukon and Northwest Territories. The maximum peak load demand for these plants during 2014 was 30 MW.

ATCO Electric, AEY, NUY and NWT distribute electricity to incorporated communities under the authority of franchises or by-laws; in rural areas, electricity is distributed by approvals, permits or orders under applicable statutes.

The franchises under which service is provided in incorporated communities in Alberta and the Northwest Territories have been granted for up to 20 years. These franchises are exclusive to ATCO Electric, NUY or NWT and are renewable by agreement. If any franchise is not renewed, it remains in effect until either party, with the approval of the regulatory authority, terminates it on six months' written notice.

On termination of a franchise, the municipality may purchase the facilities used under that franchise at a price to be agreed on or, failing agreement, to be fixed by the regulatory authority. The franchise under which service is provided in the Yukon Territory was granted under the Public Utilities Act (Yukon Territory) and has no set expiry date.

Under the Electric Utilities Act (Alberta) (EUA), wholesale tariffs for electricity transmission must be approved by the AUC. Transmission tariffs allow any owner of a generating unit to access the Alberta transmission system and thus facilitate the sale of its power. The same transmission tariff is charged to each distribution utility or customer directly connected to the transmission system, regardless of location.

Transmission costs are equalized by having each owner of transmission facilities charge its costs to the Alberta Electric System Operator (AESO). The AESO then aggregates these costs and charges a common transmission rate to all transmission system users.

The Transmission Regulation under the EUA stipulates that new transmission projects will be assigned to transmission facility owners based on the service areas of the distribution companies they have been historically affiliated with. Facilities ownership will change at service area boundaries, except where, in the AESO's opinion, only a small portion of the project is in another service area. This rule applies to all transmission projects except interprovincial intertie projects and those deemed "critical" by the Alberta government.

Alberta’s Provincial Energy Strategy directed the AESO to develop a process and model for competitively procuring new electricity transmission facilities without regard for service area. In 2013, the AUC approved the AESO’s Competitive Process

Application. The competitive model only applies to facilities designated as “Critical Transmission Infrastructure” (CTI). The Fort McMurray West 500 kV Transmission Project was the first project awarded under this model in December 2014 to Alberta PowerLine, a partnership between the Company and Quanta Capital.

ATCO GAS

ATCO Gas distributes natural gas throughout Alberta and in the Lloydminster area of Saskatchewan. This subsidiary serves more than 1.1 million customers in nearly 300 Alberta communities. Headquartered in Edmonton, it has more than 60 district offices across the province. ATCO Gas services municipal, residential, business and industrial customers.

ATCO Gas’ principal markets for distributing natural gas are in Edmonton, Calgary, Airdrie, Fort McMurray, Grande Prairie, Lethbridge, Lloydminster, Red Deer, Spruce Grove, St. Albert and Sherwood Park. These communities have a combined population of approximately 2,640,000. At December 31, 2014, approximately 80% of ATCO Gas’ customers were located in these 11 communities. Also served are 279 smaller communities as well as rural areas with a combined population of approximately 701,000.

The number of customers served by ATCO Gas at the end of each of the last two years is shown below.

	2014		2013	
	Number	%	Number	%
Residential	**1,049,261**	**92**	1,025,668	92
Commercial	**94,005**	**8**	92,541	8
Industrial	**355**	**–**	355	–
Other	**3**	**–**	2	–
Total	**1,143,624**	**100**	1,118,566	100

The quantities of natural gas distributed by ATCO Gas for each of the last two years is given below.

	2014		2013	
	PJ	%	PJ	%
Residential	**125.7**	**48**	119.1	48
Commercial	**123.0**	**47**	115.7	46
Industrial	**14.2**	**5**	14.3	6
Other	**0.1**	**–**	0.1	–
Total	**263.0**	**100**	249.2	100

ATCO Gas owns and operates more than 40,000 kilometres of distribution mains. It also owns service and maintenance facilities in major centres in Alberta.

ATCO Gas distributes natural gas in incorporated communities under the authority of franchises or by-laws and in rural areas under approvals, permits or orders issued through applicable statutes. It currently has 167 franchise agreements with communities throughout Alberta. These franchise agreements detail the rights granted to ATCO Gas and its obligations to deliver natural gas services to consumers in the municipality.

All franchises are exclusive to ATCO Gas and are renewable by agreement for additional periods of up to 20 years. If any franchise is not renewed, it remains in effect until either party, with the approval of the prevailing regulatory authority, terminates it on six months written notice. On termination, the municipality may purchase the facilities used in connection with that franchise at a price to be agreed on or, failing agreement, to be fixed by the prevailing regulatory authority.

In Edmonton, distribution of natural gas is carried on under the authority of an exclusive franchise. ATCO Gas has a 20-year franchise agreement with Edmonton that will expire on July 21, 2030. The franchises under which service is provided in other incorporated communities in Alberta have been granted for up to 20 years.

In Calgary, distribution of natural gas operates under a municipal by-law. The rights of ATCO Gas under this by-law, while not exclusive, are unrestricted as to term. The by-law does not confer any right for Calgary to acquire the facilities used in providing the service.

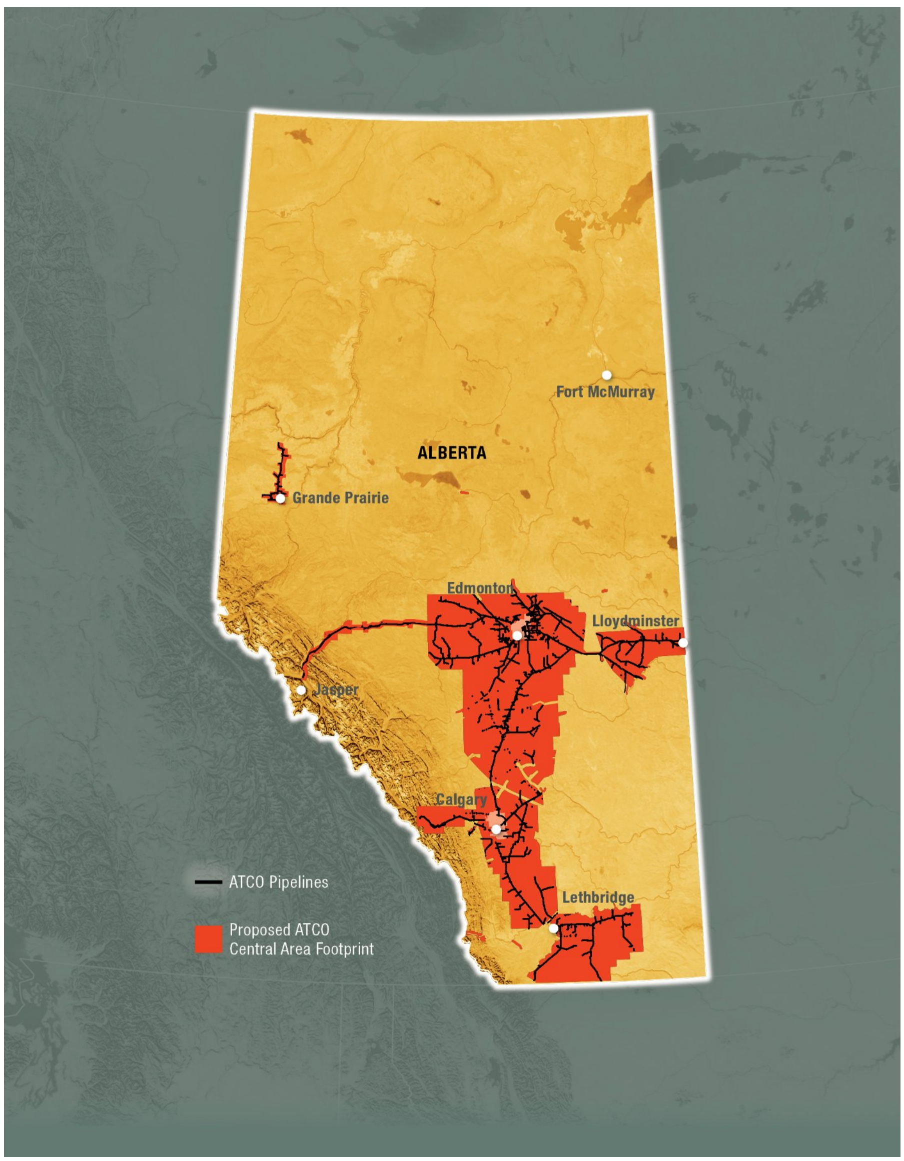
ATCO PIPELINES

ATCO Pipelines owns and operates natural gas transmission pipelines and facilities in Alberta. The business receives natural gas on its pipeline system at various gas processing plants as well as from connections with other natural gas transmission systems, and transports the gas to end users within the province such as local distribution utilities and industrial customers, or to other transmission pipeline systems, primarily for export out of the province.

ATCO Pipelines owns and operates an extensive natural gas transmission system. The system currently consists of approximately 8,500 kilometres of pipelines, 19 compressor sites, approximately 4,000 receipt and delivery points, and a salt cavern storage peaking facility near Fort Saskatchewan, Alberta. The system has 177 producer receipt points, four interconnections with Alliance Pipeline, and one interconnection with Many Islands Pipelines. Peak delivery capability of the ATCO Pipelines system is 3.8 billion cubic feet per day.

The Alberta System Integration Agreement entered into by ATCO Pipelines and NOVA Gas Transmission Ltd. (NGTL) resulted in a single rate and services structure for gas transmission in Alberta. Starting in October 2011, natural gas transportation rates in Alberta are based on the ATCO Pipelines cost-of-service approved by the AUC plus the NGTL cost-of-service approved by the National Energy Board (NEB).

The Alberta System Integration Agreement requires ATCO Pipelines and NGTL, subject to regulatory approvals, to swap ownership of certain physical assets within distinct operating territories or “footprints” in Alberta (Asset Swap). The following map shows ATCO Pipeline’s current activity in Alberta, and the shaded area on the map represents the proposed ATCO Pipelines footprint on completion and approval of the Asset Swap.

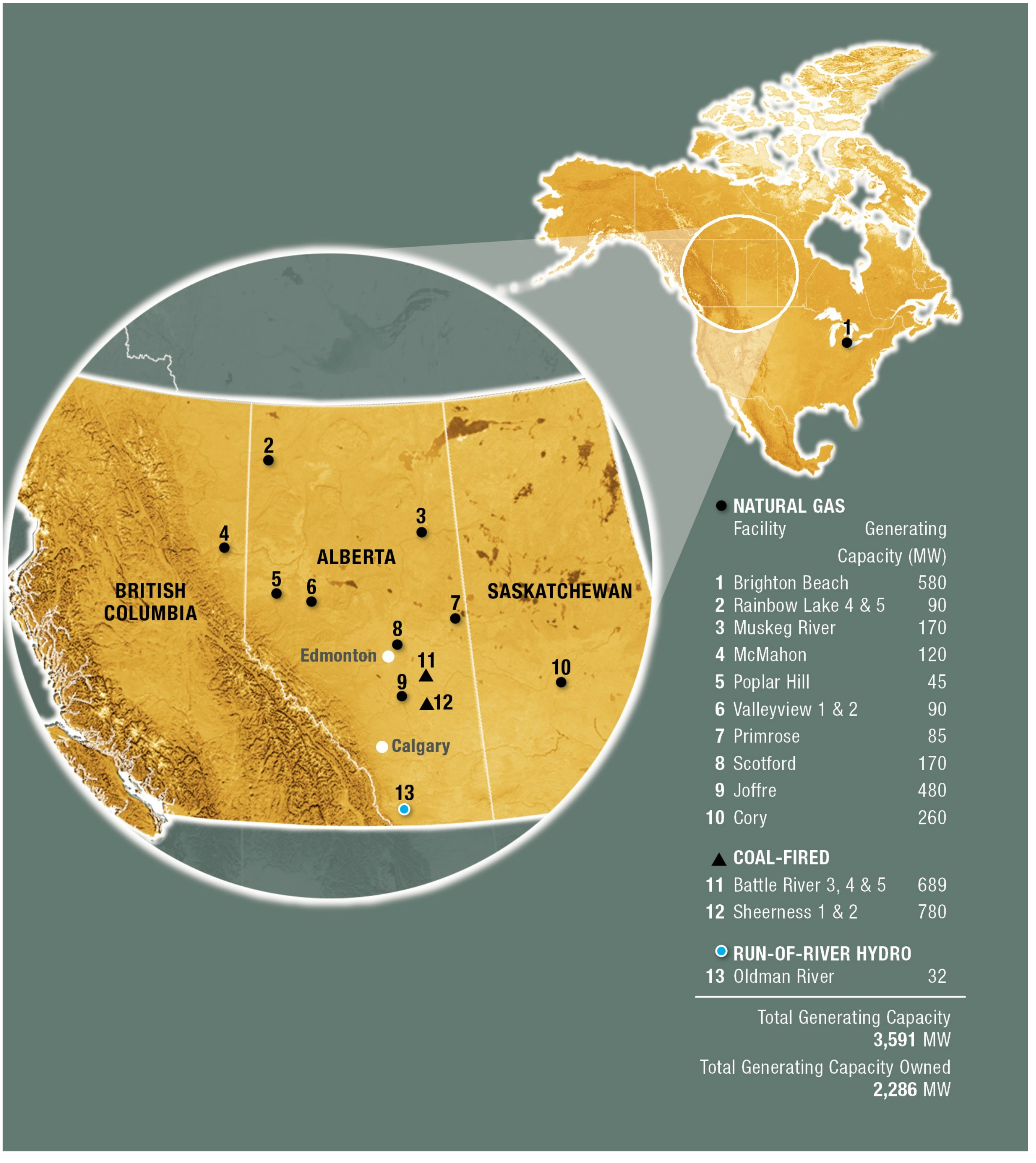


Energy

OVERVIEW

The Energy segment includes the operations of two operating subsidiaries. ATCO Power is engaged in the non-regulated supply of electricity and cogeneration steam as well as the regulated supply of electricity. ATCO Energy Solutions provides non-regulated natural gas gathering, processing, storage and transmission, natural gas liquids extraction, electricity transmission and industrial water services.

ATCO Power operates across various provinces in Canada, as shown in the following map.



ATCO POWER

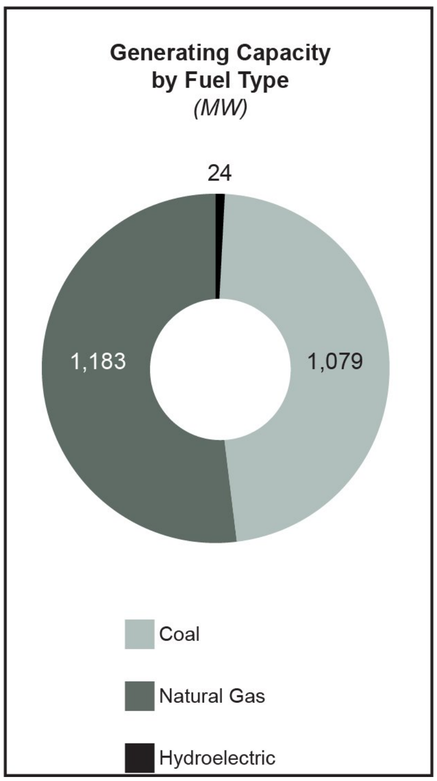
Power generation activities are focused on owning, operating and developing generating plants in Canada, primarily in Alberta.

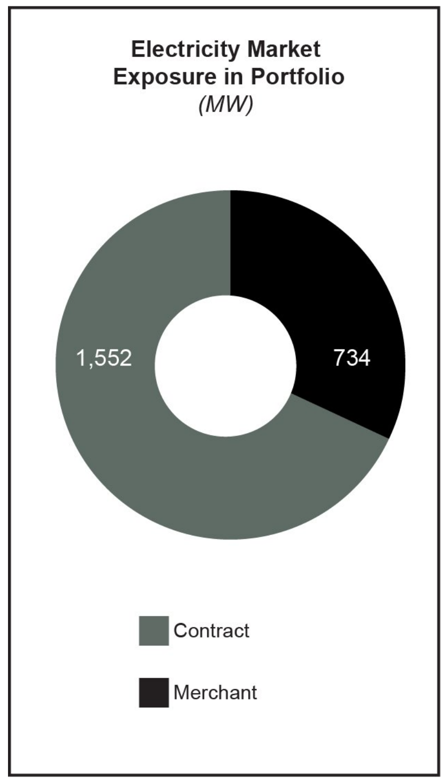
The Alberta power market serves approximately 4 million people. Installed electricity generating capacity at December 31, 2014, was approximately 16,150 MW, fueled by 39% coal, 44% natural gas, 6% hydroelectric, 9% wind and 2% other. 1,650 MW of capacity was installed in 2014; however, 1,150 MW of this capacity will become operational in 2015.

ATCO Power is involved in joint ventures with a wide range of partners, including other generators, oil and gas companies, and steam hosts. ATCO Power's role in each venture is tailored to the specific needs of a project. ATCO Power generally operates the power and steam generation facilities. It ensures secure supply and, with some projects, the opportunity to sell electricity not under contract into the electricity market or the market for ancillary services.

At December 31, 2014, ATCO Power had an ownership position in generating plants with a total capacity, including partners' interests, of 3,591 MW. It operates 3,471 MW, or 97%, and owns 2,286 MW, or 64%, of the total capacity. This capacity is fueled by 52% natural gas, 47% coal and 1% hydroelectric. Details of these plants are shown in Appendix 1.

The following charts illustrate the approximate portion of owned generating capacity by fuel types in the portfolio and contract versus merchant portions of owned capacity at December 31, 2014.





As at December 31, 2014, the Company had 734 MW (32%) of its generating capacity exposed to the merchant market for power generation in Alberta, Canada.

The Power Purchase Arrangements (PPA) for Battle River units 3 and 4 expired on December 31, 2013, which exposed an additional 295 MW generating capacity to the merchant market for power generation in Alberta effective January 1, 2014.

During the fourth quarter of 2014, the Company, together with its partners, commenced the process of immediate closure and shut-down of the 1,000 MW Barking generating plant in the U.K. ATCO Power has an 25.5% ownership share in the natural-gas fired plant. This decision followed after the plant was not selected by National Grid to supply capacity for the upcoming season through the Supplemental Balancing Reserve mechanism and after consideration of the ongoing weaknesses in the U.K. energy market.

The natural gas used to supply generating plants is procured in a variety of ways. Tolling arrangements for the Brighton Beach and Cory generating plants allow the customers to supply gas at their own cost. These combined-cycle facilities convert the gas to electricity for the customer.

At the cogeneration and remaining combined-cycle plants, gas is procured either through a long-term gas supply agreement or directly through the site host. The revenue contracts on these sites result in gas-cost recovery being included in the tariff charged to the customer. For the remaining facilities and the merchant portion of the combined-cycle and cogeneration plants, gas is procured from the Alberta market.

Fuel costs for the thermal units at the Battle River and Sheerness generating plants are mostly for coal, under a coal supply agreement with Prairie Mines & Royalties Limited. To protect against volatility in coal prices, ATCO Power has long-term contracts for the anticipated lives of its Battle River and Sheerness coal-fired generating plants. These contracts are either fixed prices or indexed to inflation. The Battle River coal supply agreement extends until 2022 and reflects the higher cost of mining deeper coal. The coal supply agreement for Sheerness extends to 2026 or the exhaustion of the coal supply, whichever comes earlier.

Regulated Generating Plants

Certain units of ATCO Power's Battle River and Sheerness generating plants are governed by legislatively mandated PPA that were approved by the AUC. These plants are considered regulated operations as the PPA are designed to allow generating plant owners to recover their forecast fixed and variable costs and earn a return at the rate specified in the PPA. Each plant will become deregulated either one year after the expiry of its PPA or after a decision to continue to operate the plant, whichever is earlier.

For PPA expiring before 2019, ATCO Power has one year after expiry to make one of two decisions. It can determine to decommission the generating plant to fully recover plant decommissioning costs, or it can continue operating the plant and be responsible for the incremental decommissioning costs above those already collected from the PPA purchaser. For PPA expiring after 2018, decommissioning costs are the plant owner's responsibility. Each PPA remains in effect until the last day of the original estimated life of the related generating plant or December 31, 2020, whichever is earlier.

On October 8, 2014, ATCO Power received confirmation from the Alberta Government that the Company will not be required to decommission and reclaim the reservoir and dam at its Battle River power generating station at the end of its useful life. This confirmation has removed the risk of paying substantial reclamation costs; as such, the Company has decided to continue to operate Battle River units 3 and 4 after the end of 2014. However, due to the uncertainty of air emissions regulations and market conditions, the decision to continue operations will be assessed on an ongoing basis.

ATCO ENERGY SOLUTIONS

ATCO Energy Solution's businesses include non-regulated natural gas gathering, processing, storage and transmission, natural gas liquids extraction, electricity transmission and industrial water services. It operates and owns a one-third interest in a regulated natural gas distribution system in the Northwest Territories. The subsidiary also provides natural gas procurement and load balancing services for other ATCO Group businesses.

Natural Gas Storage

ATCO Energy Solutions owns and operates a natural gas storage facility at Carbon, Alberta. The facility is a natural gas reservoir with a seasonal storage cycle capacity of 46 petajoules, a maximum injection rate of 400 terajoules per day, and a maximum withdrawal rate of 600 terajoules per day. The facility is connected to multiple transmission pipeline systems and has been in service more than 40 years.

This subsidiary also provides flexible storage, natural gas procurement and transportation services tailored to a customer's specific needs. Services range from daily to multi-year terms and are offered to financial institutions, marketing companies, pipeline operators, retail energy providers and producers.

Natural Gas Liquids Extraction

ATCO Energy Solutions owns or has an interest in four natural gas liquids (NGL) extraction facilities, three of which it operates. These facilities extract ethane and other NGLs from natural gas flowing through contracted pipelines. ATCO Energy Solution's net ownership in the processing capacity of the facilities is over 411 million cubic feet per day of natural gas, which produces approximately 17,900 barrels per day of NGLs.

Facility	**Date in Service**	**NGL Extracted**	**Licensed Capacity** *(mmcf/day)*	**Ownership** *(%)*	**Net Ownership** *(mmcf/day)*
Edmonton Ethane Extraction Plant	1978	(1)	390	51.3%	200
Empress Gas Liquids Straddle Plant (3)	1983	(1)	1,100	12.2%	134
Fort Saskatchewan Ethane Extraction Plant (3)	1984	(2)	37	100.0%	37
Villeneuve Ethane Extraction Plant (3)	1997	(2)	40	100.0%	40
			1,567		411

(1) Ethane and a mixture of propane, butane and pentanes plus

(2) A mixture of ethane, propane, butane and pentanes plus

(3) Owner-operated

The Fort Saskatchewan Ethane Extraction Plant was shut-in in September 2014 due to ongoing review of the economic environment and declining natural gas supply in the region.

Natural Gas Gathering and Processing

ATCO Energy Solutions owns or has an interest in five natural gas gathering and processing facilities, three of which it operates, with a net gathering and processing capacity of 152 million cubic feet per day. In addition, this subsidiary owns approximately 1,016 kilometres of field gathering lines. Natural gas production connected to ATCO Energy Solutions' natural gas gathering systems is processed for a fee or purchased, processed and sold under third-party contractual arrangements. Approximately 70% of net processing capacity is capable of processing sour gas.

ATCO Energy Solutions has a network of gas gathering and processing facilities that are close to existing and potential customers.

ATCO Energy Solutions' natural gas processing plants, with their licensed capacities, are shown below.

Facility	**Date in Service**	**Licensed Capacity** *(mmcf/day)*	**Ownership** *(%)*	**Net Ownership** *(mmcf/day)*
Nottingham Gas Plant	1985	18	8%	1
Carbondale Gas Plant (1)	1991	56	100%	56
Golden Spike Gas Plant (1)	1999	65	100%	65
Ikhil Gas Plant	1999	8	33%	3
Kisbey Gas Plant (1)	2000	5	50%	3
		152		128

(1) Owner-operated

Carbondale and Golden Spike Gas Plants were shut-in in 2014 due to ongoing review of the economic environment and declining natural gas supply in the region.

Kinsella Gathering and Compression and Puskwaskau Gas Facilities were sold in 2014. The sale of these assets did not have a significant impact on the Company's earnings.

Non-regulated Electricity and Natural Gas Transmission

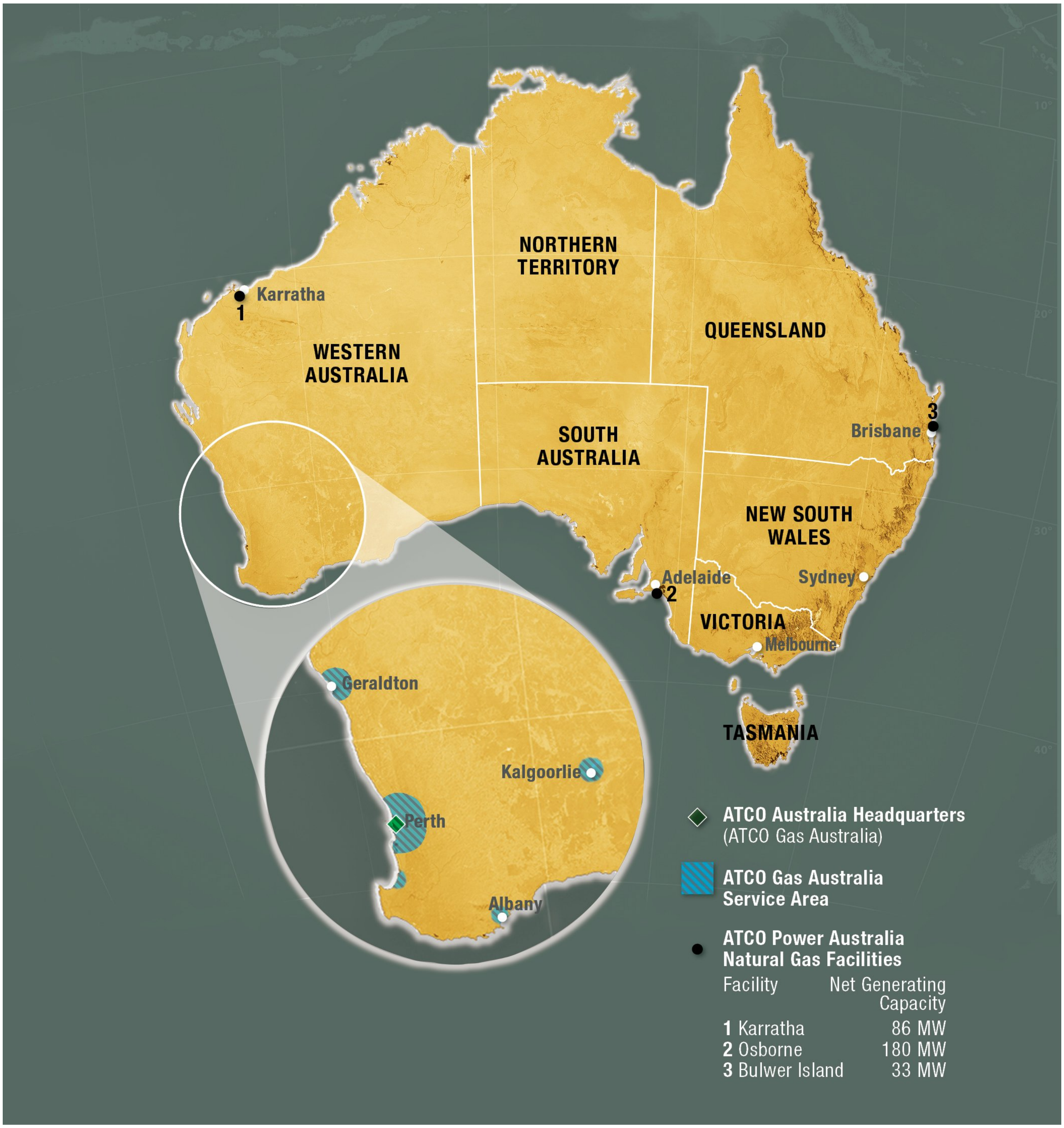
ATCO Energy Solutions owns and operates two non-regulated electricity transmission lines in Alberta, one in Fort Saskatchewan and another in Fort McMurray. It also owns a 116 kilometre non-regulated natural gas pipeline near Fort McMurray.

ATCO Australia

OVERVIEW

The ATCO Australia segment includes the regulated distribution of natural gas by ATCO Gas Australia and the non-regulated supply of electricity and steam by ATCO Power Australia. ATCO Australia also included the non-regulated provision of information technology services by ATCO I-Tek Australia until the close of the sale of the Company's IT services to Wipro Ltd. (Wipro) in August 2014. Refer to the Three-Year Segment History section for information regarding the Company's sale of its information technology services.

ATCO Australia's operations are shown in the following map.



ATCO GAS AUSTRALIA

ATCO Gas Australia provides natural gas distribution services in Western Australia. This subsidiary serves over 700,000 customers in 18 communities, including metropolitan Perth and surrounding regions such as Geraldton, Bunbury, Busselton, Kalgoorlie, Harvey, Pinjarra, Brunswick Junction and Capel. ATCO Gas Australia also distributes liquefied propane gas (LPG) to the community of Albany.

The subsidiary owns and operates approximately 13,700 kilometres of natural gas pipelines and associated infrastructure.

The number of customers served by ATCO Gas Australia at the end of 2014 is shown below.

		2014		2013
	Number	%	Number	%
Residential	**689,763**	**98**	671,294	98
Commercial	**11,916**	**2**	11,348	2
Industrial	**181**	**–**	181	–
Total	**701,860**	**100**	682,823	100

The quantity of gas delivered by ATCO Gas Australia is shown below.

		2014		2013
	PJ	%	PJ	%
Residential	**9.8**	**38**	10.2	38
Commercial	**2.9**	**11**	2.9	11
Industrial	**13.3**	**51**	13.4	51
Total	**26.0**	**100**	26.5	100

The quantity of gas delivered in 2014 was comparable to quantities delivered in 2013.

Regulatory Environment

ATCO Gas Australia is regulated mainly by the Economic Regulation Authority (ERA) of Western Australia. Rates are generally set for a five-year Access Arrangement (or General Rate Application). ATCO Gas Australia is subject to a cost-of-service regulatory mechanism under which the ERA establishes the revenues for each year of the Access Arrangement to recover (i) a return on projected rate base, including income taxes; (ii) depreciation on the projected rate base; and (iii) projected operating costs.

Under the existing Access Arrangement, ATCO Gas Australia is using the real method to determine revenue requirement and customer rates. Under this method, the impact of inflation is added to the rate base annually. The inflation impact is reflected in customer rates in future periods through the recovery of depreciation. Customer rates are adjusted annually through a mechanism which adjusts the approved rates in real dollars for actual inflation.

The real return for the current Access Arrangement is 7.75%, which is similar to returns awarded by the ERA to other utilities operating in Western Australia for the period. The real return is based on a deemed capital structure of 60% debt and 40% equity. This return was calculated using a cost of debt based on market rates for a benchmark sample of companies in Australia within the BBB credit band and a cost of equity, based on a capital asset pricing model. Income taxes are included in the return component of the revenue requirement.

On October 14, 2014, the ERA published its Draft Decision in relation to ATCO Gas Australia's applied for Access Arrangement for the period July 1, 2014 to December 31, 2019. The Company and interested parties responded to the Draft Decision in the fourth quarter of 2014. Following conclusion of the consultation process, the ERA is expected to publish its Final Decision early in the second quarter of 2015. Once the ERA publishes its Final Decision, the Company must consider whether it can accept the required amendments and revise its Access Arrangement. If it cannot accept the required amendments, the ERA must put in place its own Access Arrangement within two months after the Final Decision is received. If this occurs, the Company then has fifteen days to file an application for leave to review the ERA's Access Arrangement to the Australian Competition Tribunal (ACT). If leave is granted, the ACT has a target period of three months in which to make a final determination.

ATCO POWER AUSTRALIA

ATCO Power Australia has interests in three natural gas-fired generating plants. These include a 50% interest in each of two joint ventures which own and operate a combined cycle plant at Adelaide, South Australia, and a cogeneration plant at Brisbane, Queensland. The third plant is a 100% interest in an open cycle generating plant in Karratha, Western Australia.

Details of these plants are shown in Appendix 1.

Corporate & Other

The Corporate & Other segment includes the strategic growth investments in long-term contracted electricity transmission infrastructure in Alberta and geographical expansion into Mexico. In addition, the segment also includes the commercial real estate owned by the Company in Alberta and included ATCO I-Tek until the close of the sale of the Company's IT services to Wipro in August 2014. ATCO I-Tek developed, operated and supported the Company's information systems and technologies. The billing services, payment processing, credit, collection, and call centre services formerly provided by ATCO I-Tek were retained by the Company. Additional details about ATCO I-Tek's sale can be found in the Three Year Segment History of this Annual Information Form.

REAL ESTATE

ATCO Investments Ltd. owns ATCO Centre Phase II and the adjacent parking lot at 919 & 931 - 11th Avenue S.W., Calgary, Alberta. This building contains approximately 139,600 square feet of net rentable area, of which 100% was occupied at December 31, 2014.

ATCO Ltd. owns approximately 37 acres of land at the ATCO Commercial Centre in Calgary. The ATCO Structures & Logistics manufacturing plant, office, and yard space occupy just over 22 acres of this property. The remainder of the property is in the planning phase for development.

ATCO Real Estate Holdings Ltd., a subsidiary of Canadian Utilities, owns commercial real estate in Calgary, Edmonton, Fort McMurray, Fort Saskatchewan, and Stettler, all in Alberta.

PERFORMANCE SUMMARY

COMPARISON OF SEGMENTED REVENUES AND ADJUSTED EARNINGS

Each segment's contribution to the Company's consolidated revenues and adjusted earnings is shown in the tables below.

The Company's earnings attributable to Class I Shares and Class II Shares and adjusted earnings are presented after non-controlling interests.

Revenues [1]	2014		2013	
	($ millions)	*%*	*($ millions)*	*%*
Structures & Logistics	**963**	**21**	1,004	23
Utilities	**2,246**	**49**	2,040	47
Energy	**1,026**	**23**	1,017	23
ATCO Australia	**264**	**6**	261	6
Corporate & Other and Eliminations	**55**	**1**	37	1
Total	**4,554**	**100**	4,359	100

Adjusted Earnings [1] [2]	2014		2013	
	($ millions)	*%*	*($ millions)*	*%*
Structures & Logistics	**67**	**18**	96	25
Utilities	**218**	**58**	179	46
Energy	**53**	**14**	80	20
ATCO Australia	**27**	**7**	24	6
Corporate & Other and Eliminations	**9**	**3**	11	3
Total	**374**	**100**	390	100

(1) The above data has been extracted from financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The reporting currency is the Canadian dollar.

(2) Adjusted Earnings are earnings attributable to Class I Shares and Class II Shares after adjusting for the timing of revenues and expenses associated with rate-regulated activities. Adjusted Earnings also exclude one-time gains and losses, significant impairments, and items that are not in the normal course of business or day-to-day operations.

Revenues and adjusted earnings were significantly influenced by continued rate base growth in the Utilities and fluctuating commodity pricing.

Adjusted earnings in the Utilities segment grew mainly as a result of the significant capital investments in transmission infrastructure and regulated electricity and natural gas distribution networks in Alberta.

In 2013, the Energy segment benefited from higher realized pool prices and increased availability of its generating plants. In contrast, unfavourable market conditions, together with lower Alberta Power Pool prices, spark spreads and reduced price volatility in 2014, resulted in lower adjusted earnings. Also in 2014, the Company enhanced the delivery capability at its natural gas storage operations and sold excess natural gas resulting from these improvements, which contributed to increased earnings in ATCO Energy Solutions.

Structures & Logistics earnings are significantly influenced by the cyclical nature of large natural resource project activity. Reduced year-over-year manufacturing activity and profit margins, combined with lower utilization of the workforce housing rental fleet, lower occupancy levels, and expiry of Logistics and Facility O&M Services contracts resulted in lower earnings. Results also reflect forgone earnings due to the Company's strategic sale of its South American Modular Structures operations in September 2013.

The Company continuously reviews opportunities to monetize mature assets. In August 2014, the Company completed the sale of its information technology (IT) services to Wipro, a global information technology, consulting and business process services company. Wipro acquired all the shares of ATCO I-Tek, including current contracts and employees, as well as the assets of ATCO I-Tek Australia as part of the transaction. Proceeds of the sale were $204 million, resulting in a one-time after-tax gain of $74 million (after non-controlling interests). This one-time gain was not included in adjusted earnings. The proceeds from the sale were redeployed to finance the Company's growth initiatives.

COMPARISION OF SEGMENTED CAPITAL EXPENDITURES

Each segment's contribution to the Company's consolidated capital expenditures is shown below.

	2014 (1) (2)		2013 (1) (2)	
	($ millions)	*%*	*($ millions)*	*%*
Structures & Logistics	**91**	**4**	116	5
Utilities	**2,079**	**88**	2,178	86
Energy	**75**	**3**	68	3
ATCO Australia	**81**	**3**	89	3
Corporate & Other and Eliminations	**47**	**2**	67	3
Total	**2,373**	**100**	2,518	100

(1) The above data has been extracted from financial statements prepared in accordance with IFRS. The reporting currency is the Canadian dollar.

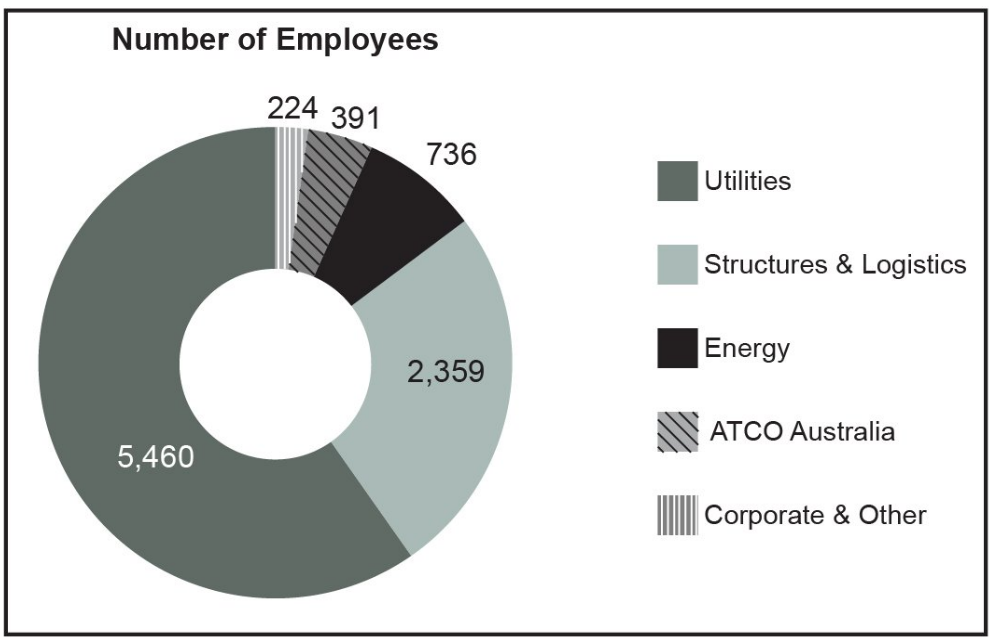
(2) Includes additions to property, plant and equipment and intangibles as well as $76 million (2013 - $65 million) of interest capitalized during construction for the year.

Total capital expenditures of $2.4 billion in 2014 were consistent with the levels reported in 2013. The Utilities accounted for $2.1 billion of this year's capital spending, with the remaining expenditures spread across the Company's other business segments. The majority of the Utilities' expenditure was in the transmission operations of ATCO Electric and was predominantly for AESO direct-assigned projects. Several large transmission infrastructure projects are underway.

EMPLOYEE INFORMATION

At December 31, 2014, the Company had 9,170 employees compared to 9,816 at December 31, 2013. The decrease in headcount is mainly due to the sale of ATCO I-Tek to Wipro in August 2014.

The accompanying chart represents the employee numbers in each segment. The chart does not include 27 employees in ATCO Australia joint ventures, 31 employees in Energy joint ventures, and 258 employees in Structures & Logistics joint ventures.



THREE-YEAR SEGMENT HISTORY

Summarized below are major events that occurred in the Company and the significant conditions that influenced the Company's development during the past three years.

Structures & Logistics

Earnings from ATCO Structures & Logistics are significantly influenced by capital spending cycles in the natural resource, defense and construction sectors.

MODULAR STRUCTURES

The Modular Structures division was awarded a number of significant contracts to manufacture and install workforce housing accommodation in North and South America, as well as in Australia, during the previous three years.

North America

Shell Carmon Creek Project

In October 2013, the Company was awarded a contract to manufacture, install and operate a 1,200-person workforce housing facility for the Shell Carmon Creek Project near the town of Peace River in northern Alberta. The first 616-person phase was completed in 2014 and installation of the second 584-person phase is scheduled for completion in the second quarter of 2015. The project will contribute to local economic growth and is being developed in partnership with the Woodland Cree First Nation.

Jansen Potash Project

In March 2012, ATCO Structures & Logistics was awarded a contract to build a 2,586-person turnkey workforce housing lodge for BHP Billiton's Jansen Potash Project, located 100 kilometres north of Regina, Saskatchewan. The first 500-person phase of the project was completed in 2013 with manufacturing and installation on the second 2,086-person phase completed during the fourth quarter of 2014.

Australia

Wheatstone Project

In May 2013, ATCO Structures & Logistics was awarded a contract to design, manufacture, transport and install 357 blast resistant modular units for the Chevron-operated Wheatstone project in Western Australia. The units were built at its manufacturing facilities in Brisbane and Perth. This project was completed during the fourth quarter of 2014.

ATCO Structures & Logistics was awarded additional scope to design, manufacture and install 435 modular units under its current agreement with Bechtel on the Chevron-operated Wheatstone Project in Western Australia. The additional work is valued at an estimated Australian $130 million and will commence in March 2015 with an expected completion in late 2015.

Queensland LNG Projects

In 2011 ATCO Structures & Logistics was awarded contracts to manufacture three workforce housing construction villages for three liquefied natural gas (LNG) projects, all of which are located on Curtis Island, Australia. These camps consisted of a 1,700-person accommodation facility supporting the Queensland Curtis LNG project; a 1,344-person accommodation facility for the Gladstone LNG project; and a 2,600-person accommodation facility to support Australia Pacific LNG's project. Two of these projects were completed in the third and fourth quarters of 2012, and the third project was completed in the first quarter of 2013.

South America

Escondida Mining Camp

In 2012, ATCO Structures & Logistics was awarded a contract to build the second phase of a 7,700-person workforce accommodation expansion for the Escondida copper mine in the Atacama Desert in northern Chile. Construction of the first phase of the project, which was awarded in 2011, was completed during 2012. The Company completed the second phase of the project in the first quarter of 2013.

Asset Sales

In September 2013, ATCO sold its 50% ownership interest in Tecno Fast ATCO S.A., headquartered in Santiago, Chile, to its joint-venture partner, Tecno Fast in September 2013. The joint venture between ATCO and Tecno Fast was established in 1996 to supply the mining and resource sector with workforce accommodations. ATCO sold its interest for approximately $124 million, which included all operational assets consisting of space rental and workforce housing fleet, manufacturing facilities and offices in Chile, Peru, Colombia and Brazil. The sale resulted in a gain of $88 million; the Company recognized earnings of $56 million after income taxes and non-controlling interests.

In November 2013, ATCO Structures & Logistics disposed of its non-core space rental assets in the U.K. A marginal loss of $2 million was recorded on disposition.

Rental Fleet Statistics

In response to customer demand, ATCO Structures & Logistics increased the number of units in its rental fleet during the past three years. The following table shows the manufacturing hours, and breaks down the information on the space rentals and workforce housing rental fleets. The numbers have been restated for the divestiture of Tecno Fast ATCO S.A and the disposition of the U.K. space rentals fleet.

			Year Ended December 31
	2014	**2013**	**2012**
Manufacturing hours *(thousands)* (1)	**982**	1,266	1,011
Space Rentals Fleet			
Number of units	**13,174**	12,959	13,078
Utilization *(%)*	**75**	77	81
Average rental rate *($ per month)*	**615**	614	610
Workforce Housing Fleet			
Number of units	**3,230**	3,047	2,957
Utilization *(%)*	**77**	83	86
Average rental rate *($ per month)*	**2,472**	2,397	2,024

(1) Manufacturing hours exclude operations in Australia where manufacturing is sub-contracted to third party contractors.

The decrease in manufacturing hours for 2014 relates to lower project activity in North America.

Utilization of the space rental fleet reduced marginally year-over-year with rental rates unchanged. The decrease in the utilization of the space rental fleet in 2014 compared to previous years is due to overall weakened demand in the markets in which the Company operates.

Utilization in the workforce housing fleet decreased in 2014 compared to previous years due to reduced demand in the Australian market as a result of lower mining investment activity. The marginally higher average rental rates for workforce housing was mainly due to consistent year-over-year demand in the North American market.

LOGISTICS AND FACILITY O&M SERVICES

Business activity in the Logistics and Facility O&M Services division has been significantly influenced by the defense contracts in Afghanistan. A major contract to supply infrastructure support, range and pest services to NATO at the Kandahar Airfield was completed at the end of March 2011. ATCO Structures & Logistics provided utilities and first responder services to NATO at the Kandahar Airfield throughout this three-year period. However, the utilities contract expired in November 2013 and was not renewed. Revenues at the Kandahar Airfield were limited to the recently extended First Responders contract, which expires in June 2015.

NATO Fire Protection Contract

In December 2014, ATCO Structures & Logistics was awarded a contract to provide around-the-clock fire protection services to the NATO troops, known as Kosovo Force, at the 700-person Camp Novo Selo near Pristina. The five-year contract commenced January 2015.

Alaska Radar System

In the third quarter of 2014, ARCTEC Alaska, a joint-venture between ATCO Structures & Logistics and ASRC Federal Primus, was awarded a contract with the United States Department of the Air Force to continue providing operations and maintenance services to 15 strategic radar sites that form the Alaska Radar System.

The 10-year contract, commencing October 2016, continues a successful 19-year relationship. The previous contract expired at the end of September 2014 and services are currently being provided under a bridge agreement until commencement of the new contract in October 2016.

Facilities & Operations Maintenance Contracts

In April 2014, ATCO Structures & Logistics was awarded a contract to provide facilities and operations maintenance services to five resource development sites in northern Alberta operated by a major Canadian exploration and production company. The two-year contract, which began in March 2014, was awarded after a competitive bid process.

In February 2013, ATCO Structures & Logistics was awarded a facilities and operations management contract with Defense Construction Canada (DCC). DCC provides construction contract management and related infrastructure services to the Department of National Defense (DND). The Company provides site services to 45 DND sites in southwestern and northern Ontario as well as the Greater Toronto Area consisting of a gross total building area of 226,974 square metres. The five-year contract began in April 2013 with an option to be extended for five more years.

Principal active contracts as of December 31, 2014, are shown in the table below.

Contract	Customer	Start Date	Completion Date
NATO Flight Training (1)	Bombardier Inc.	Jun 2000	May 2020
Iqaluit Fuel Contract (3)	Government of Nunavut	Jun 2007	Nov 2017
Kandahar - First Responders	NATO Support Agency (NSPA)	Jan 2011	Jun 2015
Ontario Facilities Management Contract (2)	Defence Construction Canada	Apr 2013	Mar 2018
Facilities & Operations Maintenance Contract	Major Canadian exploration & production company	Mar 2014	Feb 2016
Alaska Radar System (3) (4)	U.S. Department of Defense	Oct 2016	Oct 2026
NATO Fire Protection Contract	NATO Support Agency (NSPA)	Jan 2015	Dec 2019

(1) The contract may be extended at the option of the customer to 2021.

(2) The contract may be extended at the option of the customer to 2023.

(3) Joint venture with Indigenous partners.

(4) Logistics and Facilities O&M Services currently provided under a bridge agreement until October 2016.

LODGING & SUPPORT SERVICES

Workforce Accommodations Contract

In December 2014, ATCO Structures & Logistics was awarded a contract by TransCanada PipeLines Limited (TransCanada) to design, build and operate a 150-person workforce accommodations lodge that will house workers constructing the Otter Lake Compressor Station in the Peace River region of Alberta. The lodge is operational from January 2015 and will house workers until January 2016.

Oil Sands Lodge Management Contract

In October 2014, ATCO Structures & Logistics was awarded a contract by a major Canadian exploration and production company to operate a 1,900-person lodge in Alberta's oilsands region. The lodge has become fully operational in the first quarter of 2015. ATCO provides catering, housekeeping, janitorial and maintenance services for the accommodations facility over the course of the five-year contract.

K+S Potash Canada

The Company was awarded a camp services contract in the first quarter of 2014 by K+S Potash Canada to support a 1,470-person camp at the Legacy Potash mine in southern Saskatchewan. The contract commenced in April 2014 for a period of two-and-a-half years. The contract includes catering, housekeeping, janitorial, room management, maintenance and lounge/ commissary services.

ATCO has partnered with the George Gordon First Nation (GGFN) as the K+S Potash Canada Legacy Project is located on the traditional lands of the GGFN. ATCO has partnered with GGFN on other large projects in Saskatchewan. Building on the success of this cooperation, the Legacy Project partnership demonstrates ATCO's commitment to growing capacity in local First Nations.

Barge Landing Lodge Refurbishment

During 2013, the Barge Landing Lodge underwent a major refurbishment, which reduced the number of rooms from 1,700 to 1,300. This reduction, combined with the increased supply of rooms available in temporary work camps in the oil sands area around Fort McMurray, Alberta, resulted in lower occupancy and reduced earnings for this division in 2013 and 2014.

Utilities

Total capital expended in the Utilities over the last three years was $6.4 billion (see table below). The largest expenditures were in the transmission operations of ATCO Electric. The AESO has identified the need for major reinforcement and expansion of the electricity transmission system in Alberta, and ATCO Electric is dedicated to improving Alberta's electrical system through responsible transmission development. Capital expenditures for ATCO Gas, ATCO Electric Distribution and ATCO Pipelines over the three-year period are representative of expenditure levels required to provide safe and reliable service and meet the demands of a growing province.

Total capital expenditures for the Utilities in the last three years are provided in the table below.

			Year Ended December 31
($ millions)	**2014**	**2013**	**2012**
Electric Transmission	**1,233**	1,355	1,345
Electric Distribution	**369**	408	387
Gas Distribution	**292**	268	323
Pipeline Transmission	**185**	147	87
Total	**2,079**	2,178	2,142

REGULATORY DEVELOPMENTS

In 2013, ATCO Gas and the distribution operations of ATCO Electric moved to a form of rate regulation called Performance Based Regulation (PBR). The PBR model uses a formula to determine utility rates on an annual basis; however, the rates should provide these Utilities the opportunity to recover prudently incurred operating costs for providing regulatory services and earn a fair return on investment.

ATCO Pipelines and the transmission operations of ATCO Electric continued under the cost-of-service model in 2014.

The table below details mid-year rate base, rate of return on common equity and the common equity ratio for each of ATCO's Utilities during the past three years.

	Year	Date of Decision[1]	Mid-Year Rate Base ($ millions)	Rate of Return on Common Equity[2] (%)	Common Equity Ratio[3] (%)
ATCO Electric					
Transmission	**2014**	**Sep. 24/13**	**4,413 [5]**	**8.75% [6]**	**37.0% [6]**
	2013	Sep. 24/13	3,576 [5]	8.75% [6]	37.0% [6]
	2012	Nov. 22/11	2,839	8.75% [4]	37.0% [4]
Distribution	**2014**	**_ [7]**	**_ [7]**	**8.75% [6]**	**39.0% [6]**
	2013	_ [7]	_ [7]	8.75% [6]	39.0% [6]
	2012	Nov. 22/11	1,392	8.75% [4]	39.0% [4]
ATCO Gas	**2014**	**_ [7]**	**_ [7]**	**8.75% [6]**	**39.0% [6]**
	2013	_ [7]	_ [7]	8.75% [6]	39.0% [6]
	2012	Nov. 20/12	1,666	8.75% [4]	39.0% [4]
ATCO Pipelines	**2014**	**Jun. 10/14**	**979 [9]**	**8.75% [6]**	**38.0% [6]**
	2013	Jun. 10/14	879 [9]	8.75% [6]	38.0% [6]
	2012	Aug. 30/13	847 [8]	8.75% [4]	45.0% [4]

(1) The information shown reflects the most recent amending or varying orders issued after the original decision date.

(2) Rate of return on common equity is the rate of return on the portion of rate base considered to be financed by common equity.

(3) The common equity ratio is the portion of rate base considered to be financed by common equity.

(4) The rate of return on common equity and common equity ratio for 2012 was approved in the AUC's Generic Cost of Capital decision of December 8, 2011.

(5) The mid-year rate base for 2013 and 2014 was approved in the AUC's General Tariff Application Compliance decision of December 15, 2014.

(6) The rate of return on common equity and common equity ratio for 2013 and 2014 is an interim rate based on the last AUC Generic Cost of Capital decision of December 8, 2011.

(7) The distribution utilities in Alberta are operating under PBR and no longer have an approved mid-year Rate Base forecast.

(8) The 2012 rate base is revised based on the final revenue decision received on August 30, 2013.

(9) The mid-year rate base for 2013 and 2014 is based on the 2013-2014 General Rate Application Compliance Filing filed on January 22, 2014.

ATCO ELECTRIC

Major Project Updates

Eastern Alberta Transmission Line (EATL) Project

On November 15, 2012, ATCO Electric received approval from the AUC to start construction of the EATL project. The 500kV high voltage direct-current transmission line, with its associated converter stations and facilities, extends approximately 485 kilometres along a corridor on the east side of the province between Edmonton and Calgary. The line adds capacity to Alberta's existing electricity transmission system. In late 2012, ATCO Electric started construction of the transmission line. By the end of 2014, all foundations and towers were installed and erected with 92 per cent of stringing completed. The remaining stringing was completed in February 2015. While work also progressed on the two converter stations, the in-service date has shifted into 2015 due to contractor delays.

Total cost is estimated to be $1.8 billion, excluding interest during construction. As of December 31, 2014, $1.7 billion of this amount has been spent, with the remaining $129 million expected to be incurred during 2015.

Hanna Region Transmission Development (HRTD) Project

ATCO Electric completed this major transmission project in July 2013 on schedule and approximately $60 million under budget. This transmission reinforcement of the southeast region of the province was comprised of approximately 335 kilometres of transmission lines and six new substations, as well as modifications and expansions of 14 existing substations.

ATCO GAS

Plastic Mains Replacement Project

The Plastic Mains Replacement program is a 20-year program aimed at replacing polyvinyl chloride (PVC) and early generation polyethylene (PE) pipe. The pipe has been identified for replacement due to risks associated with brittle cracking. Overall, approximately 8,000 kilometres of main gas line impacting roughly 27,500 services will be replaced. The program began in 2011 with a target completion date of no later than 2030. Through the first four years of the program, approximately 1,030 kilometres of main line impacting 3,550 services has been replaced.

Automated Meter Reading Project

In 2013, ATCO Gas completed the automated meter reading project. Since 2011, ATCO Gas has replaced or retrofitted 1.1 million natural gas meters with encoder receiver transmitter devices, which wirelessly transmit usage data to mobile collectors. This allows ATCO Gas to read gas meters without entering customers' homes, yards or businesses, improving billing accuracy, employee safety and customer convenience.

ATCO PIPELINES

Urban Pipeline Replacement Proceeding

ATCO Pipelines' Urban Pipeline Replacement (UPR) project is intended to replace and relocate the aging, high-pressure natural gas pipelines in Edmonton and Calgary to address safety, reliability and future growth.

The AUC previously approved three of the UPR projects in December 2011. However, the AUC suspended the project and in September 2012 directed ATCO Pipelines to apply for the entire UPR project, which included public consultation sessions.

In January 2014, the AUC issued its decision approving the need for the replacement and relocation of the Edmonton and Calgary aging, urban high-pressure natural gas pipelines. In this decision, the AUC determined that the UPR proposal put forward by ATCO Pipelines was in the public interest, to provide a safe, reliable and efficient system. The total cost of the UPR project is estimated at $700 million, which includes the cost to integrate the new high-pressure network with ATCO Gas' low-pressure distribution system. ATCO Pipelines plans to complete the construction of the UPR project over the next five years. To date, $68 million has been spent on UPR projects.

Alberta System Integration

ATCO Pipelines and Nova Gas Transmission Ltd. (NGTL) entered into an agreement with respect to natural gas transmission service that will allow ATCO Pipelines and NGTL to utilize their physical assets under a single rates and services structure with a single commercial interface for Alberta customers. This integration will end duplicate tolling and operational activities and result in more efficient regulatory processes.

The AUC issued a decision on May 27, 2010, approving the integration, subject to subsequent applications to address (i) the transition of ATCO Pipelines' customers to NGTL, and (ii) the swap of assets between ATCO Pipelines and NGTL in order to establish distinct operating areas. Commercial integration and the transition of customers took place on October 1, 2011, following AUC approval.

On November 22, 2012, the AUC issued a decision approving the asset swap between ATCO Pipelines and NGTL in order to establish distinct operating areas. On October 16, 2014, the National Energy Board issued an order approving the asset swap between ATCO Pipelines and NGTL. The asset transfers will commence in 2015 and are expected to be completed over a two-year period.

Energy

ATCO Power

The Company's financial results are affected by power pool prices, price volatility, natural gas prices and power generating plant availability.

In 2014, the Company realized lower average Alberta Power Pool prices compared to 2013. Plant availability during 2014 has remained high in the Company's independent and regulated power plants. The combination of lower average Alberta Power Pool prices, reduced price volatility and higher average natural gas prices contributed to decreased earnings for the Company in 2014.

During 2012 and 2013, higher average realized Power Pool prices, higher spark spreads, greater price volatility and high availability of the Company's generating plants resulted in higher earnings compared to 2014. The Company achieved record earnings in 2013 as a result of these events.

The PPA for Battle River units 3 and 4 expired at the end of December 2013, consequently the amount of the Company's generating plant capacity exposed to Alberta merchant power pool prices increased in 2014.

In May 2014, ATCO Power announced the launch of a new division dedicated to selling power directly to commercial and industrial customers in Alberta. ATCO Power now offers commercial customers such as hospitals, shopping malls, light industry, as well as large industrial operations, unique electricity solutions for their businesses.

In the U.K. the power market has been weak over the last three years. Given the prospects for continued weakness, the Company and its partners approved the decision of immediate closure and shut-down of the 1,000 MW Barking generating plant in the fourth quarter of 2014. ATCO Power has a 25.5 per cent ownership interest in this plant.

ATCO Energy Solutions

ATCO Energy Solution's financial results are affected mainly by natural gas storage differentials, frac spreads and natural gas extraction and processing volumes.

Over the last three years storage volumes have remained stable but differentials have declined. However, the Company's earnings increased in 2014 compared to 2013 mainly as a result of higher Storage Operation earnings realized from the sale of excess natural gas as a result of enhancements in the delivery capability of the Company's natural gas storage facility.

Average frac spreads have been volatile over the last three years, rising in 2013 from 2012 and falling again in 2014. This volatility is reflected in the earnings from NGL extraction, gas gathering and processing operations.

As a result of ongoing review of the economic environment and declining natural gas supply in western Canada, certain of the Company's natural gas gathering, processing and liquids extraction assets were either shut-in or sold during 2013 and 2014 without a significant impact on the Company's earnings.

Major Project Updates

During 2014, ATCO Energy Solutions repositioned itself as an energy infrastructure provider within Alberta's Industrial Heartland, Canada's largest hydrocarbon processing region. Industrial water contracts were executed and a major storage partnership was announced as part of this new direction.

In 2014, ATCO Energy Solutions signed an agreement with Petrogas Energy Corp. to develop four salt caverns. The total partnership investment is approximately $200 million. ATCO Energy Solutions has a 60 per cent partnership interest. These caverns will store propane, butane, and ethylene to provide the NGL market in western Canada with a new alternative for hydrocarbon storage. Commercial operation for two caverns is targeted for the second quarter of 2016, with two additional caverns to be completed by the second quarter of 2017. With all four of the salt caverns of the initial phase now secured under long-term agreements, and in response to growing customer demand, ATCO Energy Solutions has acquired an additional 160 acres of land for further surface facility and salt cavern development.

In anticipation of the growing demand for water transportation services in Alberta's Industrial Heartland, ATCO Energy Solutions upgraded its water infrastructure, including improvements to an existing river intake on the North Saskatchewan River, in 2011 and 2012. These upgrades will position ATCO Energy Solutions as a leading supplier of comprehensive industrial water infrastructure and energy-related services in Alberta's Industrial Heartland, while ensuring the Company's customers have a secure source of water for the construction and operation of their facilities.

Contracts were signed in 2013 with North West Redwater Partnership and Air Products Canada Ltd. to supply essential water services to new facilities being constructed by those parties. In 2014, construction continued on the North West Redwater Partnership and Air Products Canada Ltd. water projects. Both projects are expected to be operational in the latter part of 2015.

ATCO Australia

Over the last three years, ATCO Gas Australia's operations benefited from growth in the customer base, increased investment in utility infrastructure and favourable decisions on its appeal of various events of the 2010-2014 Access Arrangement. The decisions resulted in, among other items, an increase of the real return from 7.40% to 7.75%. In 2014, earnings decreased as a result of a lower actual inflation factor applied to the utility's rate base, partially offset by continued investment in utility infrastructure and interest savings.

ATCO Power Australia's earnings over the last three years have been comparable.

In April 2014 British Petroleum (BP) announced that it will cease refining operations at its oil refinery in Brisbane by mid-2015. Consequently, the Company recorded an impairment charge of its lease receivable and a related intangible goodwill asset of $6 million in 2014 for its 33 MW Bulwer Island power station, which is jointly owned with Origin Energy. As BP is the power station's only customer, this announcement has a direct impact on the ability of the plant to generate future revenues. While the partners pursued alternate commercial arrangements, no suitable economic replacement has been identified. Management is working toward a planned closure in the second quarter of 2015.

The Company's other operations included ATCO I-Tek Australia until the close of the sale of the Company's IT services to Wipro in August 2014. Refer to the Corporate & Other section below for information regarding the Company's sale of its information technology services.

Corporate and Other

LONG-TERM CONTRACTED ELECTRICITY TRANSMISSION - FORT McMURRAY 500 kV Project

In December 2014, Alberta PowerLine, a newly formed partnership between the Company and Quanta Capital, a Quanta Services company, was awarded a 35-year, $1.4 billion contract by the Alberta Electric System Operator (AESO) for the Fort McMurray West 500-kilovolt (kV) Transmission Project (Fort McMurray 500 kV Project). This project will increase the capacity of the electricity system in northeastern Alberta and help to ensure that this economically vital area of the province has the power it needs.

Valard Construction, a Canadian subsidiary of Quanta Services, will provide turnkey engineering, procurement, and construction services for the project, while ATCO Electric will be responsible for the overall management, route planning, permitting and operations and maintenance of the transmission facilities for 35 years. The project consists of approximately 500 kilometres of 500 kV transmission line running from Wabamun (west of Edmonton) to Fort McMurray, Alberta.

The proposed route, substations and design of the transmission line are subject to approval by the AUC. Alberta PowerLine will be consulting with landowners and submitting its Facilities Application to the AUC by the end of 2015. If approved, construction of the Fort McMurray 500 kV Project is scheduled to start in 2017 and be in service in 2019. Alberta PowerLine is planning $531 million in capital expenditures from 2015 to 2017 for the project, which represents ATCO's proportionate share of the investment in the partnership interest.

MEXICO

In the third quarter of 2014, the Company established an office in Mexico City to pursue and evaluate business opportunities in Mexico's energy market. The Mexican government recently embarked on reform of its energy sector, inviting foreign investment in energy infrastructure such as power generation, electricity and natural gas transmission and distribution facilities. The Company's growth strategy in Mexico is modeled after its existing Canadian and Australian operations, consisting of diverse yet complimentary energy businesses based on a strong reputation of technical and operational capability.

On October 9, 2014, the Company was awarded a 25-year contract by the Comisión Federal De Electricidad (CFE) to design, build and operate a 16 kilometre 30" natural gas pipeline near the town of Tula (located approximately 100 kilometres northwest of Mexico City) in the state of Hidalgo, Mexico. This deal marks the Company's first energy infrastructure project under the newly reformed energy sector in the country. The project investment is estimated at USD $50 million and is expected to be in service in mid-2015.

Also, on October 27, 2014, the Company and its partner Grupo Hermes S.A. de C.V. were selected by an affiliate of Mexico's state-owned petroleum company Pemex, PMX Cogeneracion S.A.P.I. de C.V., to commence the project development and approval process for a natural gas cogeneration plant at the Miguel Hidalgo refinery near the town of Tula in the state of Hidalgo, Mexico. Initial estimates value the capital investment of the proposed project at USD $820 million of which the Company will be responsible for approximately half of the required investment. Capital investment approval is expected in 2015, with a commercial operation date in 2018.

CAPITAL REDEPLOYMENT

In the third quarter of 2014, the Company completed the sale of its IT services to Wipro, a global information technology, consulting and business process services company. Wipro acquired all the shares of ATCO I-Tek, including current contracts and employees, as well as the assets of ATCO I-Tek Australia as part of the transaction. Proceeds of the sale were $204 million, resulting in a one-time after-tax gain of $74 million (after non-controlling interests).

The proceeds from the sale were redeployed to finance the Company's growth initiatives, including the significant investment in regulated Utilities in Alberta, energy infrastructure in Alberta's Heartland, and opportunities in Mexico's energy market.

OTHER EVENTS

Share Split

ATCO Ltd. completed a two-for-one share split of the outstanding Class I Non-Voting Shares and Class II Voting Shares by way of a share dividend on June 14, 2013. The Company undertook the share splits to make the Class I Shares and Class II Shares more readily accessible to individual share owners, increase and broaden its share owner base, and improve the liquidity of the market for the shares.

Participation in Canadian Utilities Dividend Reinvestment Plan

The Canadian Utilities Dividend Reinvestment Plan (DRIP), which was announced on July 12, 2012, and came into effect with the third quarter 2012 dividend payments, allows eligible Class A non-voting and Class B common share owners of Canadian Utilities to reinvest all or a portion of their dividends in additional Class A non-voting shares.

In the year ended December 31, 2014, Canadian Utilities issued 2,699,207 Class A non-voting shares under its DRIP in lieu of cash dividend payments of $104 million. ATCO Ltd. elected to receive 1,675,441 Class A non-voting shares in lieu of cash dividends of $65 million.

In the year ended December 31, 2013, Canadian Utilities issued a total of 3,726,965 Class A non-voting shares under its DRIP in lieu of making cash dividend payments of $134 million. ATCO Ltd. elected to receive 2,789,988 Class A non-voting shares in lieu of receiving cash dividends of $100 million.

In the year ended December 31, 2012, Canadian Utilities issued a total of 1,757,106 Class A non-voting shares under the DRIP in lieu of making cash dividend payments of $58 million. ATCO Ltd. elected to receive 1,349,008 Class A non-voting shares in lieu of cash dividends of $45 million.

Changes to Executive Leadership and Corporate Structure

Nancy C. Southern was appointed Chair effective December 1, 2012, and continues as President & Chief Executive Officer of ATCO Ltd. Ms. Southern replaced Ronald D. Southern, who founded the ATCO Group. Mr. Southern continues to serve as a director of ATCO Ltd.

On August 1, 2012, the Company announced the combination of ATCO Midstream Ltd., which was engaged in natural gas gathering, processing, storage and natural gas liquids extraction, and ATCO Energy Solutions Ltd., which was engaged in non-regulated electricity transmission, industrial water and other energy infrastructure projects and operations. The combined entity operates under the name ATCO Energy Solutions Ltd.

BUSINESS RISKS

Business risks are described in the "Segmented Information" and "Risk Management and Financial Instruments" sections in ATCO Ltd.'s MD&A and are hereby incorporated by reference. The MD&A may be found on SEDAR at www.sedar.com.

DIVIDENDS

Cash dividends declared during the past three years for all series and classes of shares were as follows.

(Canadian dollars per share)	2014	2013	2012
Class I and Class II Shares (1)	**0.860**	0.750	0.655

(1) On June 14, 2013, the Company completed a two-for-one split of the Class I Shares and Class II Shares. The share split took the form of a share dividend, whereby owners received one additional Class I Share for each Class I Share held and one additional Class II Share for each Class II Share held. The information in the table above is presented to reflect the share split.

It is the practice of the Company to pay dividends quarterly on its Class I and Class II Shares. The Company has increased its common share dividend each year since 1993. In each of the last three years, the Company has increased its quarterly dividend by 15 per cent.

On January 8, 2015, the Board of Directors declared a first quarter dividend of 24.75 cents per share, a 15% increase over the 21.50 cents per share paid in each of the previous four quarters. The payment of any dividend is at the discretion of the Board of Directors and depends on the Company’s financial condition, among other factors.

CAPITAL STRUCTURE

SHARE CAPITAL

The share capital of the Company at February 18, 2015, is as shown below.

Share Description	Authorized	Outstanding
Preferred Shares issuable in series	20,000,000	–
Junior Preferred Shares issuable in series	8,000,000	–
Class I Shares	300,000,000	101,508,423
Class II Shares	50,000,000	13,633,205

Preferred Shares and Junior Preferred Shares

The Preferred Shares and Junior Preferred Shares are issuable from time to time in one or more series with rights, restrictions, conditions and limitations as may be determined by the Board of Directors. Both the Preferred Shares and Junior Preferred Shares have priority over the Class I Shares and Class II Shares in the payment of dividends and the distribution of assets on the liquidation, dissolution or winding up of the Company.

Class I Non-Voting Shares and Class II Voting Shares

Each Class II Share may be converted into one Class I Share at any time at the share owner’s option. If an offer to purchase all Class II Shares is made, and such offer is accepted and taken up by the owners of a majority of the Class II Shares, and if, at the same time, an offer is not made to the Class I Share owners on the same terms and conditions, then the Class I Shares will be entitled to the same voting rights as the Class II Shares. The two share classes rank equally in all other respects.

CREDIT RATINGS

Credit ratings are important to the Company's financing costs and ability to raise funds. The Company intends to maintain strong investment grade credit ratings in order to provide efficient and cost effective access to funds required for operations and growth.

In 2014, Standard and Poor's Ratings Services (S&P) and DBRS Limited (DBRS) re-affirmed their ratings of the Company as "A" with a stable outlook and "A (low)" with a stable trend, respectively.

In February 2015, S&P re-affirmed its rating of ATCO Gas Australia Limited Partnership's debt as "A-" with a stable outlook.

The following table shows the current credit ratings assigned to ATCO Ltd., the securities of Canadian Utilities Limited and CU Inc., and ATCO Gas Australia Limited Partnership's long-term debt. Ratings are provided by DBRS and S&P.

	DBRS	S&P
ATCO Ltd.		
Issuer	A (low)	A
Canadian Utilities Limited		
Long-term debt and issuer	A	A
Commercial paper	R-1 (low)	A-1 (mid)
Preferred shares	Pfd-2 (high)	P-2 (high)
CU Inc.		
Long-term debt and issuer	A (high)	A
Commercial paper	R-1 (low)	A-1 (mid)
Preferred shares	Pfd-2 (high)	P-2 (high)
ATCO Gas Australia Limited Partnership (1)		
Long-term debt and issuer	N/A	A-

(1) ATCO Gas Australia Limited Partnership holds the long-term debt for ATCO Gas Australia Pty Ltd.

LONG-TERM DEBT AND ISSUER CREDIT RATINGS

An "A" rating by DBRS is the third highest of 10 categories. Long-term debt rated "A" is of good credit quality. The capacity for the payment of financial obligations is substantial, but of lesser credit quality than "AA". A-rated debt may be vulnerable to future events, but qualifying negative factors are considered manageable. Each rating category other than "AAA" and "D" contains the subcategories "high" and "low". The absence of either a "high" or "low" designation indicates the rating is in the "middle" of the category.

An "A" rating by S&P is also the third highest of 10 categories. An entity rated "A" by S&P has a strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than an entity in higher-rated categories. Ratings from "AA" to "CCC" may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

COMMERCIAL PAPER AND SHORT-TERM DEBT CREDIT RATINGS

An "R-1 (low)" rating by DBRS is the lowest subcategory in the highest of six categories and is granted to short-term debt of good credit quality. The capacity for the payment of short-term financial obligations as they fall due is substantial. Overall strength is not as favourable as higher rating subcategories and may be vulnerable to future events, but qualifying negative factors are considered manageable. Rating categories "R-1" and "R-2" are further denoted by the subcategories "high", "middle", and "low".

An "A-1 (Mid)" rating by S&P is the second highest of eight categories in its Canadian commercial paper ratings scale. A short-term obligation rated "A-1 (Mid)" reflects a strong capacity for the entity to meet its financial commitment on the obligation.

PREFERRED SHARE CREDIT RATINGS

A “Pfd-2” rating by DBRS is the second highest of six categories granted by DBRS. Preferred shares rated in this category are considered of satisfactory credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet, and coverage ratios are not as strong as “Pfd-1” rated companies. Each rating category is denoted by the subcategories “high” and “low". The absence of either a “high” or “low” designation indicates the rating is in the “middle” of the category.

A “P-2” rating by S&P is the second highest of eight categories S&P uses in its Canadian preferred share rating scale. An obligation rated “P-2” exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the entity to meet its financial commitment on the obligation. A “high” or “low” designation shows 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.

CREDIT RATINGS GENERALLY

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. The ratings indicate the likelihood of payment and an issuer’s capacity and willingness to meet its financial commitment on an obligation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization.

As is customary, the Company makes payments to the credit ratings organizations for the assignment of ratings as well as other services. The Company expects to make similar payments in the future.

MARKET FOR SECURITIES OF THE COMPANY

The Company’s Class I Shares and Class II Shares are listed on the Toronto Stock Exchange.

The following table sets forth the high and low prices and volume of the Company’s shares traded on the Toronto Stock Exchange during 2014.

			Class I Shares			Class II Shares
2014	***High ($)***	***Low ($)***	**Volume**	***High ($)***	***Low ($)***	**Volume**
January	49.89	45.82	1,991,278	49.00	46.20	3,770
February	52.66	48.55	2,031,204	52.25	48.88	2,716
March	53.61	50.87	2,013,757	53.00	51.00	5,678
April	55.18	52.50	1,678,958	55.00	52.99	7,695
May	54.94	51.25	1,516,443	54.40	51.52	5,350
June	52.93	50.90	2,012,343	52.50	51.21	2,449
July	52.53	47.37	2,148,948	52.00	48.00	6,177
August	48.57	46.76	2,240,094	49.48	47.00	2,399
September	47.20	44.35	3,877,620	46.88	44.85	15,966
October	49.52	44.76	4,881,967	49.25	45.00	9,864
November	48.83	44.19	2,762,032	48.50	44.65	4,846
December	48.35	43.37	3,993,118	48.38	43.75	6,975

DIRECTORS AND OFFICERS

DIRECTORS

Robert T. Booth, Q.C. (2) (4)

Calgary, Alberta, Canada
Director since 2008
Age 62

Mr. Booth is a partner in the law firm Bennett Jones LLP, based in Calgary, Alberta. He is a member of the Law Society of Alberta and the Canadian Bar Association. Mr. Booth is honorary counsel to the Royal Military Colleges of Canada Foundation, the Conference of Defence Association, and the CDA Institute.

Mr. Booth obtained a B.Eng. degree from the Royal Military College of Canada, Kingston, Ontario, in 1974, and an LL.B. from Dalhousie University, Halifax, Nova Scotia, in 1977. In 2009, he obtained his ICD.D certification from the Director Education Program of the Institute of Corporate Directors.

Bertrand P. Collomb, PhD

Paris, France
Director since 1999
Age 72

Dr. Collomb is the Honorary Chairman of Lafarge S.A. He has held several executive positions in Lafarge since 1975, including his appointment as Chairman and Chief Executive Officer in 1989. Dr. Collomb was Chairman of the Board from 2003 until 2007. He is Chairman of the French Institute for Studies in Science and Technology. He is also a member of the Institut de France. Dr. Collomb is a Commander of the French Legion of Honour.

Dr. Collomb is a graduate of the École Polytechnique and the École des Mines in Paris and holds a French law degree and a PhD in Management.

David A. Dodge, O.C., LL.D., PhD, F.R.S.C. (3) (4)

Ottawa, Ontario, Canada
Director since 2012
Age 71

Dr. Dodge is a Senior Advisor to Bennett Jones LLP. He has had a distinguished career in the federal public service. He was Governor of the Bank of Canada from 2001 to 2008, and as Governor, was also Chairman of the Board of Directors of the Bank. He has held senior positions in the Central Mortgage and Housing Corporation, the Anti-Inflation Board, the Department of Employment and Immigration and the Department of Finance.

Dr. Dodge was Chancellor of Queen's University until June 2014. Dr. Dodge also serves on the Board of Directors of the Canadian Institute for Advanced Research.

In 2011 Dr. Dodge was the recipient of the Institute of Public Administration of Canada's Vanier medal for his distinctive leadership and significant contributions to public administration and public service in Canada.

Dr. Dodge received a B.A. (Econ., Hons.) from Queen's University and a PhD in Economics from Princeton.

Denis M. Ellard (3) (4)

Calgary, Alberta, Canada
Director since 2014
Age 68

Before his retirement in 2003, Mr. Ellard was Senior Vice President Business Development, ATCO Group. Over his 35 year career, Mr. Ellard held several senior positions within the organization, including Senior Vice President and General Manager, Northwestern Utilities Limited; Senior Vice President, Canadian Utilities Limited; and President, ATCO Singlepoint Ltd. Mr. Ellard served in various capacities on several community and industry boards, including the Alberta Economic Development Authority.

Mr. Ellard has a B.Sc. in Mechanical Engineering and an MBA with a major in Finance from the University of Alberta.

Linda A. Heathcott

Calgary, Alberta, Canada
Director since 2012
Age 52

Ms. Heathcott is President & Chief Executive Officer of Spruce Meadows Ltd., an internationally recognized equestrian facility. A former professional equestrian rider, Ms. Heathcott was a member of the Canadian Equestrian Team for nine years and competed in the 1996 Olympic Summer Games in Atlanta, Georgia. Ms. Heathcott is a founding director and currently serves as Board Chair of AKITA Drilling Ltd. Ms. Heathcott also serves on the Board of Sentgraf Enterprises Ltd.

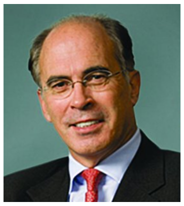
In 2010, Ms. Heathcott received her ICD.D certification from the Director Education Program of the Institute of Corporate Directors.

Michael R.P. Rayfield (3) (4)

Toronto, Ontario, Canada
Director since 2009
Age 72

Mr. Rayfield was Vice Chair, Investment and Corporate Banking, BMO Capital Markets until January 2013. He was responsible for senior corporate relationships in Canada, the U.S. and the U.K., and management of BMO's Investment Banking business in China and India. Mr. Rayfield was also on the Canadian Management Committee. He has extensive international banking experience in Latin America, Australia, Japan and Korea. Mr. Rayfield is also a director of ATCO Structures & Logistics Ltd.

Mr. Rayfield is a graduate of The Chartered Institute of Bankers, U.K.; the Senior Manager's Program at Harvard University; and the Advanced Executive Program at J.L. Kellogg Graduate School, Northwestern University. He studied at Cambridge University and is a graduate of the Director Education Program at the Institute of Corporate Directors.



Robert J. Routs, PhD (2) (3) (4)

Brunnen, Switzerland
Director since 2012
Age 68

From 2004 until his retirement in 2008, Dr. Routs was an Executive Board Member at Royal Dutch Shell plc. He was responsible for the global refining, chemical, marketing, trading and renewables businesses. Before that, he held various senior management positions at Royal Dutch Shell in the U.S., Canada and The Netherlands. He was Chairman of the Board of Shell Canada in the years preceding the buyout of the public shareholding by Royal Dutch Shell plc. Dr. Routs is also a director of ATCO Structures & Logistics Ltd. and ATCO Australia Pty Ltd.

Dr. Routs is an emeritus member of the International Advisory Council to the Economic Development Board of Singapore and received the Distinguished Citizen of Singapore medal.

Dr. Routs graduated in Chemical Engineering from the Technical University of Eindhoven in The Netherlands, where he also obtained a PhD in Technical Sciences. He completed the Program for Management Development at Harvard Business School in 1991.

Nancy C. Southern

Calgary, Alberta, Canada
Director since 1989
Age 58

Ms. Southern was appointed Chair of ATCO and Canadian Utilities effective December 1, 2012, and continues as President & Chief Executive Officer. She was Deputy Chair of ATCO and Canadian Utilities from 2008 until 2012, and has been President & Chief Executive Officer of Canadian Utilities and ATCO since January 1, 2003. Previously, she was Co-Chairman and Co-Chief Executive Officer from 2000 until 2003; Deputy Chief Executive Officer from 1998 until 2000; and Deputy Chairman from 1996 until 2000. Ms. Southern has full responsibility for strategic direction and the operations of ATCO, reporting to the Board of Directors. She is also a director of Sentgraf Enterprises Ltd. and an Honorary Director of the Bank of Montreal.

Ms. Southern is a member of The U.S. Business Council; a member of the American Society of Corporate Executives; and a Canadian member of The Trilateral Commission. She is a member of the Canadian Council of Chief Executives and the Canadian Economic Advisory Council.

Ronald D. Southern, C.C., C.B.E., LL.D.

Calgary, Alberta, Canada
Director since 1963
Age 84

Mr. Southern is the Founder, ATCO Group. He was Chairman of the Board until December 1, 2012, and continues to be a director of both ATCO and Canadian Utilities. Together with his late father, S.D. Southern, Mr. Southern founded ATCO Group in 1947 and served as ATCO's President for 48 years. He is credited with transforming ATCO to what it is today — a corporation with assets of approximately $18 billion and employing more than 9,000 people.

Mr. Southern is a director of ATCO Structures & Logistics Ltd.; Deputy Chairman of AKITA Drilling Ltd.; and Chairman of Sentgraf Enterprises Ltd. Mr. Southern is also a Canadian member of The Trilateral Commission.

Some of Mr. Southern's many distinctions include: Commander of the Order of the British Empire, 1995; Officer of the Order of Orange-Nassau, 2006; Companion of the Order of Canada, 2007; Queen Elizabeth II Diamond Jubilee Medal, 2012; and Alberta Order of Excellence, 2012.

Roger J. Urwin, PhD, C.B.E. (2) (3)

London, England
Director since 2014
Age 69

Dr. Urwin is the Chair of ATCO Australia Pty Ltd. He has worked in gas, electric and telecom utilities throughout his career. He retired at the end of 2006 as Group Chief Executive of National Grid plc. He played a key role in establishing National Grid's international strategy and its successful expansion into the U.S., creating one of the largest investor-owned utility companies in the world. Dr. Urwin was the Managing Director and Chief Executive of London Electricity from 1990 to 1995. He is also non-executive Chairman of Utilico Investments Limited and a special advisor to Global Infrastructure Partners, an international infrastructure investment fund. He was Chair of Alfred McAlpine plc from 2006 to 2008.

Dr. Urwin is a Commander of the Order of the British Empire.

Dr. Urwin has a Physics degree and a PhD from the University of Southampton, U.K.

Susan R. Werth (2)

Calgary, Alberta, Canada
Director since 2014
Age 58

In June 2014, Ms. Werth retired as Senior Vice President & Chief Administration Officer, ATCO and Canadian Utilities, responsible for Human Resources, Corporate Secretarial, Marketing and Communications, Security, Real Estate, Aviation and Administration. She was Chair of ATCO Group's Disclosure, Management Pension, Crisis Management, and Donation & Sponsorship Committees. She was Vice President, Administration, ATCO Group from 1995 to 2000. Ms. Werth is also on the Board of Sentgraf Enterprises Ltd.

Charles W. Wilson (2) (3) (4)

Evergreen, Colorado, USA
Director since 2002
Age 75

Mr. Wilson is Lead Director for the Boards of ATCO and ATCO Structures & Logistics Ltd. and is on the Board of ATCO Australia Pty Ltd. He was President and Chief Executive Officer of Shell Canada from 1993 to 1999, and Executive Vice President, U.S. Downstream Oil and Chemical of Shell Oil Company from 1988 to 1993. Before 1988, he was Vice President U.S. Refining and Marketing of Shell Oil Company and held various positions in the domestic and international natural resource operations of Shell.

Mr. Wilson holds a B.Sc. in Civil Engineering and an M.Sc. in Engineering.

(1) All directors hold office until the close of the annual meeting of share owners of the Company or until their successors are elected or appointed.

(2) Member of the Corporate Governance - Nomination, Compensation and Succession Committee.

(3) Member of the Audit Committee.

(4) Member of the Risk Review Committee.

Officers (in Alphabetical Order)

Name, Province and Country of Residence	Position Held and Principal Occupation
C.J. Ackroyd Alberta, Canada	Vice President, Marketing & Communications ATCO Ltd. and Canadian Utilities Limited
B.R. Bale Alberta, Canada	Senior Vice President & Chief Financial Officer ATCO Ltd. and Canadian Utilities Limited
P. D. Cook Alberta, Canada	Vice President, Controller ATCO Ltd. and Canadian Utilities Limited
C.M.D. Field Alberta, Canada	Vice President, Pension and Benefits & Human Resources Information Systems ATCO Ltd. and Canadian Utilities Limited
C. Gear Alberta, Canada	Corporate Secretary ATCO Ltd. and Canadian Utilities Limited
A.S. Han Alberta, Canada	Vice President, Finance & Treasury ATCO Ltd. and Canadian Utilities Limited
K.P. Hunt Alberta, Canada	Vice President, Internal Audit & Risk Management ATCO Ltd. and Canadian Utilities Limited
L. Hvatum-Brewster Alberta, Canada	Vice President, Indigenous Community Relations & Development ATCO Ltd. and Canadian Utilities Limited
E.M. Kiefer Alberta, Canada	Senior Vice President & Chief Administration Officer ATCO Ltd. and Canadian Utilities Limited
S.W. Kiefer Alberta, Canada	Chief Operating Officer, Power & Utilities ATCO Ltd. and Canadian Utilities Limited
S.J. Landry Alberta, Canada	Senior Vice President & Chief Development Officer ATCO Ltd. and Canadian Utilities Limited
B.G. Milne Alberta, Canada	Vice President, Risk Management ATCO Ltd. and Canadian Utilities Limited
R.C. Neumann Alberta, Canada	Vice President, Internal Audit ATCO Ltd. and Canadian Utilities Limited
A.M. Skiffington Alberta, Canada	Vice President & Chief Information Officer ATCO Ltd. and Canadian Utilities Limited
N.C. Southern Alberta, Canada	Chair, President & Chief Executive Officer ATCO Ltd. and Canadian Utilities Limited
R.D. Stone Alberta, Canada	Vice President, Legal & Corporate Secretarial ATCO Ltd. and Canadian Utilities Limited
T.L. Wallace Alberta, Canada	Vice President, Human Resources ATCO Ltd. and Canadian Utilities Limited
C.G. Warkentin Alberta, Canada	Vice President & Treasurer ATCO Ltd. and Canadian Utilities Limited

Positions Held by Officers within Preceding Five Years

All the officers have been engaged for the last five years in the indicated principal occupations, or in other capacities with the companies or firms referred to, or with their affiliates or predecessors, except for Mr. Landry, Mr. Skiffington, Mr. Stone, and Mr. Warkentin. Mr. Landry held several senior executive roles with Chrysler LLC (an automobile manufacturer) including Executive Vice President North America. Mr. Skiffington held several executive level roles with Fortis Alberta Inc. (an investor-owned electricity utility), including Vice President Business Services & CIO. Mr. Stone was an Associate at Bennett Jones LLP (a law firm based in Calgary, Alberta). Mr. Warkentin was Consultant to the CFO, MAXIM Power Corporation (an independent power producer) and Vice President and Treasurer, Earthfirst Canada Inc. (a developer of renewable wind energy).

Directors' and Officers' Interests in the Company

At December 31, 2014, the directors and officers of the Company, as a group, beneficially owned, or controlled or directed, directly or indirectly (via corporate holdings or otherwise), 11,505,635 (84.4%) of the issued and outstanding Class II Shares of the Company. In addition, the directors and officers of the Company, as a group, beneficially owned, or controlled or directed, directly or indirectly (via corporate holdings or otherwise), 66,605,440 (88.6%) of the issued and outstanding Class B common shares of Canadian Utilities Limited.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Class I Shares and Class II Shares is CST Trust Company at its principal offices in Calgary, Vancouver, Toronto and Montreal.

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP has prepared the auditor's report for the Company's annual consolidated financial statements. PricewaterhouseCoopers LLP is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

FORWARD LOOKING INFORMATION

Certain statements contained in this Annual Information Form (AIF) constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate," "plan," "estimate," "expect," "may," "will," "intend," "should," and similar expressions. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, is contained in the Company's most recent management proxy circular dated March 11, 2014. Additional financial information is provided in the Company's audited consolidated financial statements and the Company's MD&A for the financial year ended December 31, 2014.

Information relating to Canadian Utilities or CU Inc. may be obtained on request from Investor Relations at 1500, 909 - 11th Avenue S.W., Calgary, Alberta T2R 1N6, or by telephone (403) 292-7500 or fax (403) 292-7532. Corporate information is also available on the Company's website: www.atco.com.

GLOSSARY

Adjusted earnings means earnings attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses associated with rate-regulated activities. Adjusted earnings also exclude one-time gains and losses, significant impairments and items that are not in the normal course of business or day-to-day operations. Refer to the "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" section of the MD&A for a description of these items.

AESO means the Alberta Electric System Operator.

AEY means ATCO Electric Yukon

AGP means ATCO Gas and Pipelines Ltd.

Alberta Power Pool means the market for electricity in Alberta operated by the AESO.

Ancillary Services means those services purchased by the AESO from Alberta generating stations to ensure that electricity can be transmitted reliably, efficiently, and securely across Alberta's interconnected transmission system.

ATCO means ATCO Ltd.

ATCO Electric means ATCO Electric Ltd.

ATCO Energy Solutions means ATCO Energy Solutions Ltd.

ATCO Gas means the natural gas distribution division of AGP.

ATCO Group means ATCO Ltd. and its subsidiaries.

ATCO I-Tek means ATCO I-Tek Inc.

ATCO Pipelines means the natural gas transmission division of AGP.

ATCO Power means ATCO Power (2010) Ltd. with its subsidiaries.

ATCO Structures & Logistics means ATCO Structures & Logistics Ltd. with its subsidiaries.

AUC means the Alberta Utilities Commission.

Canadian Utilities means Canadian Utilities Limited.

Class I Shares means Class I Non-Voting Shares of the Company.

Class II Shares means Class II Voting Shares of the Company.

Company means ATCO Ltd. and, unless the context otherwise requires, includes its subsidiaries.

EUA means the Electric Utilities Act (Alberta).

Frac spread means the premium or discount between the purchase price of natural gas and the selling price of extracted natural gas liquids on a heat content equivalent basis.

MD&A means the Company's Management's Discussion and Analysis for the year ended December 31, 2014.

Megawatt (MW) is a measure of electric power equal to 1,000,000 watts.

Megawatt hour (MWh) is a measure of electricity consumption equal to the use of 1,000,000 watts of power over a one-hour period.

Merchant means uncontracted generating plant capacity that is offered into the spot electricity market in which the generating plant is located.

NEB means National Energy Board.

NGL means natural gas liquids, such as ethane, propane, butane and pentanes plus, that are extracted from natural gas and sold as distinct products or as a mix.

NGTL means NOVA Gas Transmission Ltd.

NUY means Northland Utilities (Yellowknife) Limited.

NWT means Northland Utilities (NWT) Limited.

Petajoule (PJ) is a unit of energy equal to approximately 948.2 billion British thermal units.

PPA means Power Purchase Arrangements that became effective on January 1, 2001, as part of the process of restructuring the electric utility business in Alberta. The PPA are legislatively mandated and approved by the AUC.

REA means Rural Electrification Association. REAs are constituted under the Rural Utilities Act (Alberta) by groups of persons carrying on farming operations. Each REA purchases electric power for distribution to its members through a distribution system owned by that REA.

Spark spread is the difference between the selling price of electricity and the marginal cost of producing electricity from natural gas. In this AIF, Spark Spreads are based on an approximate industry heat rate of 7.5 GJ per MWh.

Terajoule (TJ) is a unit of energy equal to approximately 948.2 million British thermal units.

U.K. means United Kingdom.

U.S. means United States of America.

APPENDIX 1 - DETAILS OF GENERATING PLANTS

ATCO Power Generating Plants in Canada

Name, Location & Type	Date In Service	MW (1)	Ownership (%)	Capacity Share	Partner(s) (2)	Customer(s) (2)	Contract Expiry Date
Battle River 3, 4 Forestburg, AB Coal-Fired Thermal	1969 & 1975	304	100	304	-	Merchant	-
Battle River 5 Forestburg, AB Coal-Fired Thermal	1981	385	100	385	-	ENMAX	2020
Brighton Beach Windsor, ON Gas-Fired Combined-Cycle	2004	580	50	290	OPG	Shell Energy	2024
Cory Saskatoon, SK Gas-Fired Cogeneration/ Combined-Cycle	2003	260	50	130	SPI	SPC	2028
Joffre Red Deer, AB Gas-Fired Cogeneration	2000	480	40	192	Capital Power / NOVA	NOVA/ Merchant	2020
McMahon Taylor, BC Gas-Fired Cogeneration	1993	120	50	60	Spectra Energy	BC Hydro	2029
Muskeg River Fort McMurray, AB Gas-Fired Cogeneration	2003	170	70	119	SPI	AOSP/ Merchant	2042
Oldman River Pincher Creek, AB Hydroelectric	2003	32	75	24	Piikani Nation	Merchant	-
Poplar Hill Grande Prairie, AB Gas-Fired Open-Cycle	1998	45	100	45	-	Merchant / TMR (3) contract	2018
Primrose Primrose, AB Gas-Fired Cogeneration	1998	85	50	42	CNRL	CNRL/ Merchant	2018
Rainbow Lake 4 & 5 Rainbow Lake, AB Gas-Fired Cogeneration/ Open-Cycle	1999	90	50	45	Husky Energy	Husky Energy/ Merchant	2020
Scotford Fort Saskatchewan, AB Gas-Fired Cogeneration	2003	170	100	170	-	AOSP/ Merchant	2043
Sheerness 1 & 2 Hanna, AB Coal-Fired Thermal	1986 & 1990	780	50	390	TransAlta	Trans Canada	2020
Valleyview 1 & 2 Valleyview, AB Gas-Fired Open-Cycle	2001 & 2008	90	100	90	-	Merchant	-
Total ATCO Power (A)		3,591		2,286			

(1) Name plate capacity

(2) Full names of customers and partners:

- *AOSP means Athabasca Oil Sands Project.*
- *BC Hydro means BC Hydro and Power Authority.*
- *Capital Power means Capital Power (Alberta) Limited Partnership.*
- *CNRL means Canadian Natural Resources Limited.*
- *ENMAX means Enmax Corporation.*
- *Husky Energy means Husky Energy Inc.*
- *NOVA means NOVA Chemicals Corporation.*
- *OPG means Ontario Power Generation Inc.*
- *Piikani Nation means Piikani Resource Development Inc.*
- *Shell Energy means Shell Energy North America (Canada) Inc.*
- *SPC means SaskPower Corporation.*
- *SPI means SaskPower International Inc.*
- *Spectra Energy means Spectra Energy Corporation.*
- *TransAlta means TransAlta Corporation.*
- *TransCanada means TransCanada Corporation.*

(3) TMR means Transmission Must Run and represents an arrangement between a group of generators and the AESO whereby transmission constraints around the location of the facility require the generators to generate a required level of electricity at all times. Compensation is provided to the generators through a TMR contract.

ATCO Australia Generating Plants

Name, Location & Type	Date In Service	MW (1)	Ownership (%)	Capacity Share	Partner(s) (2)	Customer(s) (2)	Contract Expiry Date
Bulwer Island (3) Queensland Gas-Fired Cogeneration	2001	33	50	17	Origin Energy	BP	2021
Osborne South Australia Gas-Fired Combined-Cycle	1998	180	50	90	Origin Energy	Origin Electricity	2018
Karratha Western Australia Gas-Fired Open-Cycle	2010	86	100	86	-	Horizon Power	2030
Total ATCO Australia (B)		299		193			
Total ATCO (A + B)		3,890		2,479			

(1) Name plate capacity

(2) Full names of customers and partners:

- *BP means BP plc.*
- *Horizon Power means Regional Power Corporation.*
- *Origin Electricity means Origin Energy Electricity Limited.*
- *Origin Energy means Origin Energy Limited.*

(3) The facility is scheduled to close in mid 2015.

APPENDIX 2 - AUDIT COMMITTEE INFORMATION

AUDIT COMMITTEE MANDATE

Purpose

The Audit Committee (the "Committee") of the Company is responsible for contributing to the effective stewardship of the Company by assisting the Board of Directors ("Board") in fulfilling its oversight of:

- the integrity of the Company's financial statements;
- the Company's compliance with applicable legal and regulatory requirements;
- the independence, qualifications and appointment of the Company's external auditor;
- the performance of the Company's internal audit function and external auditor;
- the accounting and financial reporting processes of the Company; and
- audits of the financial statements of the Company.

Authority

The Committee is empowered to:

- Determine the public accounting firm to be recommended to the Board for appointment as external auditors, and be directly responsible for the compensation and oversight of the work of the external auditors. The external auditors will report directly to the Committee.
- Pre-approve all auditing and permitted non-audit services performed by the Company's external auditors.
- Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties, to set and pay the compensation of any advisors employed by the Committee, and to communicate directly with the internal and external auditors.
- Inspect all the books and records of the Company and its subsidiary entities and to discuss such books and records in any manner relating to the financial position of the Company and its subsidiary entities with the officers, employees and internal and external auditors of the Company and its subsidiary entities. All employees are directed to cooperate with the Committee's request.
- Meet with the Company's officers, external auditors or outside counsel, as necessary.
- Delegate authority, to the extent permitted by applicable legislation and regulation, to one or more designated members of the Committee, including the authority to pre-approve all auditing and permitted non-audited services provided by the Company's external auditor.

Composition

The Board shall elect annually from among its members an Audit Committee comprised of not less than three directors. Each member of the Committee must be:

- a director of the Company;
- independent (within the meaning of sections 1.4 and 1.5 of National Instrument 52-110); and
- financially literate (within the meaning of section 1.6 of National Instrument 52-110).

In order to be considered to be independent for the purposes of membership on the Committee, a director must have been determined by the Board to have no direct or indirect material relationship with the Company and must satisfy all other applicable legal and regulatory requirements.

The Board will appoint one member of the Committee as Chair. Any member of the Committee may be removed or replaced at any time by the Board, and a member shall cease to be a member of the Committee upon ceasing to be a director of the Company or upon ceasing to be independent.

Meetings

The Committee shall meet at least four times per year and whenever deemed necessary by the Chair of the Committee or at the request of a Committee member or the Company's external or internal auditor.

The Chair of the Committee shall prepare and/or approve an agenda in advance of each meeting. Reasonable notification of meetings, which may be held in person, by telephone or other communication device, shall be sent to the members of the Committee, the external auditor and any additional attendees as determined by the Chair of the Committee. The external auditor has the right to appear before and be heard at any meeting of the Committee. Meetings will be scheduled to permit timely review of Committee materials. A majority of the Committee will constitute a quorum. Minutes of each meeting will be prepared by the person designated by the Committee to act as secretary and will be kept by the Corporate Secretarial Department.

Responsibilities

The Committee relies on the expertise and knowledge of management and the internal and external auditors in carrying out its responsibilities. Management of the Company is responsible for determining that the Company's financial statements are complete, accurate and in accordance with International Financial Reporting Standards. The external auditor is responsible for auditing the Company's financial statements.

The Committee shall carry out the following responsibilities which are described in detail as well as those additional responsibilities identified in the Audit Committee Checklist.

Financial and Operating

- Review significant accounting and reporting issues and understand their impact on the financial statements. The issues include, complex and unusual transactions in highly judgmental areas; major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles; and the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- Review analyses prepared by management and/or the external auditors, setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of new or revised IRFS methods on the financial statements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Review the Company's annual and interim financial statements, MD&A, earnings press releases and the AIF before the Company publicly discloses this information.
- If delegated by the Board, approve the interim financial statements, interim MD&A and interim earnings press releases before the Company publicly discloses this information.
- Recommend to the Board the approval of the Company's annual financial statements, AIF and annual MD&A.
- Be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, and periodically assess the adequacy of these procedures. This would include an annual review of the Company's Disclosure Policy.
- Be satisfied that the Company has implemented appropriate systems of internal control over financial reporting and that these systems are operating effectively.

External Auditor

- Recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Company and the compensation of the external auditor.
- Be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- Pre-approve all non-audit services to be provided to the Company or its subsidiaries by the external auditor of the Company ("Non-audit Services"). The Committee may delegate to one or more of its members the authority to pre-approve Non-audit Services. All Non-audit Services provided by the external auditor shall be summarized and reported to the Audit Committee on a cumulative basis for the year at each quarterly meeting.

- Adopt and periodically review policies and procedures for the engagement of Non-audit Services that are detailed as to the particular service, that do not include delegation of the Committee's responsibilities to management, and that are designed to manage the pre-approval process and comply with all applicable legal and regulatory requirements.
- Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.

Internal Auditor

- Be satisfied that the internal audit function has been effectively carried out and the internal auditor has adequate resources.
- Review and approve the annual Audit Plan.

Other

- Ensure that the Company has appropriate procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.
- Provide a means for confidential and anonymous submission by employees of the Company of concerns regarding accounting or auditing matters.
- Review and reassess annually the adequacy of this mandate and recommend any proposed changes to the Board for approval.
- Review and approve annually the Disclosure Committee, Designated Audit Directors and Internal Audit mandates.
- The Committee will inquire into any other matters referred to it by the Board.

Reporting

The Committee shall report to the Board on such matters and questions relating to the financial position of the Company as the Board may from time to time refer to the Committee. A summary of all meetings will be provided to the Board by the Chair of the Committee. Supporting schedules and information reviewed by the Committee will be available for examination by any director upon request. The external auditor and the Vice President, Internal Audit & Risk Management of the Company shall report directly to the Committee. The Committee is expected to maintain free and open communication with the Company's external auditor, internal auditor and management. This communication shall include private sessions, at least annually, with each of these parties.

COMPOSITION OF THE AUDIT COMMITTEE

The following are the members of the Company's Audit Committee, all of whom are independent and financially literate:

- D.A. Dodge
- D.M. Ellard
- M.R.P. Rayfield
- R.J. Routs
- R.J. Urwin
- C.W. Wilson (Chair)

RELEVANT EDUCATION AND EXPERIENCE

D.A. Dodge - Dr. Dodge is a Senior Advisor to Bennett Jones LLP. He has had a distinguished career in the federal public service, most recently as Governor of the Bank of Canada from 2001 to 2008. He has held senior positions in the Central Mortgage and Housing Corporation, the Anti-Inflation Board, and the Department of Finance.

D.M. Ellard - Mr. Ellard was Senior Vice President Business Development, ATCO Group. He held several senior positions within the organization, including Senior Vice President and General Manager, Northwestern Utilities Limited; Senior Vice President, Canadian Utilities Limited; and President, ATCO Singlepoint Ltd.

M.R.P. Rayfield - Mr. Rayfield was Vice Chair, Investment and Corporate Banking, BMO Capital Markets. He is a graduate of The Chartered Institute of Bankers in the U.K. and has held a series of executive roles in the banking sector during his career.

R.J. Routs - Dr. Routs has the ability to understand the breadth and complexity of accounting issues that can reasonably be expected to be raised by the Company. Dr. Routs has been a member of the Audit and Pension Committees for several public companies.

R.J. Urwin - Dr. Urwin has been the Chief Executive Officer of major public companies since 1990. He was the Group Chief Executive of National Grid plc from 2001 until his retirement in 2006, and was responsible for compliance with the U.S. Sarbanes-Oxley requirements. Dr. Urwin has been a member of the Audit Committees of a number of U.K. public companies and is currently on the Audit Committee of Utilico Investments Limited.

C.W. Wilson - Mr. Wilson has an understanding of the accounting principles of the Company. In addition, Mr. Wilson supervised a CFO directly for a seven-year period as President & CEO of Shell Canada Ltd.

PRE-APPROVAL POLICIES AND PROCEDURES

The Company's Audit Committee has adopted a policy for approval of external auditor services. The policy prohibits the external auditor from providing specified services to the Company and its subsidiaries.

The engagement of the external auditor for a range of services defined in the policy has been pre-approved by the Audit Committee. If an engagement of the external auditor is contemplated for a particular service that is neither prohibited nor covered under the range of pre-approved services, such engagement must be pre-approved. The Audit Committee has delegated the authority to grant such pre-approval to the Chairman of the Audit Committee.

Services provided by the external auditor are subject to an engagement letter. The policy mandates that the Audit Committee receive regular reports of all new pre-approved engagements of the external auditor.

EXTERNAL AUDITOR SERVICE FEES

The aggregate fees incurred by the Company and its subsidiaries for professional services provided by PricewaterhouseCoopers LLP for each of the past two years were as follows.

($ Millions)	**2014**	**2013**
Audit Fees (1)	**3.2**	3.3
Audit-related fees (2)	**0.2**	0.1
Tax fees (3)	**0.5**	0.3
All other fees	**0.3**	0.1
Total	**4.2**	3.8

(1) Audit fees are the aggregate professional fees paid to the external auditor for the audit of the annual consolidated financial statements and other regulatory audits and filings.

(2) Audit-related fees are the aggregate fees paid to the external auditor for services related to special purpose audits and audit services, including consultations regarding International Financial Reporting Standards.

(3) Tax fees are the aggregate fees paid to the external auditor for tax compliance, tax advice, tax planning and advisory services relating to the preparation of corporate tax, capital tax and sales tax returns.