



ATCO | ALWAYS THERE.
ANYWHERE.

2014 | **ATCO Ltd.**
Management Proxy Circular

Notice of Annual Meeting of Shareholders
May 13, 2015

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This management proxy circular is provided to enable ATCO's management to solicit proxies for use at the annual share owners' meeting for items described in the accompanying notice. ATCO bears the cost of management's solicitation.

All information in this management proxy circular is as of March 10, 2015, unless otherwise indicated.

In this document, *you* and *your* refer to ATCO Ltd. share owners. *We, us, our, Corporation, Company, ATCO and ATCO Group* refer to ATCO Ltd. and its subsidiaries, where applicable. *Canadian Utilities* and *CU* mean Canadian Utilities Limited. *Proxy circular* and *circular* refer to this management proxy circular.

ATCO

March 10, 2015

Dear Share Owner:

I am delighted to invite all holders of Class I Non-Voting Shares and Class II Voting Shares of ATCO Ltd. to attend the 48th annual meeting of ATCO Ltd. share owners. The meeting will be held in the Crystal Ballroom at The Fairmont Palliser, 133 – 9th Avenue S.W., Calgary, Alberta, on Wednesday, May 13, 2015, at 10:00 a.m. local time.

In addition to the formal business of the meeting, you will hear management's review of ATCO's 2014 operational and financial performance. You will have the opportunity to ask questions and meet with management, your directors, and fellow share owners.

Holders of Class II Voting Shares are entitled to vote on the items of business at the meeting. If you are unable to attend the meeting in person, you may vote by telephone, on the internet, or by completing your proxy form or voting instruction form. Please refer to pages 1 to 4 of the accompanying management proxy circular for more information on who can vote and how to vote.

A webcast of the meeting will be available at www.atco.com shortly after the meeting. Please visit our website during the year for information about our Company.

I hope you will join me after the meeting for light refreshments.

Sincerely,



N.C. Southern
Chair, President & Chief Executive Officer

NOTICE OF ANNUAL MEETING OF SHARE OWNERS

When

Wednesday, May 13, 2015
10:00 a.m.

Where

Crystal Ballroom
The Fairmont Palliser
133 - 9th Avenue S.W.
Calgary, Alberta

Business of the Meeting

The meeting's purpose is to:

1. Receive the consolidated financial statements for the year ended December 31, 2014, including the auditor's report on the statements
2. Elect the directors
3. Appoint the auditor
4. Transact other business that may properly come before the meeting.

Holders of Class II Voting Shares registered at the close of business on March 25, 2015 (the record date), are entitled to vote at the meeting. The attached management proxy circular includes important information about what the meeting will cover and how to vote.

By order of the Board of Directors



C. Gear
Corporate Secretary

Calgary, Alberta
March 10, 2015

THE ANNUAL MEETING

Delivery of Meeting Materials

We are using the notice and access process ("Notice-and-Access") to deliver the management proxy circular to our non-registered share owners.

Pursuant to the requirements of Notice-and-Access, ATCO will post the management proxy circular online for our non-registered share owners to access electronically. Non-registered share owners will also receive a package in the mail with a notice ("Notice") explaining how to access and review the management proxy circular electronically, and how to request a paper copy at no charge. In addition, non-registered share owners, who own Class II Voting Shares, will receive a voting instruction form in the mail, so that they can vote their shares.

Notice-and-Access is an environmentally-friendly and cost-effective way to distribute the management proxy circular because it reduces printing, paper and postage.

Non-registered share owners will receive a paper copy of the management proxy circular if they have already provided instructions that they prefer a paper copy.

The management proxy circular is available on SEDAR (www.sedar.com) and on CST Trust Company's website (www.meetingdocuments.com/cst/atco).

Non-registered share owners can request a copy of the management proxy circular up to May 13, 2016. The management proxy circular will be sent on request at no charge. Share owners who would like to receive a paper copy of the management proxy circular, should follow the instructions provided in the Notice.

If you have any questions about Notice-and-Access, you can call our Transfer Agent, CST Trust Company at:

Within Canada and the U.S.: 1 (800) 387-0825

Outside Canada and the U.S.: 1 (416) 682-3860

Who Can Vote

ATCO has two classes of shares – Class I Non-Voting Shares ("Class I Shares") and Class II Voting Shares ("Class II Shares"). The Class II Shares are the only shares which are entitled to be voted at the meeting. Each Class II Share you own as at the close of business on March 25, 2015, entitles you to one vote. The holders of the Class I Shares are invited to attend and participate in discussions at share owner meetings, but are not entitled to vote.

Classes of Shares and their Characteristics

Each Class II Share may be converted into one Class I Share at the holder's option.

Holders of Class I Shares have no right to participate if a takeover bid is made for the Class II Shares. However, Class I Shares will be entitled to the same voting rights as the Class II Shares if three conditions are met:

- An offer to purchase Class II Shares is made to all holders of Class II Shares
- At the same time, an offer to purchase Class I Shares, on the same terms and conditions, is not made to holders of Class I Shares
- Holders of more than 50% of the Class II Shares accept the offer

Class I Shares and Class II Shares rank equally in all other respects.

Majority Share Owner

On March 10, 2015, there were 13,633,205 Class II Shares outstanding. To the knowledge of the directors and officers of the Corporation, the only person who beneficially owns, controls, or directs, either directly or indirectly, 10% or more of the Class II Shares is Mr. Ronald D. Southern.

Mr. Southern owns 4,000 Class II Shares. He is also the controlling share owner of Sentgraf Enterprises Ltd. Sentgraf owns 11,447,520 Class II Shares. These combined shareholdings represent 84.0% of the outstanding Class II Shares. (Mr. Southern and Sentgraf are collectively referred to as the "Majority Share Owner.")

Questions and Answers on Voting

Am I entitled to vote?

You are entitled to vote if you were a holder of Class II Shares of ATCO at the close of business on March 25, 2015. Each Class II Share entitles its holder to one vote.

What will I be voting on?

You are voting on the following matters that will be addressed at the meeting:

- Election of 11 directors to ATCO's Board of Directors
- Appointment of the auditor

How will these matters be decided at the meeting?

A simple majority of the votes cast, in person or by proxy, will constitute approval of each matter to be voted on.

If I submit my proxy form, how will my shares be voted?

The shares represented by your proxy form will be voted as you instruct. If you properly complete and return your proxy form, but do not specify how you wish the votes cast, your shares will be voted as your proxyholder sees fit. If neither you nor your proxyholder gives specific instructions, your shares will be voted as follows:



FOR the election as directors of those nominees set out in this management proxy circular



FOR the appointment of PricewaterhouseCoopers LLP as ATCO's auditor

What if amendments are made to these matters or if other matters are brought before the meeting?

The person or persons named in the proxy form as your proxyholder will have authority to vote on amendments or variations to matters identified in the notice of the meeting and on other matters which may properly come before the meeting.

As of the date of this management proxy circular, management is not aware of any amendments or other matters expected to come before the meeting.

Am I a registered or non-registered share owner?

Share owners of ATCO are either registered or non-registered. You are a registered owner if your name appears on your share certificates, or your share certificates are otherwise directly registered in your name.

You are a non-registered share owner if your shares are registered in the name of a bank, broker, trust company or other intermediary. Voting instructions for non-registered share owners can be found on page 4 of this management proxy circular.

Registered share owner voting instructions:

How do I vote if I am a registered share owner?

1. Voting by proxy

You are a registered share owner if your name appears on your share certificate. If your name is on the certificate, **you have the right to appoint a person or company to represent you as proxyholder and vote your shares at the meeting.**

If you want to appoint a person or company other than the person or persons named in the enclosed proxy form, strike out the printed names appearing on the proxy form and insert the name of your chosen proxyholder in the space provided.

Your proxyholder need not be an ATCO share owner.

Complete your voting instructions, date and sign the proxy form and return it to CST Trust Company as instructed.

It is important for you to ensure that any person you appoint as your proxyholder will attend the meeting. That person should be aware that his or her appointment has been made to vote your shares. If your appointed proxyholder does not attend the meeting in person, your shares will not be voted. On arrival at the meeting, proxyholders should present themselves to a representative of CST Trust Company.

2. **What if my shares are registered in more than one name?**

If the shares are registered in more than one name, all those persons in whose name the shares are registered must sign the proxy form.

3. **How do I vote shares registered in the name of a corporation or in a name other than my own?**

If your shares are registered in the name of a corporation or any name other than your own, the corporation or other name is the registered share owner and you need to provide documentation that proves you are authorized to sign the proxy form on behalf of that corporation or name. If you have any questions on what supporting documentation is required, contact CST Trust Company before submitting your proxy form. These shares cannot be voted by telephone or on the internet.

4. **What if I plan to attend the meeting and vote in person?**



If you plan to attend the meeting on May 13, 2015, and vote your shares in person at the meeting, you do not need to complete and return the proxy form. Please register with the transfer agent, CST Trust Company, when you arrive at the meeting. Your vote will be recorded and counted at the meeting.

5. **Can I vote by telephone?**



Yes, you can vote by telephone by dialing the toll free number 1 (888) 489-5760 and following the voice prompts. You will need to enter the 13-digit control number located in the lower left-hand corner of the enclosed proxy form to enter your voting instructions. All required information must be entered before 5:00 p.m. Eastern Daylight Time on May 11, 2015. If you vote by telephone, you cannot appoint anyone other than the person or persons named on your proxy form as your proxyholder.

6. **Can I vote online?**



Yes. Access www.cstvotemyproxy.com and follow the instructions provided. You will need to enter your 13-digit control number located in the lower left-hand corner of the enclosed proxy form to enter your voting instructions. All required information must be entered before 5:00 p.m. Eastern Daylight Time on May 11, 2015. You may appoint anyone as a proxyholder using this internet address.

7. **Can I vote by fax?**



Yes. Fax **both sides** of your properly completed proxy form to CST Trust Company at 1 (866) 781-3111 (within Canada and the U.S.) or (416) 368-2502 (outside Canada and the U.S.). All required information must be received before 5:00 p.m. Eastern Daylight Time on May 11, 2015.

8. **Who votes my shares if I sign a proxy form?**

If you sign the enclosed proxy form and do not insert the name of a proxyholder in the space provided, you are authorizing Nancy C. Southern, Chair, President & Chief Executive Officer, or Charles W. Wilson, Lead Director, to vote your shares at the meeting.

9. **Where do I send my completed proxy form?**



Please return your properly completed proxy form to our transfer agent in the postage paid envelope provided or mail it to CST Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1. To ensure your vote is recorded, your completed proxy form must reach the transfer agent no later than 5:00 p.m. Eastern Daylight Time on May 11, 2015.

10. **Can I change my mind once I have submitted my proxy form?**

Yes. You can complete another proxy form in the manner and time specified on the proxy form. The later-dated proxy form will replace the one submitted earlier. You can also revoke your proxy form by preparing a written statement to this effect. The statement must be signed by you or your duly authorized attorney as authorized in writing. If the share owner is a corporation, the statement must be signed by a duly authorized officer or attorney of the corporation. This statement should be delivered to:

- ATCO's Corporate Secretary at either:
CST Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1, or
ATCO, Attention: Corporate Secretary, 700, 909 - 11th Avenue S.W., Calgary, Alberta T2R 1N6
at any time up to and including the last business day preceding the day of the meeting or any adjournment of the meeting, or
- The chair of the meeting before the start of the meeting on the day of the meeting or any adjournment of the meeting.

How do I contact the transfer agent?

Questions may be directed to our transfer agent, CST Trust Company, at www.canstockta.com or inquiries@canstockta.com, or by telephone:

Within Canada and the U.S.: 1 (800) 387-0825

Outside Canada and the U.S.: 1 (416) 682-3860

Non-registered share owner voting instructions:

How do I vote if my shares are not registered in my name?

If you are a **non-registered share owner**, your shares are held in the name of a nominee (usually a bank, broker, or trust company). You should have received a voting instruction form from your nominee with this management proxy circular.

If you wish to vote in person at the meeting, insert your own name in the space provided on the voting instruction form and return it by following the instructions provided. Please register with ATCO's transfer agent, CST Trust Company, upon arrival at the meeting.

If you do not plan to attend the meeting in person, follow the instructions on your voting instruction form to vote by telephone, internet or fax. You can also complete, sign and mail the voting instruction form in the postage prepaid envelope provided.

What if I want to change my voting instructions?

If you are a non-registered share owner, you should contact your nominee for instructions on how to change your voting instructions.

What Will the Meeting Cover

Review of Financial Statements

ATCO's consolidated financial statements for the year ended December 31, 2014, together with the auditor's report, were filed with the Canadian securities regulatory authorities and sent to registered share owners and to beneficial share owners who requested them. The statements are also available on our website at www.atco.com and on SEDAR at www.sedar.com. The consolidated financial statements will be reviewed at the annual meeting and you will have the opportunity to discuss the results with management.

Election of Directors

The 11 nominees proposed for election as directors of ATCO are listed starting on page 6.

The Board recommends that share owners vote **FOR** the election of these 11 nominees. If you do not specify on the proxy form how you want to vote your shares, the persons named in the proxy form will vote **FOR** the election of these nominees. The term of office for each director will expire at the close of the next annual meeting of share owners.

Appointment of the Auditor

The Board, on the recommendation of the Audit Committee, proposes that PricewaterhouseCoopers LLP ("PwC") be appointed as auditor to hold office until the next annual meeting of share owners. PwC, including its predecessor firm, Price Waterhouse LLP, has been ATCO's auditor for 52 years.

Representatives of PwC plan to attend the meeting and will be available to answer your questions.

The Board recommends that share owners vote **FOR** the appointment of PwC as auditor. If you do not specify on the proxy form how you want to vote your shares, the persons named in the proxy form will vote **FOR** the appointment of PwC.

Director Nominees

All of the nominees, with the exception of Mr. Fountain, are currently directors and have been for the periods indicated. If elected, Mr. Fountain will be an independent director of ATCO.

Dr. Collomb and Dr. Dodge are currently directors of the Company and will be retiring from the Board on May 13, 2015. Accordingly they are not standing for re-election.

The Chair, together with the Board, acting on the recommendation of the Corporate Governance – Nomination, Compensation and Succession Committee ("GOCOM"), identifies potential candidates for nomination to the Board. The recommendation of potential Board members is undertaken to ensure overall diversity of experience, backgrounds, skills and geographic representation of Board members.

GOCOM receives advice from the Board on individuals best suited to serve as directors, and maintains its own standing list of appropriate candidates for directorships. GOCOM has reviewed each of the nominees and determined they have the necessary skills and experience to satisfy the Board's composition requirements.

The nominees' biographies starting on page 6 highlight their experience and attributes.

Additional information on director independence, attendance, equity at risk, skills and experience, as well as compensation is provided in separate tables starting on page 17.

Information on share ownership guidelines can be found on page 33. This requirement does not apply to new nominees.



**ROBERT T. BOOTH,
Q.C.**

Calgary, Alberta,
Canada

Director since 2008

Age 62

Not Independent

Mr. Booth is not independent because he is a partner in the firm that is ATCO's legal counsel.

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 Associations 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.

| Skills and experience | Primary industry background | Functional experience |
|-----------------------|------------------------------|---|
| | Energy Utilities Legal | Governance Human resources/compensation Government/regulatory |

| ATCO Board/Committee memberships in 2014 | Attendance | Percentage of meetings attended |
|--|------------|---------------------------------|
| Board | 7 of 7 | 100% |
| GOCOM | 4 of 4 | 100% |
| Risk Review | 2 of 2 | 100% |

| Other public company boards and committee memberships in 2014 | Company | Since | Position |
|---|--|-------|--|
| | Canadian Utilities Limited* ^f | 1998 | Director |
| | CU Inc.* | 2014 | Director and member of the Audit Committee |

| Shares held | ATCO | | Canadian Utilities | |
|-------------|-----------------|--------|-------------------------------------|--------|
| | | | | |
| | Class I Shares | 14,377 | Class A non-voting | 14,559 |
| | Class II Shares | — | Class B common | — |
| | | | Series Y 2 nd Preferred | 2,000 |
| | | | Series AA 2 nd Preferred | 1,500 |

Meets minimum share ownership requirement.

Total compensation: \$ 298,748**

*Canadian Utilities is controlled by ATCO. CU Inc. is controlled by Canadian Utilities.

**Consists of ATCO board retainer, committee retainer and meeting attendance fees of \$189,500 plus \$5,000 for attending the Strategy Conference and Operational Overview meetings for ATCO, plus \$104,248 representing retainers and meeting fees from ATCO's subsidiaries (\$94,948 from Canadian Utilities. and \$9,300 from CU Inc.). Mr. Booth retired from the Canadian Utilities Board on May 7, 2014.



DENIS M. ELLARD

Calgary, Alberta,
Canada

Director since 2014

Age 68

Independent

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 has 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.

| Skills and experience | Primary industry background | Functional experience |
|-----------------------|-----------------------------|--|
| | Energy Utilities | Human resources/compensation Government/regulatory Accounting/finance/economics Operations Risk management Safety, health and environment |

| ATCO Board/ Committee memberships in 2014* | Attendance | Percentage of meetings attended |
|---|------------|---------------------------------|
| Board | 4 of 4 | 100% |
| Audit | 2 of 2 | 100% |
| Risk Review (Chair) | 1 of 1 | 100% |

| Other public company boards and committee memberships in 2014 | Company | Since | Position |
|--|----------------------------------|-------|--|
| | Canadian Utilities Limited**† | 2008 | Director and member of the Audit Committee and Risk Review Committee |

| Shares held | ATCO | | Canadian Utilities | |
|-------------|-----------------|-------|--------------------|-------|
| | Class I Shares | 1,094 | Class A non-voting | 9,962 |
| | Class II Shares | 200 | Class B common | 200 |

Will meet the share ownership requirement within the first five years as a director.

Total compensation:† **\$ 226,800**

*Mr. Ellard was elected to the Board and joined the Audit and Risk Review Committees on May 14, 2014. His meeting attendance has been reported from that date.

**Canadian Utilities is controlled by ATCO.

†Consists of ATCO board retainer, committee retainer and meeting attendance fees of \$126,868 plus \$2,000 for attending the Operational Overview meeting for ATCO, plus \$97,932 representing retainers and meeting fees from ATCO's subsidiaries (\$93,273 from Canadian Utilities and \$4,659 from ATCO Structures & Logistics Ltd.). Mr. Ellard retired from the Canadian Utilities Board on May 7, 2014.



C. ANTHONY FOUNTAIN

Navi Mumbai, Maharashtra, India

New Nominee

Age 54

Independent

Mr. Fountain is the Chief Executive Officer of Refining & Marketing within Reliance Industries Limited ("RIL"), which includes the Jamnagar Refinery - the largest and most complex refinery system in the world. As well as being a key participant in the domestic market, RIL sources its feedstocks and sells its products across the world. Headquartered in Mumbai, it has offices across India and international offices in Singapore, Houston and London. RIL is one of the few Indian Fortune 55 companies.

Prior to joining RIL, Mr. Fountain spent two years with the Nuclear Decommissioning Authority ("NDA") in the UK. In his role as Chief Executive Officer at NDA, Mr. Fountain was responsible for running the UK's nuclear facilities, leading efficiency drives, accountable for decommissioning and continued operations. Mr. Fountain was with BP for 25 years prior to NDA. His last role at BP was Group Vice President, COO, Fuels Value Chains (London).

Mr. Fountain graduated in Economics and International Studies from Warwick University and also holds an M.Phil. in Economics from Oxford University. Mr. Fountain has also attended several Executive Education Programs at Stanford, Harvard and Cambridge.

| Skills and experience | Primary industry background | Functional experience |
|-----------------------|------------------------------------|--|
| | Energy Utilities Industrials | CEO experience Governance Human resources/compensation Government/regulatory International business Accounting/finance/economics Marketing/sales Operations Risk management Safety, health and environment Corporate social responsibility |

| ATCO Board/ Committee memberships in 2014 | Attendance | Percentage of meetings attended |
|---|------------|---------------------------------|
| | N/A | N/A |

| Other public company boards and committee memberships in 2014 | Company | Since | Position |
|---|---------|-------|----------|
| | — | — | — |

| Shares held | ATCO | | Canadian Utilities | |
|-------------|-----------------|---|--------------------|---|
| | Class I Shares | — | Class A non-voting | — |
| | Class II Shares | — | Class B common | — |

Will meet the share ownership requirement within the first five years as a director.

| | |
|----------------------------|------------|
| Total compensation: | N/A |
|----------------------------|------------|



LINDA A. HEATHCOTT

Calgary, Alberta,
Canada

Director since 2012

Age 52

Not Independent

Ms. Heathcott is not independent because she has a material relationship with ATCO. She is an immediate family member of the Chair, President & Chief Executive Officer.

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.

| Skills and experience | Primary industry background | Functional experience |
|-----------------------|------------------------------------|--|
| | Energy Utilities Industrials | CEO experience Governance Human resources/compensation Government/regulatory International business Marketing/sales Operations Risk management Corporate social responsibility |

| ATCO Board/Committee memberships in 2014 | Attendance | Percentage of meetings attended |
|--|------------|---------------------------------|
| Board | 7 of 7 | 100% |

| Other public company boards and committee memberships in 2014 | Company | Since | Position |
|---|-----------------------------|-------|--|
| | AKITA Drilling Ltd. | 1992 | Chair, Director, and member of the Pension Committee |
| | Canadian Utilities Limited* | 2000 | Director and member of the Pension Fund Committee |

| Shares held | ATCO | | Canadian Utilities | |
|-------------|-----------------|--------|--------------------|--------|
| | Class I Shares | 22,392 | Class A non-voting | 13,688 |
| | Class II Shares | 9,500 | Class B common | 4,000 |

Meets minimum share ownership requirement.

| | |
|------------------------------|-------------------|
| Total compensation:** | \$ 370,000 |
|------------------------------|-------------------|

*Canadian Utilities is controlled by ATCO.

**Consists of ATCO board retainer, committee retainer and meeting attendance fees of \$178,000 plus \$4,000 for attending the Strategy Conference and Operational Overview meetings for ATCO, plus \$188,000 representing retainers and meeting fees from Canadian Utilities.



**ROBERT J. ROUTS,
PhD**

Brunnen, Switzerland

Director since 2012

Age 68

Independent

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.

| Skills and experience | Primary industry background | Functional experience |
|-----------------------|--|--|
| | Energy Utilities Industrials Financial services Telecommunications Transportation | CEO experience Governance Human resources/compensation Government/regulatory International business Accounting/finance/economics Marketing/sales Operations Risk management Safety, health and environment Corporate social responsibility |

| ATCO Board/ Committee memberships in 2014* | Attendance | Percentage of meetings attended |
|---|------------|---------------------------------|
| Board | 7 of 7 | 100% |
| Audit | 2 of 4 | 50% |
| GOCOM | 3 of 3 | 100% |
| Risk Review | 2 of 2 | 100% |

| Other public company boards and committee memberships in 2014 | Company | Since | Position |
|--|------------------------------------|-------|--|
| | AECOM Technology Corporation | 2010 | Director, Chair of the Strategy, Risk and Safety Committee and member of the Compensation and Organization Committee |
| | AEGON N.V. | 2008 | Director, Chair of the Supervisory Board, Chair of the Nominating Committee and member of the Compensation Committee |
| | A.P. Møller-Maersk A/S | 2010 | Director and member of the Audit Committee |
| | Royal DSM N.V. | 2010 | Director, Chair of the Supervisory Board, Chair of the Nomination Committee and member of the Remuneration Committee |

| Shares held | ATCO | | Canadian Utilities | |
|-------------|-----------------|-------|--------------------|-------|
| | Class I Shares | 4,897 | Class A non-voting | 7,654 |
| | Class II Shares | — | Class B common | — |

Will meet the share ownership requirement within the first five years as a director.

Total compensation: \$ 311,717**

*Dr. Routs joined GOCOM on May 14, 2014. His meeting attendance has been reported from that date.

**Consists of ATCO board retainer, committee retainer and meeting attendance fees of \$195,000 plus \$8,000 for attending the Strategy Conference and Operational Overview meetings for ATCO, plus \$108,717 representing retainers and meeting fees from ATCO's subsidiaries (\$64,500 from ATCO Structures & Logistics Ltd. and \$44,217 from ATCO Australia Pty Ltd. which includes superannuation contributions).



NANCY C. SOUTHERN

Calgary, Alberta,
Canada

Director since 1989

Age 58

Not Independent

Ms. Southern is not independent because she has a material relationship with ATCO. She is ATCO's Chair, President & Chief Executive Officer.

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 also a member of the Canadian Council of Chief Executives; the Canadian Economic Advisory Committee; the Canadian Global Markets Action Plan Advisory Council; and member of the Canadian Advisory Council for Promoting Women on Boards.

| Skills and experience | Primary industry background | Functional experience |
|-----------------------|------------------------------------|---|
| | Energy Utilities Industrials | CEO experience Governance Human resources/compensation Government/regulatory International business Accounting/finance/economics Operations Risk management Corporate social responsibility |

| ATCO Board/Committee memberships in 2014 | Attendance | Percentage of meetings attended |
|--|------------|---------------------------------|
| Board (Chair) | 7 of 7 | 100% |

| Other public company boards and committee memberships in 2014 | Company | Since | Position |
|---|-----------------------------|-------|--------------------|
| | AKITA Drilling Ltd. | 1992 | Director |
| | Canadian Utilities Limited* | 1990 | Chair and Director |
| | CU Inc.* | 1999 | Chair and Director |

| Shares held | ATCO | | Canadian Utilities | |
|-------------|-----------------|---------|--------------------|---------|
| | Class I Shares | 228,106 | Class A non-voting | 152,322 |
| | Class II Shares | 42,600 | Class B common | — |

Meets minimum share ownership requirement.

Total compensation: Ms. Southern does not receive any compensation as the Chair or as a director of ATCO because she is President & Chief Executive Officer. See page 55 for information on Ms. Southern's compensation.

*Canadian Utilities is controlled by ATCO. CU Inc. is controlled by Canadian Utilities.



RONALD D. SOUTHERN, C.C., C.B.E., LL.D.

Calgary, Alberta, Canada

Director since 1963

Age 84

Not Independent

Mr. Southern is not independent because he has a material relationship with ATCO. Mr. Southern is an immediate family member of the Chair, President & Chief Executive Officer.

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 into an internationally recognized conglomerate of industrial and utility businesses until 2003 when his daughter Nancy assumed the role of President & Chief Executive Officer.

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.

| Skills and experience | Primary industry background | Functional experience |
|-----------------------|------------------------------------|--|
| | Energy Utilities Industrials | CEO experience Governance Government/regulatory International business Accounting/finance/economics Marketing/sales Operations Risk management Corporate social responsibility |

| ATCO Board/Committee memberships in 2014 | Attendance | Percentage of meetings attended |
|--|------------|---------------------------------|
| Board | 7 of 7 | 100% |

| Other public company boards and committee memberships in 2014 | Company | Since | Position |
|---|-----------------------------|-------|---|
| | AKITA Drilling Ltd. | 1992 | Deputy Chair and Director |
| | Canadian Utilities Limited* | 1977 | Director, Chairman Emeritus & Founder, ATCO Group |

| Shares held** | ATCO | | Canadian Utilities | |
|-----------------|----------------|-------------------------------------|--------------------|---------|
| | Class I Shares | 25,896,636 | Class A non-voting | 814,516 |
| Class II Shares | 11,451,520 | Class B common | 289,608 | |
| | | Series Y 2 nd Preferred | 120,000 | |
| | | Series AA 2 nd Preferred | 376,000 | |
| | | Series BB 2 nd Preferred | 340,000 | |
| | | Series CC 2 nd Preferred | 76,000 | |

Meets minimum share ownership requirement.

| | |
|--|-------------------|
| Total compensation:[†] | \$ 368,600 |
|--|-------------------|

*Canadian Utilities is controlled by ATCO.

**For further details regarding Mr. Southern's share ownership please refer to Majority Share Owner section on page 1 of this management proxy circular.

[†]Consists of ATCO board retainer, committee retainer and meeting attendance fees of \$178,000 plus \$4,000 for attending the Strategy Conference and Operational Overview meetings for ATCO, plus \$186,600 representing retainers and meeting fees from ATCO's subsidiaries (\$182,100 from Canadian Utilities and \$4,500 from ATCO Structures & Logistics Ltd.)



ROGER J. URWIN,
PhD, C.B.E.

London, England

Director since 2014

Age 69

Independent

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 has been 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.

| Skills and experience | Primary industry background | | Functional experience | |
|-----------------------|-----------------------------|---|-----------------------|---|
| | | Energy Utilities Telecommunications | | CEO experience Governance Human resources/compensation Government/regulatory International business Operations |

| ATCO Board/ Committee memberships in 2014* | Attendance | | Percentage of meetings attended | |
|---|------------|--------|---------------------------------|--|
| | Board | 4 of 4 | 100% | |
| Audit | 2 of 2 | 100% | | |
| GOCOM | 3 of 3 | 100% | | |

| Other public company boards and committee memberships in 2014 | Company | | Since | | Position | |
|--|-----------------------------|------------------------------|-------|--|--|--|
| | | Canadian Utilities Limited** | 2007 | | | Director, member of Corporate Governance – Nomination, Compensation and Succession Committee, and Chair of the Risk Review Committee |
| | CU Inc.** | 2008 | | | Director and Chair of the Audit Committee | |
| | Utilico Investments Limited | 2007 | | | Chair, Director, and member of the Audit Committee and Management Engagement Committee | |
| | Utilico Finance Limited | 2007 | | | Chair and Director | |

| Shares held | ATCO | | Canadian Utilities | |
|-------------|-----------------|----------------|--------------------|--------------------|
| | | Class I Shares | 767 | Class A non-voting |
| | Class II Shares | — | Class B common | — |

Will meet the share ownership requirement within the first five years as a director.

| | |
|-----------------------------|-------------------|
| Total compensation:† | \$ 415,482 |
|-----------------------------|-------------------|

*Dr. Urwin was elected to the Board and joined the Audit Committee and GOCOM on May 14, 2014. His meeting attendance has been reported from that date.

**Canadian Utilities is controlled by ATCO. CU Inc. is controlled by Canadian Utilities.

†Consists of ATCO board retainer, committee retainer and meeting attendance fees of \$111,587 plus \$1,000 for attending the Operational Overview meeting for ATCO plus \$302,895 representing retainers and meeting fees from ATCO's subsidiaries (\$219,200 from Canadian Utilities, \$6,454 from CU Inc. and \$77,241 from ATCO Australia Pty Ltd. which includes superannuation contributions.)



SUSAN R. WERTH

Calgary, Alberta,
Canada

Director since 2014

Age 58

Not Independent

Ms. Werth is not independent as she was an employee of ATCO Ltd. until June, 2014.

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.

| Skills and experience | Primary industry background | | Functional experience | |
|--|-----------------------------|------------------------------------|---------------------------------|---|
| | | Energy Utilities Industrials | | Governance Human resources/compensation Corporate social responsibility |
| ATCO Board/ Committee memberships in 2014* | | Attendance | Percentage of meetings attended | |
| | Board | 3 of 3 | 100% | |
| | GOCOM | 2 of 2 | 100% | |
| Other public company boards and committee memberships in 2014 | Company | Since | Position | |
| | — | — | — | |
| Shares held | ATCO | | Canadian Utilities | |
| | Class I Shares | 14,842 | Class A non-voting | 16,762 |
| | Class II Shares | — | Class B common | — |
| Meets minimum share ownership requirement. | | | | |
| Total compensation:** | | \$ 162,519 | | |

*Ms. Werth was elected to the Board and joined GOCOM on July 1, 2014. Her meeting attendance has been reported from that date.

**Consists of ATCO board retainer, committee retainer and meeting attendance fees of \$91,500 plus \$2,000 for attending the Operational Overview meeting for ATCO. In addition, Ms. Werth received \$69,019 acting as a consultant for ATCO in 2014.



CHARLES W. WILSON

Evergreen, Colorado,
USA

Director since 2002

Age 75

Independent

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.

| Skills and experience | Primary industry background | | Functional experience | |
|-----------------------|-----------------------------|------------------------------------|-----------------------|---|
| | | Energy Utilities Industrials | | CEO experience Governance Human resources/compensation International business Operations Risk management |

| ATCO Board/ Committee memberships in 2014 | Attendance | | Percentage of meetings attended |
|--|------------|--------|---------------------------------|
| | Board | 7 of 7 | 100% |
| Audit (Chair) | 4 of 4 | 100% | |
| GOCOM (Chair) | 4 of 4 | 100% | |
| Risk Review | 2 of 2 | 100% | |

| Other public company boards and committee memberships in 2014 | Company | Since | Position |
|--|---------------------|--|--|
| | AKITA Drilling Ltd. | 2002 | Director and Chair of the Corporate Governance – Nomination, Compensation and Succession Committee |
| Canadian Utilities Limited* | 2000 | Director and Chair of the Corporate Governance – Nomination, Compensation and Succession Committee | |

| Shares held | ATCO | | Canadian Utilities | |
|-----------------|----------------|----------------|--------------------|--------|
| | Class I Shares | 55,803 | Class A non-voting | 77,761 |
| Class II Shares | — | Class B common | — | |

Meets minimum share ownership requirement

| | |
|------------------------------|-------------------|
| Total compensation:** | \$ 579,811 |
|------------------------------|-------------------|

*Canadian Utilities is controlled by ATCO.

**Consists of ATCO board retainer, committee retainer and meeting attendance fees of \$273,152 plus \$4,000 for attending the Strategy Conference and Operational Overview meetings for ATCO, plus \$302,659 representing retainers and meeting fees from ATCO's subsidiaries (\$10,854 from ATCO Structures & Logistics Ltd. combined with \$291,805 from Canadian Utilities, which includes \$79,305 from ATCO Australia Pty Ltd. and also includes superannuation contributions.)

NOMINEE AND DIRECTOR SKILLS MATRIX

GOCOM ensures that the Board includes members with a broad range of experience and expertise so that it is able to effectively carry out its mandate. The matrix below shows the experience and expertise that each director nominee brings to the Board.

| Name | Primary industry background | | | | | | | Functional experience | | | | | | | | | | |
|-----------------------|-----------------------------|-----------|-------------|-------|--------------------|--------------------|----------------|-----------------------|------------|------------------------------|-----------------------|------------------------|------------------------------|-----------------|------------|-----------------|--------------------------------|---------------------------------|
| | Energy | Utilities | Industrials | Legal | Financial services | Telecommunications | Transportation | CEO experience | Governance | Human resources/compensation | Government/regulatory | International business | Accounting/finance/economics | Marketing/sales | Operations | Risk management | Safety, health and environment | Corporate social responsibility |
| Robert T. Booth | ✓ | ✓ | | ✓ | | | | | ✓ | ✓ | ✓ | | | | | | | |
| Denis M. Ellard | ✓ | ✓ | | | | | | | | ✓ | ✓ | | ✓ | | ✓ | ✓ | ✓ | |
| C. Anthony Fountain | ✓ | ✓ | ✓ | | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Linda A. Heathcott | ✓ | ✓ | ✓ | | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Michael R.P. Rayfield | ✓ | ✓ | ✓ | | ✓ | | | | ✓ | | | ✓ | ✓ | ✓ | | ✓ | | |
| Robert J. Routs | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Nancy C. Southern | ✓ | ✓ | ✓ | | | | | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | | ✓ |
| Ronald D. Southern | ✓ | ✓ | ✓ | | | | | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Roger J. Urwin | ✓ | ✓ | | | | ✓ | | ✓ | ✓ | ✓ | ✓ | | | | ✓ | | | |
| Susan R. Werth | ✓ | ✓ | ✓ | | | | | | ✓ | ✓ | | | | | | | | ✓ |
| Charles W. Wilson | ✓ | ✓ | ✓ | | | | | ✓ | ✓ | ✓ | | ✓ | | | ✓ | ✓ | | |

DIRECTOR INDEPENDENCE

GOCOM and the Board annually review the status of each director to determine whether he or she is independent based on the criteria of the Canadian Securities Administrators as set out in *National Instrument 52-110 – Audit Committees*. A majority of ATCO directors are independent.

Under ATCO's current leadership structure, the offices of the Chair and the President & Chief Executive Officer are held by Ms. Nancy Southern. The Board continues to ensure that it can function independently and objectively from management with the appointment of Mr. Wilson as the independent Lead Director.

The following table summarizes the independence status of each director and new nominee and, where applicable, the reasons for the Board's determination that a particular individual is not independent.

| Director | Independent | Not independent | Reason for non-independent status |
|-----------------------|-------------|-----------------|---|
| Robert T. Booth | | ✓ | Material relationship with ATCO as a partner in the law firm that is ATCO's legal counsel. |
| Bertrand P. Collomb | ✓ | | |
| David A. Dodge | ✓ | | |
| Denis M. Ellard | ✓ | | |
| C. Anthony Fountain* | ✓ | | |
| Linda A. Heathcott | | ✓ | As an immediate family member of the Chair, President & Chief Executive Officer, has a material relationship with ATCO. |
| Michael R.P. Rayfield | ✓ | | |
| Robert J. Routs | ✓ | | |
| Nancy C. Southern | | ✓ | As Chair, President & Chief Executive Officer, has a material relationship with ATCO. |
| Ronald D. Southern | | ✓ | As an immediate family member of the Chair, President & Chief Executive Officer, has a material relationship with ATCO. |
| Roger J. Urwin | ✓ | | |
| Susan R. Werth | | ✓ | An employee of ATCO Ltd. until June 2014. |
| Charles W. Wilson | ✓ | | |

*new nominee

In determining the independence of the directors and new nominees, the following criteria are assessed:

- Direct or indirect material relationships with ATCO or other factors which could interfere with the exercise of independent judgment.
- Employment by, or other relationship with, ATCO or its internal or external auditor within the preceding three year period.
- Immediate family member relationships with ATCO or its internal or external auditor.
- Any payment of fees by ATCO, other than directors' fees disclosed in this management proxy circular, of more than \$75,000 to the director or to a member of his or her immediate family during any 12-month period within the last 3 years.

IN CAMERA SESSIONS

The Board further ensures its independence by convening independent director-only in camera sessions (without management present) at every regularly scheduled Board meeting and at every scheduled meeting of the Audit Committee and GOCOM. In camera sessions are chaired by the Lead Director. Additional in camera meetings may be requested through the Lead Director at any time. The in camera sessions encourage the candid analysis of issues among independent directors on the Board and its committees.

SUMMARY OF DIRECTOR ATTENDANCE

The following table sets out the attendance of the directors at Board meetings and at meetings of the committees of which they were members during 2014. As an employee, the Chair, President & Chief Executive Officer is not a member of any committee but attends committee meetings as required. Other directors may attend meetings of committees of which they are not members at the request of the committee chair.

All directors are expected to attend and participate in meetings of the Board and the committees on which they serve. Attendance of directors at meetings of the Board and committees is not necessarily indicative of the contribution made by each director, and absence from a meeting may have resulted from a variety of extenuating circumstances, including family bereavement or health issues. When a director's contribution is deemed to be unsatisfactory, interviews are conducted by both the Chair and the Lead Director. A clear understanding of the Corporation's expectations are formally communicated to ensure improvement is achieved in subsequent periods.

| Director | Board of Directors | | Audit Committee | | GOCOM | | Risk Review Committee | | Total |
|--------------------------------|--------------------|------|-----------------|------|--------|------|-----------------------|------|-------|
| Robert T. Booth | 7 of 7 | 100% | – | – | 4 of 4 | 100% | 2 of 2 | 100% | 100% |
| Bertrand P. Collomb | 6 of 7 | 86% | – | – | – | – | – | – | 86% |
| David A. Dodge ¹ | 7 of 7 | 100% | 3 of 4 | 75% | – | – | 1 of 1 | 100% | 92% |
| Denis M. Ellard ¹ | 4 of 4 | 100% | 2 of 2 | 100% | – | – | 1 of 1 | 100% | 100% |
| Linda A. Heathcott | 7 of 7 | 100% | – | – | – | – | – | – | 100% |
| Helmut M. Neldner ² | 3 of 3 | 100% | 2 of 2 | 100% | 1 of 1 | 100% | 1 of 1 | 100% | 100% |
| Michael R.P. Rayfield | 7 of 7 | 100% | 4 of 4 | 100% | – | – | 2 of 2 | 100% | 100% |
| Robert J. Routs ¹ | 7 of 7 | 100% | 2 of 4 | 50% | 3 of 3 | 100% | 2 of 2 | 100% | 88% |
| Nancy C. Southern | 7 of 7 | 100% | – | – | – | – | – | – | 100% |
| Ronald D. Southern | 7 of 7 | 100% | – | – | – | – | – | – | 100% |
| Roger J. Urwin ¹ | 4 of 4 | 100% | 2 of 2 | 100% | 3 of 3 | 100% | – | – | 100% |
| Susan R. Werth ³ | 3 of 3 | 100% | – | – | 2 of 2 | 100% | – | – | 100% |
| Charles W. Wilson | 7 of 7 | 100% | 4 of 4 | 100% | 4 of 4 | 100% | 2 of 2 | 100% | 100% |

(1) On May 14, 2014, Mr. Ellard and Dr. Urwin were appointed to the Board and the Audit Committee. Dr. Routs and Dr. Urwin were appointed to GOCOM. Dr. Dodge and Mr. Ellard were appointed to the Risk Review Committee.

(2) Mr. Neldner retired from the Board and committees on May 14, 2014.

(3) On July 1, 2014, Ms. Werth was appointed to the Board and GOCOM.

SERVING ON OTHER PUBLIC COMPANY BOARDS

The following lists the directors that serve on boards of publicly traded companies affiliated with ATCO. Canadian Utilities is a public company controlled by ATCO. CU Inc. is a public company controlled by Canadian Utilities. Sentgraf Enterprises Ltd. is the parent company of ATCO and AKITA Drilling Ltd., both of which are public companies. None of the directors or new nominees serve together on the boards of any other public companies, other than as disclosed below.

| Director | Canadian Utilities Limited | CU Inc. | AKITA Drilling Ltd. |
|--------------------|-----------------------------------|----------------|----------------------------|
| Robert T. Booth | | Director | |
| David A. Dodge | Director | | |
| Linda A. Heathcott | Director | | Chair |
| Nancy C. Southern | Chair | Chair | Director |
| Ronald D. Southern | Director | | Deputy Chair |
| Roger J. Urwin | Director | Director | |
| Charles W. Wilson | Director | | Director |

Dr. Routs and Dr. Urwin serve on the boards and committees of other public companies as referenced in their biographies. The Chair and GOCOM recognize the time and diligence that these individuals devote to their duties and responsibilities as well as their extensive qualifications and related experience. Both the Chair and GOCOM have determined that these individuals' other board memberships will not negatively affect their commitments or contributions to ATCO's Board.

GOVERNANCE

Effective corporate governance is an essential element for the well-being of ATCO and its share owners. The Board strives to ensure that its corporate governance practices provide for the effective stewardship of the Company. The Board evaluates its governance practices on an ongoing basis.

ATCO does not believe in a one size fits all approach to governance, and while it complies with applicable securities laws, it has also implemented a unique and effective system of corporate governance recognizing the need to provide autonomy and flexibility to its different businesses while accommodating the needs of both regulated and non-regulated companies in the ATCO Group.

The Majority Share Owner has continually maintained its controlling interest in ATCO since its formation. ATCO is of the firm belief that the existence of a long standing majority share owner is of fundamental importance to its governance and operations, and ensures that there is a high degree of alignment between share owners.

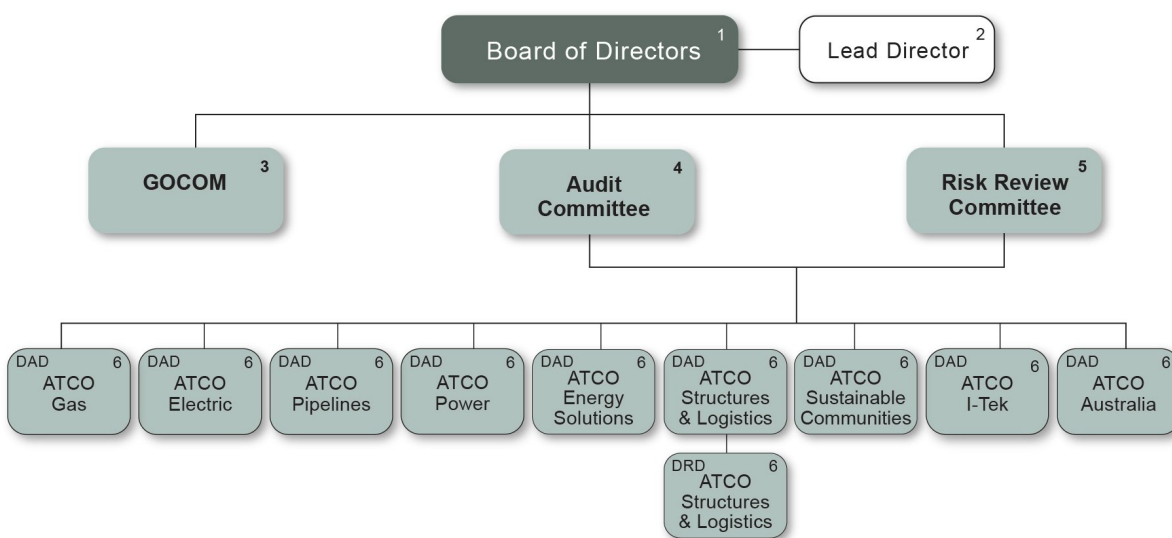
ATCO's approach to governance has worked well for many years, and the Company has been fortunate to have a consistently high-performing Board and senior management team delivering top quartile results for its share owners.

Majority Controlled Company

ATCO is a majority controlled company as referenced in the TSX Company Manual. As a majority controlled company, ATCO is not required to, and does not, have a majority voting policy. The Majority Share Owner has control over 11,451,520 Class II Shares which represent 84.0% of the voting rights. Due to the level of control exercised by the Majority Share Owner, ATCO is of the view that the introduction of a majority voting policy would introduce unnecessary complexity into the director selection process while having no impact on the outcome.

Role of the Board of Directors and its Committees

The role of the Board of Directors has evolved to provide oversight to an organization with diverse and distinct principal operating subsidiaries ("POS"). The system's key elements consist of the oversight and diligence provided by the Board, its Lead Director, Audit Committee, GOCOM and Risk Review Committee. Although not required by securities laws, certain of ATCO's governance tools, such as the use of Designated Audit Directors ("DAD") and Designated Risk Directors ("DRD") and the Risk Review program, have been implemented, in part, as a result of the influence of the Majority Share Owner as a means of ensuring long term value.



The activities of each of these bodies in 2014 were as follows:

1. **Board of Directors:** In 2014, the Board held five regular meetings and two special meetings. The frequency and length of meetings and the agenda items depended on the circumstances. Meetings were highly detailed and well attended. They were conducted in an atmosphere that encouraged participation and independence. The independent directors also held "in camera sessions," without management present, at all regular meetings of the Board, Audit Committee and GOCOM. Additional in camera meetings may be requested through the Lead Director at any time.

In addition to regularly scheduled Board and committee meetings, directors annually attend a comprehensive three- to four-day strategy session each year. Each regularly scheduled Board meeting is preceded by a working session where the Board engages with management to discuss key operational issues. These working sessions may include reviewing annual business plans, material contracts, strategic transactions, financings and major capital expenditures for each POS. For specific details, please see "Director Orientation and Continuing Education" on page 24.

2. **Lead Director:** In 1995, ATCO was among the first public companies in Canada to introduce the concept of a lead director. Mr. Wilson is the current Lead Director for ATCO. He was appointed to this position on April 1, 2003. The Lead Director provides the Board with the leadership necessary to ensure independent oversight of management. The Lead Director is an independent director and must be a member of GOCOM.
3. **Corporate Governance – Nomination, Compensation and Succession Committee (GOCOM):** This committee oversees corporate governance. It is comprised of some of our most senior and experienced directors. In addition to assessing individual and combined directors' performance, the committee oversees succession planning, evaluates senior executive officers' compensation and performance as well as identifies and recommends potential director candidates to the Board.
4. **Audit Committee:** The Audit Committee oversees accounting and financial reporting and is chaired by one of the most senior and experienced independent directors. Each committee member is an independent director and financially literate as defined in *National Instrument 52-110 – Audit Committees*. More information on the financial literacy of Audit Committee members and its mandate is given in ATCO's annual information form.
5. **Risk Review Committee:** The Risk Review Committee oversees ATCO's risk management and control practices. The committee also reviews risks that could materially affect the Company's ability to achieve strategic and operating objectives. The committee is responsible for ensuring management addresses risks identified as significant to ATCO and appropriate mitigation measures are implemented. The committee ensures that each POS has adequate systems to monitor and comply with applicable environmental legislation and conform to industry standards. The committee may seek advice from ATCO's officers who provide expertise and support for their specific areas of responsibility.

ATCO's President & Chief Executive Officer reports to the Risk Review Committee. The President of each POS chairs a Risk Management Committee that also reports to the Risk Review Committee. POS Risk Management Committee meetings are held at least twice yearly and are attended by senior officers and managers of the POS and the assigned DAD.

6. **Designated Audit Director and Designated Risk Director:** Each ATCO POS has a DAD, who is a director of either ATCO or Canadian Utilities. ATCO Structures & Logistics Ltd. also has a DRD who is a director of ATCO. The purpose of the DAD and DRD is to provide oversight using the strengths and experience of directors in various industry sectors. The Audit Committee annually reviews the mandates of the DADs. The roles of the DAD and DRD are as follows:

Audit Committee: DADs meet quarterly with POS management and annually with internal and external auditors. DADs review the financial statements and operating results of their assigned POS and report to the Audit Committee.

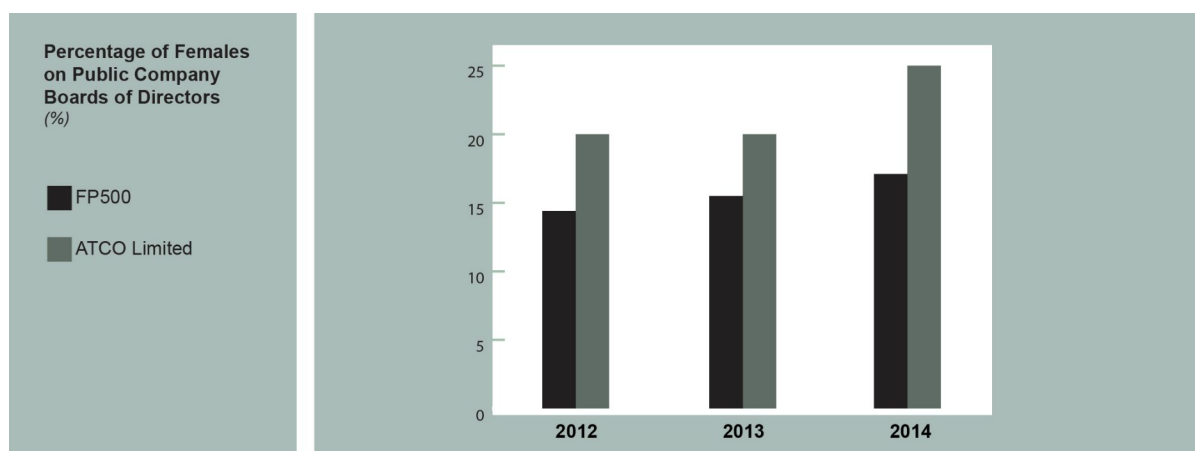
Risk Review Committee: For all POS, except ATCO Structures & Logistics Ltd., which has a DRD, the assigned DAD performs both Audit and Risk duties. The DAD or DRD attends the POS Risk Management Meetings, discusses the risks with management and reports management's assessment of risks to the Risk Review Committee.

BOARD DIVERSITY AND TERM LIMITS

ATCO believes that an effectively functioning board is critical to the success of the Company, and that its Board must have the flexibility to adopt director election and composition practices that suit its unique needs and circumstances.

ATCO seeks the most qualified persons, regardless of gender or other characteristics unrelated to expertise and performance. Accordingly, the Company does not have written policies or set targets with respect to representation of women and does not set term limits on directors. Such policies, while well intended, may create arbitrary and technical impediments to the selection of the most qualified persons. This approach enables ATCO to make decisions regarding the composition of its Board and senior management team based on what is in the best interests of the Company and its share owners.

ATCO is proud of the fact that it historically has had a higher proportion of women in high profile positions than the average for Canadian public companies. In 2014, ATCO had 3 women on the Board, representing 25% of the 12 directors. In contrast, members of the Financial Post 500 (FP500) in 2014 had an average female representation on their board of directors of 17%. The following is the percentage of women on the ATCO Board compared to the FP500 average from 2012 to 2014:



As of December 31, 2014, the Company also had 15 female senior executive officers, representing 18% of the Company's senior executive officers.

GOCOM reviews the size and composition of the Board from time to time. This committee, with the Board Chair, considers potential candidates who have competencies they believe will complement the Board or senior management. ATCO voluntarily makes public disclosure of information on gender diversity within the organization in its Sustainability Report on ATCO's website (www.atco.com).

GOCOM and the Board have adopted several mechanisms to promote an appropriate level of Board renewal, while attributing high value to relevant industry experience, continuity and a solid track record of service in potential Board members. GOCOM spends a significant amount of time reviewing Board succession and recruitment. One such mechanism is the regular assessment of the effectiveness and contribution of each director. Another mechanism requires a director who has turned 70 to tender a letter of resignation to the Board Chair. (See "Performance Assessment" and "Director Retirement" in this management proxy circular.)

ATCO has found that having long-standing directors on its Board does not negatively impact board effectiveness, but instead contributes to boardroom dynamics that have resulted in a consistently high-performing Board.

DIRECTOR ORIENTATION AND CONTINUING EDUCATION

New directors attend a briefing with the Chair as well as comprehensive meetings at which they receive briefings by senior management on all aspects of ATCO's business. New directors are also provided information about each of the business segments, the Company's organizational structure, its by-laws, and its Board and committee mandates. Information is also provided on corporate policies, including ATCO's Code of Ethics, Disclosure Policy and Anti-Corruption Policy. Visits to various operating sites may also be arranged from time to time.

Directors, together with senior management, attend an annual strategy conference which has been held consecutively since 1968. These sessions kick off the annual business planning process for ATCO Group. Strategies for operating and financial growth are discussed over three to four days of presentations, plenary sessions and directors' recommendations.

Throughout each year, management makes presentations to the Board and its committees on key business decisions, topical issues and in response to directors' requests. An electronic resource centre is available to all directors and updated periodically with timely, relevant information. Below is a highlight of the education sessions attended by directors in 2014:

| Date | Event | Presenter | Attendees |
|--------------|--|------------|--------------------|
| February 20 | Operational Overview | Management | Board of Directors |
| April 9 - 11 | Strategy Conference | Management | Board of Directors |
| May 14 | Operational Overview | Management | Board of Directors |
| July 8 | Tour of Battle River Power Plant | Management | Board of Directors |
| July 9 | Operational Overview | Management | Board of Directors |
| November 12 | Business Planning and Operational Overview | Management | Board of Directors |

In addition, directors attend and participate in seminars and other continuing education programs. Mr. Booth, Ms. Heathcott and Mr. Rayfield have obtained certification from the Director Education Program at the Institute of Corporate Directors.

PERFORMANCE ASSESSMENT

The Board, its committees and its individual directors are assessed at least annually. This evaluation is facilitated by the Lead Director on behalf of the Chair. Board and committee performance evaluation questionnaires are distributed to each director and Board committee member.

The questionnaires provide the directors with the opportunity to examine their collective effectiveness and identify areas for improvement. The questions address director skills and experience, preparation, attendance and availability at meetings, communication and interaction, business, company and industry knowledge. The questionnaires include an overall assessment and are reviewed by GOCOM. Each director receives a report on the Board questionnaire. Each committee member receives a report on the committee questionnaire.

Directors are encouraged to expand their responses beyond the specific questions in the survey and provide open-ended comments.

DIRECTOR RETIREMENT

Any director who turns 70 years of age must tender a letter of resignation to the Chair. The Chair, together with GOCOM evaluates whether and when to accept the resignation depending on ATCO's needs. If the resignation is not accepted, it will be kept on file until it is accepted by the Chair. When accepted, it becomes effective at the next annual meeting of share owners.

HOW TO COMMUNICATE WITH THE BOARD

You may communicate directly with the Board through the Chair by writing to:

Chair
c/o Corporate Secretary
ATCO Ltd.
700, 909 - 11th Avenue S.W.
Calgary, Alberta
T2R 1N6

CODE OF ETHICS

ATCO's Board encourages a culture of ethical business conduct by expecting each director, all officers and management to exemplify ethical business conduct. This expectation sets the tone for all employees of ATCO. The Board has adopted a written Code of Ethics (the "Code"), which is subject to periodic review and revision to ensure it is in line with best practices.

A copy of the Code is given to each new director, officer and employee of the Company, and each such person must acknowledge in writing that he or she has reviewed and will abide by the Code as a precondition of his or her engagement. Furthermore, on an annual basis, each director, officer and employee must review and acknowledge the Code.

Directors who have, or may be reasonably perceived to have, a personal interest in a transaction or agreement ATCO may be contemplating must declare this interest at a directors' meeting at which the matter is being considered. Directors are requested to leave the meeting during discussion on the matter and abstain from voting.

ATCO did not file any material change reports in 2014 relating to a director's or executive officer's departure from the Code. No waivers of the Code have ever been granted to any ATCO director, officer or employee.

A hotline is in place that employees can use to express concerns about inappropriate business conduct. Concerns can be reported confidentially and anonymously online or by phone. Non-employees may also submit complaints online, by phone or by mail to an Audit Committee member.

A copy of the Code can be accessed on our website (www.atco.com) or by written request to our Corporate Secretary.

DISCLOSURE POLICY

ATCO is committed to providing the public with accurate, timely and fair disclosure of corporate information. The Company complies with all laws and regulations and ensures that public communications are disseminated according to applicable legal and regulatory requirements. The Disclosure Policy applies to all ATCO directors, officers and employees. It covers written and oral communications provided to the public, including these documents:

- Financial and non-financial documents
- Annual reports
- Interim reports
- News releases
- Letters to share owners
- Presentations and speeches by senior management
- Corporate websites and other communications
- Documents filed with securities regulators and the Toronto Stock Exchange
- Oral statements made to financial analysts and the public
- Interviews with the media
- News conferences

Board Mandate and its Committees

The Board and each Board committee have adopted a mandate that outlines their principal responsibilities. The Board and its committees review the mandates each year to ensure they reflect current developments in corporate governance and approve any necessary changes. The Board also has approved written position descriptions for the Chair, Lead Director, chair of each Board committee, and President & Chief Executive Officer. These position descriptions are reviewed annually by GOCOM.

The Board has three standing committees to help carry out its duties and meet the statutory and policy requirements:

- Audit
- Corporate Governance – Nomination, Compensation and Succession (GOCOM)
- Risk Review

Each committee updates the Board regularly on its activities and provides a report to the Board after each committee meeting. The Board reviews the composition of its committees each year and makes adjustments as needed.

The Board mandate is attached to this management proxy circular as Schedule A, which outlines the roles and responsibilities of the Board. The Board and committee mandates, together with the position descriptions, are also available on ATCO's website (www.atco.com).

Committee Reports

This section includes reports from each of the Board's three standing committees as of December 31, 2014.

Audit Committee

Members



C.W. Wilson, Chair
Independent

2014 Meeting Attendance
4 of 4 (100%)



D.A. Dodge
Independent

2014 Meeting Attendance
3 of 4 (75%)



D.M. Ellard
Independent

2014 Meeting Attendance*
2 of 2 (100%)



M.R.P. Rayfield
Independent

2014 Meeting Attendance
4 of 4 (100%)



R.J. Routs
Independent

2014 Meeting Attendance
2 of 4 (50%)



R.J. Urwin
Independent

2014 Meeting Attendance*
2 of 2 (100%)

**On May 14, 2014, Mr. Ellard and Dr. Urwin were appointed to the Audit Committee. Their meeting attendance has been reported from that date.*

Mandate

The Audit Committee is responsible for contributing to the effective stewardship of the Company by assisting the Board in fulfilling its oversight of: integrity of the Company's financial statements; compliance with applicable legal and regulatory requirements; independence, qualifications and appointment of the Company's external auditor; performance of the Company's internal auditor and external auditor; the Company's accounting and financial reporting processes; and audits of the Company's financial statements.

The following highlight the actions taken by the Audit Committee in fulfilling its mandate in 2014:

Financial Reports

- Reviewed and approved, as delegated by the Board of Directors, quarterly consolidated financial statements, management’s discussion and analysis, and earnings press releases
- Reviewed and recommended for Board approval the annual consolidated financial statements, management’s discussion and analysis, annual information form, and earnings press release
- Reviewed new accounting rules and accounting policies
- Received quarterly reports from the Designated Audit Directors

Internal Controls

- Reviewed reports on the design and effectiveness of disclosure controls and procedures as well as internal control over financial reporting
- Reviewed procedures for financial information review and disclosure
- Reviewed the Disclosure Committee mandate and Disclosure Policy
- Received quarterly confirmation of Chief Executive Officer/Chief Financial Officer certifications

External Auditor

- Recommended the external auditor's appointment for share owner approval
- Reviewed and approved the external auditor’s plan for quarterly reviews and the annual audit
- Reviewed and recommended for Board approval the external auditor’s compensation
- Reviewed and approved external auditor's non-audit services
- Reviewed the external auditor’s report on its internal quality control procedures
- Reviewed and assessed the external auditor’s independence
- Received reports from the external auditor on quarterly consolidated financial statements and management's discussion and analysis
- Received reports from the external auditor on annual consolidated financial statements and management's discussion and analysis
- Met quarterly with the external auditor without the presence of management
- Reviewed the External Auditor Services and Recruitment of External Auditor policies

The following table shows the fees billed for services provided by PricewaterhouseCoopers LLP for the past two years (\$ millions).

| For the year ended December 31 | 2014 | 2013 |
|---------------------------------------|-------------|-------------|
| Audit | 3.2 | 3.3 |
| Audit related | 0.2 | 0.1 |
| Tax | 0.5 | 0.3 |
| Other | 0.3 | 0.1 |
| Total | 4.2 | 3.8 |

Internal Audit

- Approved and monitored the execution of the annual internal audit plan, including adequacy of resources
- Reviewed internal audit reports, including management's responses, and quarterly reports on management's action plans to implement audit recommendations
- Reviewed the policy concerning the Reporting of Illegal or Unethical Accounting and Auditing Matters. This policy contains procedures for the confidential receipt, retention and treatment of complaints received on accounting, purchasing and auditing irregularities, inadequate internal controls, fraud and theft
- Reviewed reports received on the investigations of complaints
- Reviewed the mandate for Internal Audit

The committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2014.

Corporate Governance – Nomination, Compensation and Succession Committee

Members



**C.W. Wilson,
Chair**
Independent

**2014 Meeting
Attendance**
4 of 4 (100%)



R.T. Booth
Not Independent

**2014 Meeting
Attendance**
4 of 4 (100%)



R.J. Routs
Independent

**2014 Meeting
Attendance***
3 of 3 (100%)



R.J. Urwin
Independent

**2014 Meeting
Attendance***
3 of 3 (100%)



S.R. Werth
Not Independent

**2014 Meeting
Attendance***
2 of 2 (100%)

**On May 14, 2014 Dr. Routs and Dr. Urwin were appointed to GOCOM. Ms. Werth was appointed to GOCOM on July 1, 2014. Their meeting attendance has been reported from their appointment dates.*

Mandate

GOCOM is responsible for contributing to the effective stewardship of the Company. The committee assists the Board in fulfilling its oversight of corporate governance, nomination, compensation and succession.







The following highlight the actions taken by GOCOM in fulfilling its mandate in 2014:

- Assessed the Chief Executive Officer's performance, base salary, annual incentive award, and awards under the mid-term and long-term incentive plans
- Reviewed and approved the Chief Executive Officer's report on senior executive officers' performances and recommendations for base salary, annual incentive awards, and awards under mid-term and long-term incentive plans
- Reviewed and approved the Chief Executive Officer's goals, objectives and corporate targets
- Amended compensation plans
- Reviewed succession plans for the Chief Executive Officer and senior executive officers
- Approved senior executive officer appointments
- Reviewed and approved senior executive officers' supplemental pension plan and perquisites
- Reviewed corporate governance disclosure
- Reviewed Board committee, Board and individual director evaluation processes
- Reviewed and approved directors' compensation
- Received advice from the Board on individuals best suited to serve as directors, and maintained its own standing list of appropriate candidates for directorships. GOCOM has reviewed each of the nominees and determined they have the necessary skills and experience to satisfy the Board's composition requirements
- Together with the Board annually reviewed the status of each director and new nominee to determine whether he or she is independent based on the criteria of the Canadian Securities Administrators as set out in *National Instrument 52-110 – Audit Committees*
- The committee continued to spend a significant amount of time on Board succession and recruitment. In addition, the committee received updates from legal counsel on recent developments in corporate governance and disclosure

The committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2014.

Risk Review Committee

Members

| | | |
|---|--|--|
|  <p>D.M. Ellard, Chair Independent</p> <p>2014 Meeting Attendance* 1 of 1 (100%)</p> |  <p>R.T. Booth Not Independent</p> <p>2014 Meeting Attendance 2 of 2 (100%)</p> |  <p>D.A. Dodge Independent</p> <p>2014 Meeting Attendance* 1 of 1 (100%)</p> |
|  <p>M.R.P. Rayfield Independent</p> <p>2014 Meeting Attendance 2 of 2 (100%)</p> |  <p>R.J. Routs Independent</p> <p>2014 Meeting Attendance 2 of 2 (100%)</p> |  <p>C.W. Wilson Independent</p> <p>2014 Meeting Attendance 2 of 2 (100%)</p> |

**On May 14, 2014, Dr. Dodge and Mr. Ellard were appointed to the Risk Review Committee. Their meeting attendance has been reported from that date.*

Mandate

The Risk Review Committee reviews risks identified as significant to the Company. These include principal risks brought forward from the principal operating subsidiaries and divisions that could materially affect the Company's ability to achieve its strategic or operational objectives. The Committee is responsible for ensuring risks are identified and properly addressed both at the subsidiary and parent company levels. The Committee reviews the Company's Risk Inventory at each meeting.

The following highlight the actions taken by the Risk Review Committee in fulfilling its mandate in 2014:

- Reviewed potential risks associated with future performance, growth and lost opportunities
- Received and reviewed reports from subsidiary Risk Management Committee meetings
- Reviewed and assessed Risk Management and Control Policy
- Reviewed and approved Risk Management Committee mandate
- Received and approved Crisis Management Committee report and mandate
- Monitored cyber/information security
- Reviewed and assessed environmental policy and reporting
- Reviewed aboriginal relations
- Reviewed and approved insurance coverage
- A comprehensive inventory of risks and mitigation plans is tabled at each meeting followed by discussion of items of particular interest

The committee is satisfied it has appropriately fulfilled its mandate for the year ended December 31, 2014.

DIRECTOR COMPENSATION

GOCOM assesses the compensation of the directors and makes recommendations to the Board. This committee annually reviews director compensation, using information from other corporations and published data. From time to time, it retains independent compensation consultants to make market comparisons and provide advice on developing appropriate compensation programs. Director compensation is reviewed to determine whether this compensation is appropriate for the responsibilities, time commitment and risks assumed by the directors.

FEES AND RETAINERS

The following table shows the annual retainers and attendance fees paid to directors. No changes were made to the directors' remuneration during 2014. Retainers for Lead Director, committee chairs and members are paid in addition to the annual director retainer of \$165,000.

| Directors' remuneration | (\$) |
|--|-----------|
| Annual retainers | |
| Director | 165,000 * |
| Lead Director | 50,000 |
| Audit Committee Chair | 20,000 |
| Audit Committee Members | 7,500 |
| Corporate Governance – Nomination, Compensation and Succession Committee Chair | 8,500 |
| Risk Review Committee Chair | 8,500 |
| Meeting fees | |
| Board Meeting, Strategy, Round Table, and Briefing Session (per day) | 2,000 |
| Meeting for routine administrative matters where the nature of the discussion is brief | 800 |
| Committee Meeting per day | 1,500 |

**ATCO has an agreement with Dr. Collomb and Dr. Urwin that their retainers will be paid in the Canadian dollar equivalent of \$165,000 U.S.*

Directors are reimbursed for travel and other expenses incurred for attendance at Board and committee meetings. Directors who are full-time salaried ATCO employees receive no remuneration for serving as a director.

From time to time, the Board forms ad hoc committees to undertake special initiatives. The chair and members of ad hoc committees receive fees that are determined when the committees are formed. No fees or retainers were paid to any committees formed during 2014.

Directors are required to receive a minimum of \$20,000 of their annual retainer in Class I Shares and have the option of receiving up to 50% of their annual retainer in Class I Shares. Until the minimum share ownership requirement is met, directors are required to receive a minimum of \$40,000 of their annual retainer in Class I Shares. Mr. Southern is exempt from this requirement. This policy is described on page 33.

The following table provides a detailed breakdown of the fees and retainers paid to our non–employee directors for the year ended December 31, 2014. Fees and retainers are paid quarterly. **“Other fees” includes retainers and attendance fees paid to those directors who also serve on the boards and committees of Canadian Utilities, CU Inc., ATCO Structures & Logistics Ltd. and ATCO Australia Pty Ltd.** Fees are shared proportionately when meetings are held on the same day to consider group projects that require the approval of more than one of these companies. No other forms of compensation were provided to the directors for the year ended December 31, 2014.

Ms. Nancy Southern did not receive compensation as the Chair or as a director of ATCO as she is President & Chief Executive Officer of ATCO Ltd. Her compensation is shown on page 55 of this management proxy circular.

| Name | Director retainer (\$) | Committee chair retainer (\$) | Committee member retainer (\$) | Board attendance fee ¹ (\$) | Committee attendance fee (\$) | Other fees ² (\$) | Total fees earned (\$) | Portion of director retainer applied to share purchase ³ (%) |
|---|------------------------|-------------------------------|--------------------------------|--|-------------------------------|------------------------------|------------------------|---|
| Robert T. Booth ⁸ | 165,000 | — | — | 14,000 | 10,500 | 109,248 | 298,748 | 50 |
| Bertrand P. Collomb ⁵ | 149,779 | — | — | 14,000 | — | 2,000 | 165,779 | 40 |
| David A. Dodge ^{7,8} | 165,000 | — | 7,500 | 13,000 | 6,000 | 200,500 | 392,000 | 48 |
| Denis M. Ellard ^{6,7,8,9} | 104,258 | 5,371 | 4,739 | 8,000 | 4,500 | 99,932 | 226,800 | 48 |
| Linda A. Heathcott ⁸ | 165,000 | — | — | 13,000 | — | 192,000 | 370,000 | 36 |
| Michael R.P. Rayfield ⁹ | 165,000 | — | 7,500 | 14,000 | 9,000 | 106,000 | 301,500 | 38 |
| Robert J. Routs ^{7,9,10} | 165,000 | — | 7,500 | 12,000 | 10,500 | 116,717 | 311,717 | 50 |
| Ronald D. Southern ^{8,9} | 165,000 | — | — | 13,000 | — | 190,600 | 368,600 | n/a |
| Roger J. Urwin ^{5,6,7,8,10} | 94,598 | — | 4,739 | 7,000 | 5,250 | 303,895 | 415,482 | 37 |
| Susan R. Werth ^{6,7,11} | 82,500 | — | — | 6,000 | 3,000 | 71,019 | 162,519 | 12 |
| Charles W. Wilson ^{4,7,8,9,10} | 215,000 | 31,652 | — | 13,000 | 13,500 | 306,659 | 579,811 | 12 |
| Director who retired during 2014 | | | | | | | | |
| Helmut M. Neldner ¹² | 61,195 | — | 2,782 | 6,000 | 6,000 | 446,000 | 521,977 | 12 |
| Total | 1,697,330 | 37,023 | 34,760 | 133,000 | 68,250 | 2,144,570 | 4,114,933 | |

- (1) **Board attendance fee:** No attendance fee was paid for the Board meeting that coincided with the strategy conference.
- (2) **Other fees:** Includes fees for attending the annual strategy conference and round table, operational overview, and business plan meetings. It also includes meeting fees and directors' retainers for ATCO's subsidiaries; designated audit director retainers and meeting fees; as well as designated risk director retainer and meeting fees.
- (3) **Portion of director retainer applied to share purchase:** A minimum of \$20,000 of a non-employee director's annual retainer is paid in Class I Shares. Directors have the option of receiving up to 50% of their annual director retainer in Class I Shares. Until the minimum share ownership requirement is met, directors are required to receive a minimum of \$40,000 of their annual retainer in Class I Shares. Mr. Southern is exempt from this requirement.
- (4) **Director retainer:** Includes the retainer for Lead Director.
- (5) **Director retainer:** The Company has an agreement with Dr. Collomb and Dr. Urwin that their retainers shall be \$165,000 U.S. paid in Canadian dollars. The amount paid to each of them in 2014 is less than the full retainer amount. Additional amounts of \$32,030.62 and \$20,345.49 are owing and will be paid in 2015 to Dr. Collomb and Dr. Urwin respectively.
- (6) **Director retainer (pro-rated):** On May 14, 2014 Mr. Ellard and Dr. Urwin were elected to the Board. On July 1, 2014 Ms. Werth was appointed to the Board.
- (7) **Committee chair retainer and/or Committee member retainer and/or Committee attendance fees:** On May 14, 2014 Mr. Ellard and Dr. Urwin were appointed to the Audit Committee; Dr. Routs and Dr. Urwin were appointed to GOCOM and Mr. Ellard and Dr. Dodge were appointed to the Risk Review Committee. Mr. Ellard became Chair of the Risk Review Committee while Mr. Wilson retired as Chair of the Risk Review Committee. On July 1, 2014 Ms. Werth was appointed to GOCOM. Retainers and/or attendance fees were adjusted based on appointment or retirement date, as applicable.
- (8) **Other fees:** Mr. Booth (pro-rated), Dr. Dodge, Mr. Ellard (pro-rated), Ms. Heathcott, Mr. Southern, Dr. Urwin and Mr. Wilson received annual retainers and meeting attendance fees as directors of Canadian Utilities.
- (9) **Other fees:** Mr. Rayfield and Dr. Routs received annual retainer and meeting attendance fees as directors of ATCO Structures & Logistics Ltd., Mr. Southern and Mr. Wilson received meeting attendance fees as directors of ATCO Structures & Logistics Ltd. Mr. Wilson retired as Designated Risk Director for ATCO Structures & Logistics Ltd. (retainer was pro-rated) and Mr. Ellard was appointed Designated Risk Director for ATCO Structures & Logistics Ltd. (retainer was pro-rated) on May 14, 2014; as such, Mr. Ellard received meeting attendance fees subsequent to this date.
- (10) **Other fees:** Dr. Routs, Dr. Urwin and Mr. Wilson received an annual retainer, meeting attendance fees and superannuation contributions as directors of ATCO Australia Pty Ltd.
- (11) **Other fees:** Ms. Werth received \$69,019 acting as a consultant for ATCO in 2014.
- (12) **Director who retired during 2014:** Mr. Neldner retired from the Board on May 14, 2014. The fees and retainers paid to Mr. Neldner are for the period from January 1 to May 14, 2014. Mr. Neldner received a retirement payment of \$440,000 after having served on the Board for 17 years. This payment is included under "Other fees".

RETIRING ALLOWANCE

ATCO provides certain non-employee directors with a one-time allowance when they retire as an ATCO director. This program was discontinued in November 2003 with the grandfathering of Dr. Collomb, Mr. Neldner and Mr. Wilson.

| Years of service | Multiple of annual retainer |
|------------------|-----------------------------|
| 0 to 5 | \$110,000 |
| 6 to 10 | \$220,000 |
| 11 to 15 | \$330,000 |
| 16 to 20 | \$440,000 |
| 21 to 25 | \$550,000 |
| 26 to 30 | \$660,000 |
| 31 to 35 | \$770,000 |
| 36 to 40 | \$880,000 |
| 41 to 45 | \$990,000 |

Mr. Neldner, a long-serving ATCO director, retired on May 14, 2014. Mr. Neldner received a retirement payment of \$440,000 after having served on the Board for 17 years.

DIRECTOR SHARE OWNERSHIP

Within five years of being appointed to the Board, non-employee directors are required to directly or indirectly own ATCO shares having an aggregate fair market value of at least 1.5 times the annual board retainer, which currently equates to \$247,500. All of the directors meet this share ownership requirement. Mr. Ellard, Dr. Routs, and Dr. Urwin will meet the share ownership requirement within five years of having been elected to the Board.

The following table sets out each director's ownership of common shares in ATCO at March 11, 2014, and any change in the ownership interest up to March 10, 2015.

| Name | Equity ownership as at March 11, 2014 | | Equity ownership as at March 10, 2015 | | Net change in Ownership | | Value (\$) | Equity at risk ¹ Multiple of annual director retainer |
|---------------------------------|---------------------------------------|-------------------|---------------------------------------|-------------------|-------------------------|----------------|----------------------|---|
| | Class II Shares | Class I Shares | Class II Shares | Class I Shares | Class II Shares | Class I Shares | | |
| Robert T. Booth | — | 12,471 | — | 14,377 | — | 1,906 | 677,157 | 4.1 |
| Bertrand P. Collomb | 800 | 18,435 | 800 | 19,819 | — | 1,384 | 971,243 | 5.9 |
| David A. Dodge | — | 5,241 | — | 6,961 | — | 1,720 | 327,863 | 2.0 |
| Denis M. Ellard | 200 | — | 200 | 1,094 | — | 1,094 | 60,969 | 0.4 |
| Linda A. Heathcott | 9,600 | 21,003 | 9,500 | 22,392 | (100) | 1,389 | 1,503,158 | 9.1 |
| Michael R.P. Rayfield | — | 12,997 | — | 14,483 | — | 1,486 | 682,149 | 4.1 |
| Robert J. Routs | — | 3,144 | — | 4,897 | — | 1,753 | 230,649 | 1.4 |
| Nancy C. Southern ² | 42,600 | 225,509 | 42,600 | 228,106 | — | 2,597 | 12,754,939 | 77.3 |
| Ronald D. Southern ³ | 11,451,520 | 25,896,636 | 11,451,520 | 25,896,636 | — | — | 1,760,357,815 | 10,668.8 |
| Roger J. Urwin | — | — | — | 767 | — | 767 | 36,126 | 0.2 |
| Susan R. Werth | — | 14,619 | — | 14,842 | — | 223 | 699,058 | 4.2 |
| Charles W. Wilson | — | 55,160 | — | 55,803 | — | 643 | 2,628,321 | 15.9 |
| Total | 11,504,720 | 26,265,215 | 11,504,620 | 26,280,177 | (100) | 14,962 | 1,780,929,447 | |

(1) Equity at risk is shown as at March 10, 2015, and is the market value determined by reference to the closing price of Class I Shares (\$47.10) and Class II Shares (\$47.21) on the Toronto Stock Exchange. Options are excluded.

(2) The requirement to own shares having a value exceeding a multiple of the annual board retainer applies to non-employee directors only. Ms. Nancy Southern does not receive a retainer as a director or Chair. Her shareholdings and values are provided for information purposes only.

(3) Mr. Southern owns 4,000 Class II Shares and 235,000 Class I Shares and is the controlling share owner of Sentgraf Enterprises Ltd., which owns 11,447,520 Class II Shares and 25,661,636 Class I Shares. Mr. Southern is exempt from the share ownership requirements.

OUTSTANDING OPTIONS

Effective August 1, 2008, non-employee directors were no longer eligible to receive options. The following table lists all outstanding options held by the non-employee directors at December 31, 2014. These options were granted to Dr. Dodge, Mr. Ellard, Mr. Rayfield and Dr. Routs at the time they joined the Board of Canadian Utilities. The options held by Ms. Werth were granted during the time of her employment with ATCO and Canadian Utilities Limited.

All ATCO and Canadian Utilities incentive plan awards held by non-employee directors are fully vested.

| Name | Number of securities underlying unexercised options (#) | Date granted | Expiry date | Grant Price ¹ (\$) | Vested options at December 31, 2014 | |
|-----------------------------------|---|----------------|--------------|-------------------------------|-------------------------------------|---|
| | | | | | Number ¹ (#) | Value of unexercised in-the-money options ^{2,3} (\$) |
| David A. Dodge | | | | | | |
| ATCO | — | — | — | — | — | — |
| Canadian Utilities | 4,000 | July 1, 2008 | July 1, 2018 | 22.01 | 4,000 | 75,600 |
| Total | 4,000 | | | | 4,000 | 75,600 |
| Denis M. Ellard | | | | | | |
| ATCO | — | — | — | — | 0 | — |
| Canadian Utilities | 4,000 | May 7, 2008 | May 7, 2018 | 22.67 | 4,000 | 72,960 |
| Total | 4,000 | | | | 4,000 | 72,960 |
| Michael R.P. Rayfield | | | | | | |
| ATCO | — | — | — | — | — | — |
| Canadian Utilities | 4,000 | Dec. 1, 2005 | Dec. 1, 2015 | 21.75 | 4,000 | 76,600 |
| Total | 4,000 | | | | 4,000 | 76,600 |
| Robert J. Routs | | | | | | |
| ATCO | — | — | — | — | — | — |
| Canadian Utilities | 4,000 | May 7, 2008 | May 7, 2018 | 22.67 | 4,000 | 72,960 |
| Total | 4,000 | | | | 4,000 | 72,960 |
| Susan R. Werth⁴ | | | | | | |
| ATCO | 1,000 | March 15, 2010 | May 31, 2016 | 25.350 | 1,000 | 22,310 |
| | 3,000 | March 15, 2011 | May 31, 2016 | 28.315 | 3,000 | 58,035 |
| | 2,000 | March 15, 2012 | May 31, 2016 | 35.115 | 2,000 | 25,090 |
| | 300 | April 30, 2013 | May 31, 2016 | 46.505 | 300 | 346 |
| Canadian Utilities | 4,000 | March 15, 2010 | May 31, 2016 | 23.645 | 4,000 | 69,060 |
| | 3,000 | March 15, 2011 | May 31, 2016 | 24.735 | 3,000 | 48,525 |
| | 2,000 | March 15, 2012 | May 31, 2016 | 33.180 | 2,000 | 15,460 |
| | 300 | April 30, 2013 | May 31, 2016 | 40.610 | 300 | 90 |
| Total | 15,600 | | | | 15,600 | 238,916 |

(1) Where applicable, grant prices and the number of options have been adjusted to reflect the two-for-one share split by way of a share dividend on June 14, 2013.

(2) The difference between the market value of Class I Shares on December 31, 2014, of \$47.66, and the grant price of the options, multiplied by the number of vested in-the-money options at December 31, 2014.

(3) The difference between the market value of Canadian Utilities Class A shares ("Class A Shares") on December 31, 2014, of \$40.91, and the grant price of the options, multiplied by the number of vested in-the-money options at December 31, 2014.

(4) Options granted as executive compensation, not director compensation. Ms. Werth retired from ATCO and Canadian Utilities on June 1, 2014. She was appointed as a director of ATCO Ltd. on July 1, 2014.

No options were exercised during 2014 by non-employee directors of ATCO.

The following table lists all outstanding share appreciation rights ("SARs") held by the non-employee directors at December 31, 2014. These were granted to Ms. Werth during the time of her employment as an executive with ATCO and Canadian Utilities Limited.

| Name | Date granted | Expiry date | Grant Price ¹ (\$) | Granted (#) | Vested SARs at December 31, 2014 | |
|-----------------------------|----------------|--------------|----------------------------------|----------------|-------------------------------------|------------------------------|
| | | | | | Number (#) | Value ^{2,3} (\$) |
| Susan R. Werth ⁴ | | | | | | |
| ATCO | March 15, 2010 | May 31, 2016 | 25.35 | 5,000 | 1,000 | 22,310 |
| | March 15, 2011 | May 31, 2016 | 28.315 | 5,000 | 3,000 | 58,035 |
| | March 15, 2012 | May 31, 2016 | 35.115 | 5,000 | 2,000 | 25,090 |
| | April 30, 2013 | May 31, 2016 | 46.505 | 1,500 | 300 | 346 |
| Canadian Utilities | March 15, 2010 | May 31, 2016 | 23.645 | 5,000 | 4,000 | 69,060 |
| | March 15, 2011 | May 31, 2016 | 24.735 | 5,000 | 3,000 | 48,525 |
| | March 15, 2012 | May 31, 2016 | 33.18 | 5,000 | 2,000 | 15,460 |
| | April 30, 2013 | May 31, 2016 | 40.61 | 1,500 | 300 | 90 |
| Total | | | | 33,000 | 15,600 | 238,916 |

- (1) Grant prices and the number of SARs have been adjusted to reflect the two-for-one share split by way of share dividend on June 14, 2013.
- (2) The difference between the market value of ATCO Class I Shares on December 31, 2014, of \$47.66, and the grant price of the SARs, multiplied by the number of vested SARs at December 31, 2014.
- (3) The difference between the market value of Canadian Utilities Class A Shares on December 31, 2014, of \$40.91, and the grant price of the SARs, multiplied by the number of vested SARs at December 31, 2014.
- (4) SARs granted as executive compensation, not director compensation. Ms. Werth retired from ATCO and Canadian Utilities on June 1, 2014. She was appointed as a director of ATCO on July 1, 2014.

No share-based awards or SARs were exercised by non-employee directors of ATCO during 2014.

COMPENSATION DISCUSSION & ANALYSIS (CD&A)

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Overview

ATCO is a diversified, Canadian-based, international group of companies with approximately \$18 billion in assets and more than 9,000 employees.

The Company has four operating segments:

| | |
|-----------------------------------|--|
| Utilities | transports and distributes natural gas and electricity in Alberta and northern Canada |
| Energy | owns and operates regulated and non-regulated generating plants in Canada and the U.K., and is involved in non-regulated natural gas gathering, processing, storage and natural gas liquids extraction |
| ATCO Australia | consists of regulated natural gas distribution utility and non-regulated power generation in Australia |
| Structures & Logistics | provides workforce lodging and support services, infrastructure, site support and logistics to customers worldwide |

This CD&A discusses ATCO's executive compensation program, how it is structured, governed, and designed to support the corporate business objectives.

It discloses compensation of the Chief Executive Officer, Chief Financial Officer and the next three executives that received the highest pay as of December 31, 2014 (our named executives):

- Nancy C. Southern, Chair, President & Chief Executive Officer (CEO)
- Brian R. Bale, Senior Vice President & Chief Financial Officer
- Siegfried W. Kiefer, Chief Operating Officer, Power & Utilities
- Sett F. Policicchio, President, ATCO Electric, Transmission Division
- Erhard M. Kiefer, Senior Vice President & Chief Administration Officer

All of the named executives (except Sett F. Policicchio) have a dual role – for ATCO and for Canadian Utilities, our subsidiary company. The compensation we report here is the compensation they receive from both companies. Mr. Policicchio works for and is paid only by Canadian Utilities.

Every year, we apportion compensation for executives with multiple roles based on each company's contribution to total consolidated revenues, assets and capital expenditures. This allocation method, which has been approved by the Alberta Utilities Commission, represents an estimate of the amount of time we expect the executives will devote to each entity.

Throughout this CD&A, when we refer to *senior executives*, we mean the CEO and her direct reports (only some of whom are named executives).

The table below shows how ATCO and Canadian Utilities have shared the compensation expense of executives with dual roles over the past three years:

| | Amount paid by ATCO | Amount paid by Canadian Utilities | Combined total reported in ATCO proxy circular |
|------|---------------------|-----------------------------------|--|
| 2014 | 11.9% | 88.1% | 100% |
| 2013 | 9.6% | 90.4% | 100% |
| 2012 | 8.8% | 91.2% | 100% |

Governance

Executive compensation at ATCO and our subsidiaries is the overall responsibility of the Corporate Governance-Nomination, Compensation and Succession Committee (GOCOM).

GOCOM has five members, all of whom have experience in compensation and business:

| | |
|----------------------------------|---|
| Charles W. Wilson (Chair) | <ul style="list-style-type: none"> held senior executive positions with a large international energy corporation including being CEO for seven years substantial experience recommending total executive compensation and dealing with other compensation issues several years of service on public boards and compensation committees |
| Robert T. Booth | <ul style="list-style-type: none"> Partner at Bennett Jones LLP, ATCO's legal counsel extensive background in energy and natural resources law, and legal and regulatory aspects of compensation and corporate governance several years of service on public boards and compensation committees |
| Robert J. Routs | <ul style="list-style-type: none"> over 30 years experience as senior executive of a large international energy corporation experience dealing with compensation matters several years of service on public boards including Chair of a Canadian energy corporation and member of governance and compensation committees |
| Roger J. Urwin | <ul style="list-style-type: none"> worked in gas, electric and telecom utilities including being CEO of a number of large international corporations for more than 15 years extensive experience recommending total executive compensation and dealing with other compensation issues over 20 years serving on public boards and compensation committees |
| Susan R. Werth | <ul style="list-style-type: none"> former Chief Administration Officer for ATCO Ltd. extensive experience dealing with corporate governance and compensation matters |

GOCOM has the following mandate related to executive compensation and succession planning:

COMPENSATION

- Annually review and determine executive compensation packages for senior executives (salary, short, mid- and long-term incentives, pension and benefits, perquisites and other compensation)
- Determine the administration, interpretation and operation of the incentive plans, subject to the provisions of such plans and the rules of any applicable stock exchange
- Prepare and review, as required, public or regulatory disclosure about compensation and how performance is measured

SUCCESSION PLANNING FOR EXECUTIVES

- Review and approve potential successors to the CEO and other senior executive positions
- Review and assist with succession and professional development plans

See page 29 for more information about the Committee and a summary of its activities in 2014.

GOCOM is also responsible for compensation of the directors on ATCO's Board. You can read about its approach starting on page 31.

Compensation Approach

ATCO's compensation philosophy is to provide "competitive pay for competitive performance." This approach ensures the interests of executives are closely aligned with those of our share owners and supports ATCO's continued success.

The approach includes three principles:

- Pay competitively
- Pay for performance
- Manage risk

PAY COMPETITIVELY

GOCOM believes that competitive compensation is essential to attract and retain talented executives in a highly competitive business environment.

Compensation is targeted at the median of a comparator group of companies established for each business unit. The Committee uses several consultant sources, including the Towers Watson General Industry Compensation Survey, the Towers Watson Energy Compensation Survey, the Mercer Benchmark Database, and the Mercer Total Compensation Survey for the Petroleum Industry, to ensure the comparator groups are appropriate.

Two main comparator groups were used in order to reflect the relevant marketplace for executive talent, consistent with our previous reviews:

1. Positions with corporate responsibility: National Utility & Alberta General Industry
2. Positions with divisional responsibility: Gas, Energy & Power Utility

Where the number of matches for any one position in a comparator group is insufficient, a broader sample of capital intensive or general industry companies has been used.

| | | |
|---|--|--|
| Industries | Oil and gas, utilities, energy, general industry, manufacturing & logistics and capital intensive organizations | |
| Locations | Alberta, national and global | |
| Relevance | <p>Companies are selected based on their similarity to our operations. A comparator group is established for each business unit based on:</p> <ul style="list-style-type: none"> • Industry revenue • Number of employees • Market capitalization <p>When necessary, data is adjusted to reflect the appropriate size and scope.</p> | |
| <p>2014 comparator companies</p> <p>Towers Watson used several companies including those in this list to create a customized comparator group for each business unit.</p> <p>For a full list of all comparator companies used, please refer to Schedule B.</p> | <p>Agrium Inc. Alberta Electric System Operator Alliance Pipeline AltaLink BC Hydro Power & Authority Bruce Power Limited Partnership Calgary Co-operative Association Limited Canadian Natural Resources Ltd. Canadian Oil Sands Limited Canadian Pacific Railway Ltd. Capital Power Corporation Cenovus Energy Inc. Enbridge Inc. Encana Corporation ENMAX Corporation EPCOR Utilities Inc. Graham Management Services LP Husky Energy Inc. Hydro One Inc.</p> | <p>Hydro-Québec Imperial Oil Limited MEG Energy Newfoundland and Labrador Hydro Electric Corp. Ontario Power Generation Pembina Pipeline Corporation Penn West Precision Drilling Corporation SaskPower Schneider Electric Canada Spectra Energy Transmission Suncor Energy Inc. Talisman Energy Inc. Tervita Corporation Toronto Hydro Electric Systems TransAlta Corporation TransCanada Corporation United Farmers of Alberta Co-operative Limited WestJet Airlines Ltd</p> |

PAY FOR PERFORMANCE

Executive compensation is linked to achieving goals that create sustainable share owner value:

- each senior executive's individual goals and objectives are aligned with our strategic plan
- a portion of every senior executive's compensation is variable, based on his or her ability to influence business outcomes and financial performance
- variable pay is linked to corporate, individual *and* business unit performance, and paid only when performance criteria and objectives are met or exceeded, at the discretion of GOCOM
- mid-term incentives are linked to both corporate and individual performance
- long-term incentives are linked to sustainable profitable growth

MANAGE RISK

GOCOM considers the implications of the risks associated with the Company's compensation policies and practices, and oversees risk management in the context of the Company's compensation programs. GOCOM manages risk in the following ways:

The incentive pool for the short-term incentive ties total compensation to corporate financial performance. This policy ensures that, regardless of individual and business unit performance, bonuses paid reflect overall company financial performance during the year.

Total potential payout is tested to ensure it is not a significant part of the Company's earnings.

GOCOM has the discretion to adjust the size of the incentive pool, or the amount of a senior executive's compensation, to ensure total compensation is appropriate and appropriately balanced between fixed and variable compensation.

Mid and long-term incentives focus senior executives on achieving sustainable, profitable growth over the medium and long-term, so they are not encouraged to take excessive risk for short-term gain.

GOCOM has the discretion to not award variable incentives in any year if an executive commits fraud, damages the Company's reputation, or is directly involved in a material restatement of financial statements.

Executives have a significant stake in the Company's share price performance:

- the CEO holds more than 12 times her salary in ATCO shares
- while senior executives are not required to hold ATCO shares, a significant portion of their total compensation is in equity-based compensation

Senior executives and directors are not allowed to use personal hedges to offset the value of their equity compensation and other ATCO securities held directly or indirectly.

GOCOM is satisfied that:

- ATCO's compensation policies and practices do not encourage any executive to take inappropriate or excessive risks that could have a materially adverse effect on the Company
- ATCO has the proper practices in place to effectively identify and mitigate potential risk

OPERATE INDEPENDENTLY

When making compensation decisions, the GOCOM operates independently from management. All of the members of the Committee are independent except Mr. Booth and Ms. Werth. Mr. Booth is a partner at Bennett Jones LLP, and also ATCO's legal counsel. Ms. Werth was the Chief Administration Officer for ATCO Ltd. and retired effective June 2014.

GOCOM ensures independence from management by holding in camera sessions (without management present) at each Committee meeting. This strategy allows GOCOM to have candid discussions about executive compensation.

INDEPENDENT ADVICE

GOCOM hires independent consultants for advice on:

- the structure of our executive compensation program
- legal matters related to executive compensation

Each year, GOCOM pre-approves fees and services the consultants will provide during the year.

Executive compensation advisory services in 2014

GOCOM approved the use of two independent consultants in 2014 for information and advice on compensation.

Towers Watson provided compensation, administration, and benefits consulting services, as well as published surveys and studies. Compensation services included:

- reviewing total compensation of executive positions to comparable roles in the marketplace
- gathering information on competitive executive compensation practices
- recommending an approach to our executive compensation program
- providing surveys and studies

Mercer provided the following services:

- advising on non-executive compensation
- providing actuarial consulting services for pension and benefits
- performing consulting services for regulatory hearings
- providing surveys and studies

| | Fees in 2014 (\$) | Fees in 2013 (\$) |
|-------------------------------------|----------------------|----------------------|
| Towers Watson | | |
| Executive compensation-related fees | 197,951 | 175,492 |
| Other | 262,063 | 602,769 |
| Mercer | | |
| Executive compensation-related fees | – | – |
| Other | 958,977 | 1,109,229 |

Decision-making Process

Compensation decisions are made using a five-step process that ensures executive compensation is appropriate, effective and does not encourage excessive risk taking.

1

Review compensation plan

At the beginning of every year, GOCOM analyzes the previous year's compensation plan against management proxy circular data from other companies and compensation data provided by outside advisors.

It also reviews a tally sheet, prepared by management for the CEO and her direct reports, that includes a three-year history of salary, incentive plan payments, discretionary payments, perquisites, share plan ownership and grants, pension and benefits, and the expected value of long-term incentives.

GOCOM makes any changes it believes are necessary to ensure the compensation plan:

- rewards these executives based on corporate, individual and business unit performance
- includes the appropriate variable components to align the interests of these executives with those of share owners
- focuses these executives on sustainable, profitable growth without encouraging excessive risk-taking

2

Set incentive plan targets and performance criteria

GOCOM reviews and approves the corporate and business unit financial targets used to fund the short-term incentive pool and as a performance measure for mid-term incentive plan payouts.

3

Set individual and operational goals and objectives

GOCOM sets goals and objectives for the CEO based on ATCO's business strategy. The CEO establishes individual and operational goals and objectives for her direct reports, which support ATCO's business strategy and the CEO's goals, and presents them to GOCOM.

4

Assess corporate and business unit performance

GOCOM assesses ATCO and individual business unit performance against specified targets and, taking into consideration peer performance, market conditions and other factors, approves overall short-term incentive pool funding.

5

Determine individual awards

GOCOM completes the CEO's performance assessment. The CEO completes performance assessments for her direct reports, which include:

- an analysis of performance against his or her goals and objectives, commenting on demonstrated delivery of results, alignment to ATCO's values and business objectives, and the executive's ability to develop and mentor high-potential employees
- recommendations for each senior executive's salary
- recommendations for short, mid and long-term incentives for each executive

GOCOM reviews this information, along with market data provided by independent advisors, and approves each senior executive's compensation

Components

Our executive compensation program includes direct and indirect compensation. Direct compensation consists of two components:

- fixed (base salary)
- variable (short, mid and long-term incentives)

Indirect compensation includes a pension plan and other benefits, which are described on page 46.

DIRECT COMPENSATION

| | Component | How it works | How it is paid | Performance period |
|----------|----------------------|---|---|--|
| Fixed | Salary | Fixed level of income based on the market value of the position | Cash | One year |
| Variable | Short-term incentive | Annual bonus based on the achievement of specific goals | Cash | One year |
| | Mid-term incentive | Rewards dedication to long term business growth and success, and encourages retention | Equity ATCO Class I Shares <i>and/or</i> Canadian Utilities Class A Shares | Two or three-year term with vesting at the end of the term based on performance criteria |
| | Long-term incentive | Rewards sustainable, profitable growth | Equity Options to buy ATCO Class I Shares <i>and/or</i> Canadian Utilities Class A Shares Share appreciation rights – cash equal to the increase in the market price of ATCO Class I Shares <i>and/or</i> Canadian Utilities Class A Shares | Ten-year term, with one-fifth vesting each year starting on the first anniversary of the grant |

GOCOM and the CEO also have the discretion to award bonuses to senior executives for their contribution to particularly notable accomplishments.

Total direct compensation is targeted at the median (50th percentile) of the comparator group. Pay mix varies from year to year. The target ranges in the table below depend on the executive's responsibilities and ability to influence business results. The actual pay mix depends on corporate, business unit and individual performance, as well as GOCOM's discretion. This mix allows GOCOM to provide a competitive total direct compensation package while ensuring that a significant portion of each executive's compensation is performance-based, and therefore, pay at risk.

| | | | CEO | Other senior executives (average) |
|--------------------------|--------|---------------------------|-------------------|--------------------------------------|
| Fixed | Cash | Salary | 25% to 40% | 35% to 50% |
| Variable | Cash | Short-term incentive plan | 35% to 75% | 35% to 60% |
| | Equity | Mid-term incentive plan | 0% to 35% | 0% to 25% |
| | Equity | Long-term incentive plan | 0% to 35% | 0% to 25% |
| Total pay at risk | | | 60% to 75% | 50% to 65% |

FIXED COMPENSATION

Base salaries are targeted at the median (50th percentile) of the comparator group. GOCOM can decide to pay up to the 75th percentile to executives who consistently perform above the expectations of the role. It also has the discretion to adjust an executive's salary during the year if his or her responsibilities change.

VARIABLE COMPENSATION

Variable compensation makes up a significant portion of each senior executive's total compensation. Awards and payouts are tied to corporate, business unit and individual performance, and in the case of equity awards, to the long-term sustainable growth of the Corporation.

CORPORATE PERFORMANCE

Corporate performance has a direct impact on short-term incentive pool funding, and is one of the performance criteria for mid-term incentive plan payouts.

BUSINESS UNIT PERFORMANCE

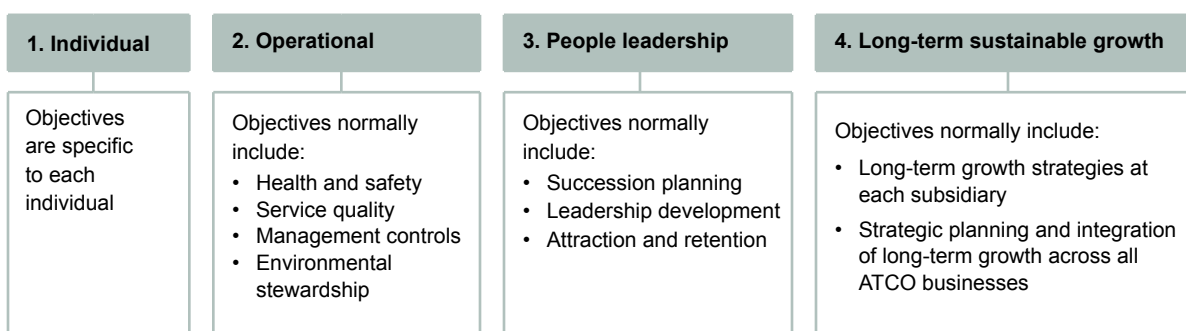
Business unit performance has a direct impact on the amount allocated from the short-term incentive pool to the business unit's incentive pool.

INDIVIDUAL PERFORMANCE

GOCOM determines an individual performance rating for each senior executive that is:

- used to determine his or her short-term incentive payout
- considered by GOCOM when deciding whether to grant mid-term and long-term incentives
- regarded as one of two performance criteria for the mid-term incentive payout

Each executive's performance is measured against both individual and business unit objectives in four categories. Specific objectives are set for each category based on the executive's areas of responsibility.



Performance against these objectives results in a performance rating of 1 to 5. A rating of 5 gets the maximum payout from the short-term incentive plan. A rating below 3 means there is no payout (assuming it is not a new role).

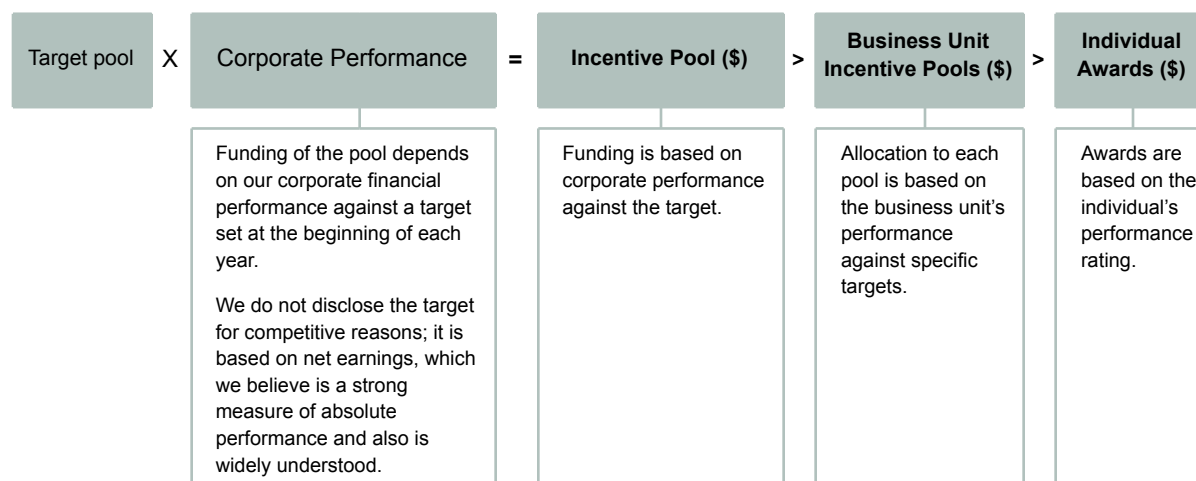
GOCOM also has broad discretion to not make incentive payments when, for example, a senior executive:

- acts in a way that is detrimental to the reputation of the business
- is directly involved in a material restatement of our consolidated financial statements or management's discussion and analysis
- commits fraud of any kind

SHORT-TERM INCENTIVE

Funding of the short-term incentive pool depends on our performance against the corporate financial target set at the beginning of each year. Performance below the target reduces the size of the incentive pool, and performance above the target increases the size of the incentive pool.

The size of the individual award is determined first by four factors: 1) the size of the overall incentive pool, 2) the amount allocated to the business unit from the incentive pool, 3) the executive's individual performance rating, and 4) comparing the individual's total direct compensation relative to his or her peer group.



MID-TERM INCENTIVE

GOCOM awards incentives at its discretion, based on a senior executive's total direct compensation and individual performance.

Form of Award

Time-vesting ATCO Class I Shares, Canadian Utilities Class A Shares, or both. Both classes earn dividends.

Performance Criteria

Shares vest at the end of two or three years if:

- Executive's performance is rated 3 (out of 5) or higher in each of the years
- Corporate financial target or in some cases the business unit financial target, set when the award was granted is met at the time of vesting

LONG-TERM INCENTIVE

GOCOM awards long-term incentives at its discretion, based on a senior executive's total direct compensation and individual performance.

Form of Award

Stock options or share appreciation rights for ATCO Class I Shares, Canadian Utilities Class A Shares, or both.

Performance Criteria

Options and share appreciation rights only have value if the price of the underlying shares is higher at the time of exercise than it was at the time of the grant.

| | Stock option plan | Share appreciation rights plan |
|----------------------------------|---|---|
| Assignment and conversion | Not allowed | Not allowed |
| Term | 10 years | 10 years |
| Vesting | One-fifth vest each year starting on the first anniversary of the grant. | One-fifth vest each year starting on the first anniversary of the grant. |
| Exercise price | <p>The weighted average of the trading price of the shares on the TSX for the five trading days immediately preceding the day they were granted.</p> <p>If the options expire during a blackout period, the expiry date will be 10 days after the last day of the blackout period.</p> <p>Stock options cannot be repriced.</p> <p>We withhold income tax at the time of exercise (including exercise and sell, exercise and hold, and cashless exercises).</p> | <p>The weighted average of the trading price of the shares on the TSX for the five trading days immediately before the day they were granted.</p> <p>If the Stock Appreciation Rights (SARs) expire during a blackout period, the expiry date will be 10 days after the last day of the blackout period.</p> <p>SARs cannot be repriced.</p> <p>We withhold income tax at time of exercise.</p> |

The plans do not limit insider participation and there is no limit on the number of awards to any one person.

GOCOM can suspend or terminate either plan at any time. It can add, remove or modify any term of a plan or a grant without share owner approval as long as the change:

- will not materially affect the holders' rights under the plan
- does not require share owner approval under the rules of the TSX for the stock option plan

INDIRECT COMPENSATION

Perquisites

Senior executives receive standard perquisites, including a company vehicle, free parking, a club membership, financial advice and a medical health assessment.

Employee Share Purchase Plan

Senior executives can contribute up to 10% of their base salary to the employee share purchase plan. The Company matches 25% or 35% of the senior executive's contribution.

Pension Plan

Senior executives participate in the *Retirement Plan for Employees of Canadian Utilities Limited and Participating Companies* (CU plan), which has both a defined benefit and defined contribution component.

All senior executives participate in the defined benefit component.

How the plan works:

- executives do not contribute to the plan
- participants can retire with full benefits when they turn 62, or if their age plus their years of service equals 90 or more. They can retire as early as age 55. However, if they have not achieved 90 points their pension benefit is reduced by 3% for every year of retirement before age 62, and by another 3% for every year before age 60
- pension benefits are paid until the participant dies; then, 60% is paid to the surviving spouse
- retiree benefit payments have historically been increased annually with inflation, to a maximum of 3%

How we calculate the pension benefit:

$$\begin{array}{|c|} \hline 1.4\% \times \text{average year's maximum pensionable earnings} \\ \text{(\$49,840 in 2014)} \\ \hline \end{array} + \begin{array}{|c|} \hline 2\% \times \text{average salary (highest five consecutive years of base salary, not including short-term incentive) minus \$49,840} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Years of service} \\ \hline \end{array}$$

Supplemental Pension Benefits

Pension benefits under our pension plans are subject to limits imposed by the *Income Tax Act (Canada)*. Benefits that are higher than these limits are paid to each of the named executives as a supplemental pension. This supplemental pension is provided by Canadian Utilities and benefits are not pre-funded.

How it works:

- supplemental pension benefits are provided as a defined benefit plan
- executives do not contribute to the supplemental plan
- service is limited to 35 years
- supplemental benefits are not paid if the named executive is terminated or dies before age 55

Ms. Nancy Southern's supplemental pension benefit is part of her employment agreement with ATCO (see page 55). Her benefits are calculated as a percentage of the average of the highest five years of cash compensation (salary and short-term incentives) during her last 10 years before retirement. The percentage depends on her age when she retires:

| Age at retirement | Percentage |
|-------------------|------------|
| 58 | 76% |
| 59 | 78% |
| 60 and older | 80% |

Ms. Nancy Southern's pension is inclusive of the benefit under the CU plan. Benefits are paid on the same terms as the CU plan, with the same survivor benefits and top-up for inflation.

2014 Performance and Awards

PERFORMANCE IN 2014

Key accomplishments included the following:

- As part of Alberta's plan to invest in Critical Transmission Infrastructure, and following a worldwide competitive bid process, Alberta PowerLine—a partnership between ATCO (80 per cent) and Quanta (20 per cent)—was selected to build, own, operate and finance a \$1.43 billion transmission project to service northeast Alberta, a vitally important economic region of the province.
- In pursuit of two of our strategies: geographic expansion and the development of significant, value-creating Greenfield projects, ATCO opened an office in Mexico City mid-year to pursue opportunities made possible by policy reforms in that country which now allow for private-sector investment in the energy industry. Before year-end, ATCO Mexico was selected for two major projects: a contract to design, build, operate and maintain a natural gas pipeline valued at approximately USD\$50 million; and, along with partner Grupo Hermes S.A. de C.V., ATCO was selected to begin the project development and approval process for a natural gas cogeneration plant.
- ATCO Electric completed the assembly and erection of the 1,387 towers required for the \$1.8 billion Eastern Alberta Transmission Line Project on-time in December 2014. Construction of the converter stations will be completed and the line energized in 2015.
- Delivering on one of our strategies to monetize non-core assets, and to ensure ATCO has access to strategic and innovative IT solutions to support its expanding global operations, the company entered into a 10-year strategic alliance with Wipro, a global information technology company. Wipro acquired all the shares of ATCO I-Tek, including contracts and employees, as well as the assets of ATCO I-Tek Australia.
- In December 2014, ATCO completed the design, manufacture and site construction of 357 blast resistant modular buildings for Bechtel on the Chevron-operated Wheatstone Project in Western Australia. The agreement valued at AUD\$100m was delivered within time and budget requirements. Additional Wheatstone Project scope for the design, manufacture and installation of 435 modular units was awarded to ATCO by Bechtel in December 2014. This scope, valued at an estimated AUD\$130m, is scheduled for completion in the second half of 2015. The units are being manufactured at ATCO's new Kwinana facility near Perth in Western Australia.

ATCO declared a first-quarter dividend for 2015 of 24.75 cents per share, a 15% increase over the dividends paid in each of the previous four quarters. ATCO's dividend per share has increased for 22 consecutive years.

These and many other accomplishments are discussed below.

CONSOLIDATED FINANCIAL PERFORMANCE

OBJECTIVE

Achieve adjusted earnings* as set by the Board of Directors.

RESULTS

Adjusted earnings* of \$374 million for the year ended December 31, 2014 which was below the performance target set by the Board of Directors at the beginning of the year.

* Adjusted earnings as reported in the consolidated financial statements for the year ended December 31, 2014, are earnings attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses associated with the 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 a result of day-to-day operations.

OPERATION EXCELLENCE

OBJECTIVE

Improve the health and safety of our employees and contractors by striving for an incident-free operating environment, focusing on continuous improvement initiatives, and promoting public safety.

RESULTS

- Through 'Target Zero', ATCO Pipelines provides comprehensive training for its employees and contractors and only those who share the program's safety values are selected to work on ATCO Pipelines projects. In September, the company marked 12 years without a lost-time incident, the equivalent of 7.2 million person-hours without a reportable workplace injury.
- In partnership with the Office of the Fire Commissioner and local fire departments, ATCO Gas launched Alberta's first-ever Carbon Monoxide Awareness Week to help Albertans understand the dangers of carbon monoxide and how to prevent and detect it.

OBJECTIVE

Achieve high service quality as measured by service levels, reliability, performance, availability of plant and customer satisfaction.

RESULTS

- ATCO Electric Distribution Division created cross-functional delivery teams for major customers undertaking large projects to provide flexible solutions and to keep projects on track. The company also introduced an online customer self-serve portal to provide industrial and oilfield customers access to service request forms, project updates, maps and rate and regulatory changes that impact customers.
- ATCO Power had excellent availability of 94.9 per cent throughout the year. The company took advantage of maintenance windows at both its coal-fired stations to uprate the steam turbines and generators by an additional 20 megawatts per station.

OBJECTIVE

Maintain and enhance management and financial processes and controls to ensure that no significant or reportable weaknesses in control over financial reporting exist.

RESULTS

Testing conducted in 2014 revealed no significant or reportable weaknesses in internal control over financial reporting.

OBJECTIVE

Maintain leadership in environmental stewardship by striving to minimize our environmental impacts and ensure efficiency and environmental considerations in our projects.

RESULTS

- ATCO Electric's upgrading of a section of power line serving some of Jasper's most popular tourist attractions received national recognition and was featured as an environmental performance case study in the Canadian Electricity Association's 2014 annual report, "Engaged for a Sustainable Future". The company developed several innovative solutions to protect the environment including using helicopters and small rubber-tracked vehicles to

reduce ground disturbance, and boatswain chairs so crews could perform aerial work in areas not accessible by bucket truck.

- ATCO Pipelines received the 2014 Alberta Roadbuilders & Heavy Construction Association's Environment Award for its Elbow River Crossing Project. The project saw the replacement of high-pressure pipelines that were exposed along the Elbow River banks during the 2013 southern Alberta floods. The company used a number of innovative techniques to protect the area and to restore the river bed and surrounding banks. The award recognizes the positive achievements of companies for projects that change operations in a way that respects or enhances the environment.

PEOPLE LEADERSHIP

OBJECTIVE

Continue to improve labour relations by fostering a productive and collaborative labour relations environment.

RESULTS

ATCO successfully negotiated eight balanced collective agreements in 2014; three of which were initiated in 2013. The unions involved were the Canadian Energy Workers' Association (CEWA), the Natural Gas Employees' Association (NGEA), Christian Labour Association of Canada (CLAC), UNITE Here and Construction Maintenance and Allied Workers (CMAW). As well in 2014, three ATCO companies were engaged in collective bargaining with CEWA, UNITE Here and Alberta and Northwest Territories (District of MacKenzie) Regional Council of Carpenters and Allied Workers and those proceedings continue to progress toward resolution.

OBJECTIVE

Continue to enhance our performance management, succession, leadership and employee development programs to build and develop learning, growth and career advancement opportunities for our employees.

RESULTS

- In 2014, more than 800 employees completed leadership training and development courses, including Foundations of Leadership, Strategic Leadership, Aboriginal Relations, and Project Management. ATCO continues to assess our programs to ensure all programs meet the current and future requirements of the business.
- ATCO's full suite of leadership development programs were integrated into our Talent Management System, improving the company's ability to track and assign training based on development needs as well as enhancing the visibility of program offerings to employees across the organization.
- ATCO continues to strengthen its succession planning process, including identifying early-in-career high potential employees to ensure development and retention efforts are maximized. This was achieved through targeted training and communication of a consistent approach to segmenting talent and identifying future senior leaders.
- ATCO continues to make strides in improving its performance management program by ensuring employees and managers have the tools and processes required for timely performance discussions, appropriate goal-setting and effective feedback conversations, all of which is critical to ATCO's ability to execute on our business plans and growth strategies. Processes have been put into place to actively manage and regularly report against development plans for our top employees.

LONG-TERM SUSTAINABLE GROWTH

OBJECTIVE

Achieve our long-term growth objectives by executing on our growth strategies of capital expansion and market positioning. Continue with the strategic planning and integration of long-term growth across the ATCO Group.

RESULTS

- ATCO continued its strategic geographic expansion with the opening of an office in Mexico City mid-year to pursue opportunities made possible by policy reforms in that country which now allow for private-sector investment in the energy industry. Before year-end, ATCO Mexico was selected for two major projects: a contract to design, build, operate and maintain a natural gas pipeline valued at approximately USD\$50 million; and, along with partner Grupo Hermes S.A. de C.V., ATCO was selected to begin the project development and approval process for a natural gas cogeneration plant.
- ATCO Power entered a new market in Alberta in 2014, offering power solutions directly to commercial and industrial customers. The new products offer available generating capacity for sale and provide a high level of customer service in addition to helping customers save on their electricity costs. The company has won a number of contracts in the first seven months in the market.
- ATCO Energy Solutions repositioned itself as an energy infrastructure provider within Alberta's Industrial Heartland. Two contracts for industrial water pipelines are being constructed and a partnership to develop a hydrocarbon storage facility was announced. To support long-term hydrocarbon development, the company acquired an additional 160 acres of land and 400 acres of salt mineral rights.

COMPENSATION IN 2014

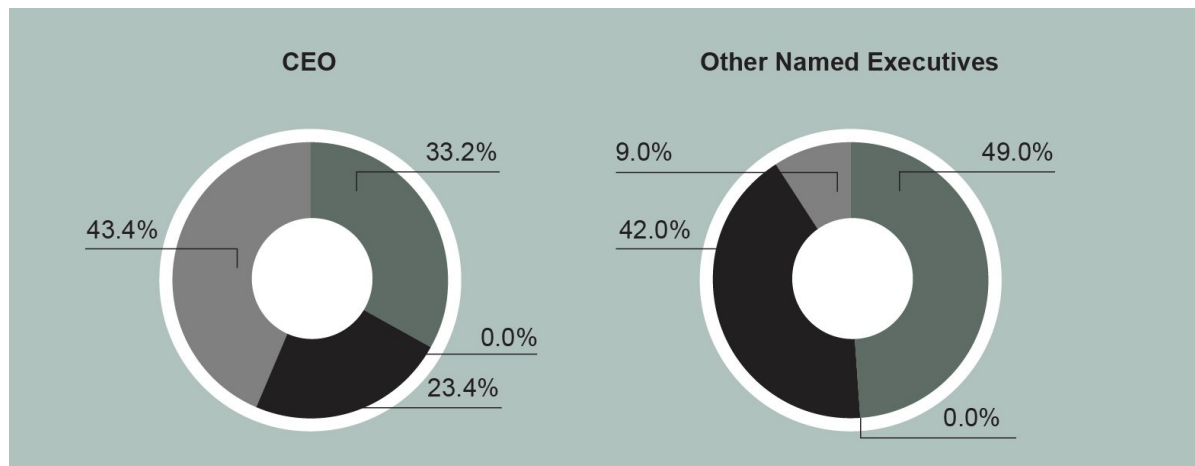
The table below is a summary of total direct compensation awarded to the named executives in 2014.

This is the total compensation they received from *both* ATCO and Canadian Utilities.

Please see page 60 for the summary compensation table, which shows total compensation for the past three years, and the assumptions used for the mid and long-term incentive values.

| | Total cash compensation received from <i>both</i> companies (\$) | | | | Equity (\$) | Total direct compensation (\$) |
|---------------------|--|----------------------|--------------------|---------------------|-------------|--------------------------------|
| | Salary | Short-term incentive | Mid-term incentive | Long-term incentive | | |
| Nancy C. Southern | 1,000,000 | 0 | 705,982 | 1,307,454 | | 3,013,436 |
| Brian R. Bale | 562,500 | 0 | 640,089 | - | | 1,202,589 |
| Siegfried W. Kiefer | 752,500 | 0 | 657,882 | 261,491 | | 1,671,873 |
| Sett F. Policicchio | 393,750 | 0 | 264,493 | 78,447 | | 736,690 |
| Erhard M. Kiefer | 342,500 | 0 | 197,137 | 39,224 | | 578,861 |

2014 Pay mix

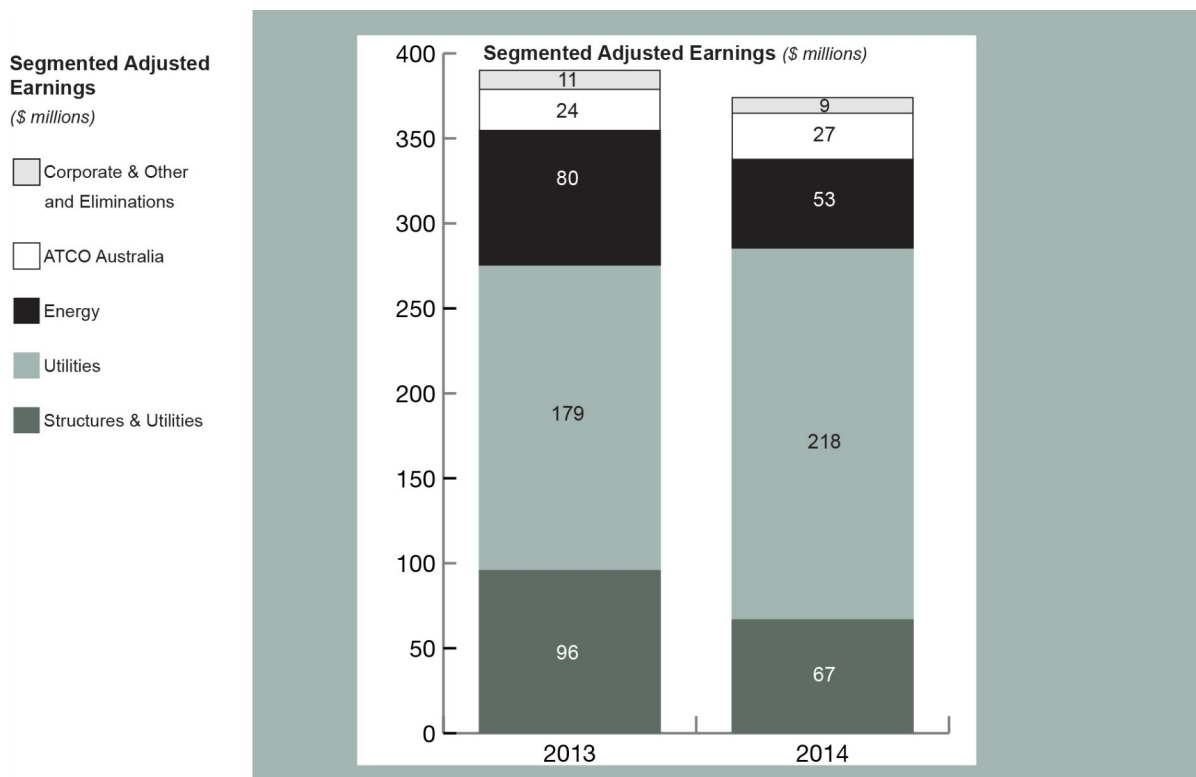


2014 Pay Mix



COMPENSATION LINKED TO FINANCIAL PERFORMANCE

The graph below shows adjusted earnings for each of the past two years (total and by business unit), compared with total direct compensation paid to the named executives in each year.



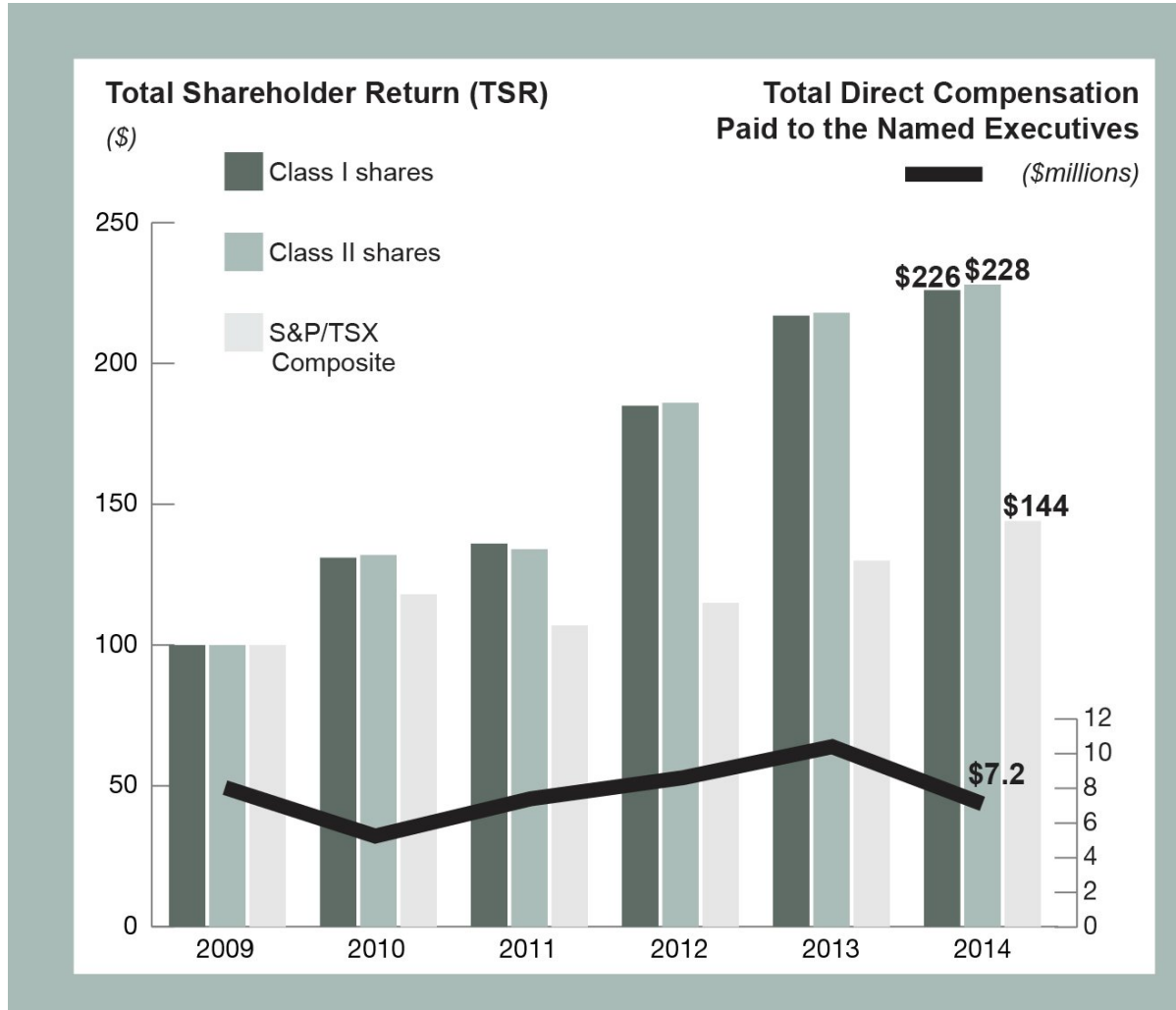
(\$millions)

| | | |
|--|------|------|
| Adjusted earnings | 390 | 374 |
| Total direct compensation paid to the named executives | 11.4 | 7.2 |
| As a % of adjusted earnings | 3.0% | 1.9% |

COMPENSATION LINKED TO SHARE OWNER RETURN

The graph below compares the cumulative value of \$100 invested in ATCO Class I Shares and Class II Shares (assuming reinvestment of dividends) on January 1, 2009, with the cumulative value of \$100 invested in the S&P/TSX Composite Index over the same period.

The chart also shows the total direct compensation paid to the named executives in each of the past six years.



Total direct compensation includes:

- Base salary
- Short-term incentive bonus
- Grant date value of mid-term incentives
- Grant date value of long-term incentives



NANCY C. SOUTHERN

Chair, President & Chief Executive Officer

Calgary, Canada

Age: 58

Years of service: 25

Ms. Southern is Chair, President & Chief Executive Officer of ATCO and Canadian Utilities, and has full responsibility for ATCO's strategic direction and operations. She reports to the Board of Directors and has been a director of ATCO since 1989. She was Co-Chairman and Co-Chief Executive Officer from 2000 to 2003, Deputy Chief Executive Officer from 1998 to 2000, and Deputy Chairman from 1996 to 2000.

Under Ms. Southern's guidance, adjusted earnings have increased from \$159 million in 2004 to earnings of \$374 million in 2014 (an increase of 135%). ATCO's total assets have grown from approximately \$7 billion in 2004 to \$18 billion in 2014.

COMPENSATION

Ms. Southern's compensation this year reflects ATCO's earnings performance in 2014 which was below the performance target set by the Board of Directors. GOCOM determined that no short-term incentives will be paid for 2014 and approved the following compensation for Ms. Southern.

| | 2014 (\$) | 2013 (\$) | 2012 (\$) |
|--|------------------|------------------|------------------|
| Cash | | | |
| Base salary | 1,000,000 | 1,000,000 | 1,000,000 |
| Short-term incentive | 0 | 1,500,000 | 1,500,000 |
| Total cash compensation from both ATCO and Canadian Utilities | 1,000,000 | 2,500,000 | 2,500,000 |
| Equity | | | |
| Mid-term incentive | 705,982 | 1,186,707 | 969,470 |
| Long-term incentive | | | |
| Stock options | 653,727 | 546,000 | 309,750 |
| Share appreciation rights | 653,727 | 546,000 | 309,750 |
| Total equity | 2,013,436 | 2,278,707 | 1,588,970 |
| Total direct compensation from both ATCO and Canadian Utilities | 3,013,436 | 4,778,707 | 4,088,970 |

EMPLOYMENT AGREEMENT

Ms. Southern has an employment agreement with ATCO that expires on February 28, 2016, and continues from year to year thereafter. The agreement includes insurance benefits if Ms. Southern dies or becomes disabled before she retires or employment is terminated. The amount is based on her salary, using formulas that take into account the amounts payable to her under ATCO's group life insurance policies and disability income programs. It also includes supplemental pension benefits, which are described on page 47.



BRIAN R. BALE
*Senior Vice President &
 Chief Financial Officer*
 Calgary, Canada
Age: 60
Years of service: 33

Mr. Bale is Senior Vice President & Chief Financial Officer of ATCO and Canadian Utilities. He is responsible for Finance, Accounting, Treasury, Taxation, Risk Management, Regulatory Affairs, Office of the Chief Information Officer and the administration of Internal Audit. He joined ATCO Gas in 1981 and has held progressively senior roles in Canadian Utilities. He was appointed to his current role in 2009.

COMPENSATION

Mr. Bale's compensation this year reflects ATCO's earnings performance in 2014 which was below the performance target set by the Board of Directors. GOCOM determined that no short-term incentives will be paid for 2014 and approved the following compensation for Mr. Bale.

| | 2014 (\$) | 2013 (\$) | 2012 (\$) |
|--|------------------|------------------|------------------|
| Cash | | | |
| Base salary | 562,500 | 512,500 | 468,750 |
| Short-term incentive | 0 | 700,000 | 700,000 |
| Total cash compensation from both ATCO and Canadian Utilities | 562,500 | 1,212,500 | 1,168,750 |
| Equity | | | |
| Mid-term incentive | 640,089 | 350,923 | 242,368 |
| Long-term incentive | | | |
| Stock options | - | 27,300 | 30,975 |
| Share appreciation rights | - | 27,300 | 30,975 |
| Total equity | 640,089 | 405,523 | 304,318 |
| Total direct compensation from both ATCO and Canadian Utilities | 1,202,589 | 1,618,023 | 1,473,068 |



SIEGFRIED W. KIEFER

*Senior Vice President &
Chief Operating Officer*

Calgary, Canada

Age: 56

Years of service: 32

Mr. Kiefer is Chief Operating Officer, Power & Utilities, ATCO and Canadian Utilities. He is responsible for the operations of ATCO Electric, ATCO Gas, ATCO Pipelines and ATCO Power. He joined ATCO in 1983 and has held progressively senior roles in ATCO and Canadian Utilities. He was appointed to his current role in 2011.

COMPENSATION

Mr. Kiefer's compensation this year reflects ATCO's earnings performance in 2014 which was below the performance target set by the Board of Directors. GOCOM determined that no short-term incentives will be paid for 2014 and approved the following compensation for Mr. Kiefer.

| | 2014 (\$) | 2013 (\$) | 2012 (\$) |
|--|------------------|------------------|------------------|
| Cash | | | |
| Base salary | 752,500 | 716,250 | 656,250 |
| Short-term incentive | 0 | 600,000 | 650,000 |
| Total cash compensation from both ATCO and Canadian Utilities | 752,500 | 1,316,250 | 1,306,250 |
| Equity | | | |
| Mid-term incentive | 657,882 | 582,497 | 472,349 |
| Long-term incentive | | | |
| Stock options | 130,745 | 91,000 | 46,463 |
| Share appreciation rights | 130,745 | 91,000 | 46,463 |
| Total equity | 919,372 | 764,497 | 565,275 |
| Total direct compensation from both ATCO and Canadian Utilities | 1,671,872 | 2,080,747 | 1,871,525 |



SETT F. POLICICCHIO

*President, ATCO
Electric, Transmission
Division*

Edmonton, Canada

Age: 58

Years of service: 35

Mr. Policicchio is President, ATCO Electric, Transmission Division, and is responsible for the growth, planning, engineering, construction, operation and maintenance of ATCO's electric transmission facilities. He joined Canadian Utilities in 1979 and has held progressively senior roles throughout his career. He was appointed President, ATCO Electric - Capital Projects Division in 2010, and was appointed to his current role in 2013.

COMPENSATION

Mr. Policicchio's compensation this year reflects ATCO's earnings performance in 2014 which was below the performance target set by the Board of Directors. GOCOM determined that no short-term incentives will be paid for 2014 and approved the following compensation for Mr. Policicchio.

| | 2014 (\$) | 2013 (\$) | 2012 (\$) |
|--|----------------|------------------|----------------|
| Cash | | | |
| Base salary | 393,750 | 366,250 | 332,500 |
| Short-term incentive | 0 | 350,000 | 350,000 |
| Total cash compensation from both ATCO and Canadian Utilities | 393,750 | 716,250 | 682,500 |
| Equity | | | |
| Mid-term incentive | 264,493 | 235,936 | 191,933 |
| Long-term incentive | | | |
| Stock options | 39,224 | 27,296 | 12,367 |
| Share appreciation rights | 39,224 | 27,296 | 12,367 |
| Total equity | 342,941 | 290,529 | 216,667 |
| Total direct compensation from both ATCO and Canadian Utilities | 736,691 | 1,006,779 | 899,167 |



ERHARD M. KIEFER
*Senior Vice President
 & Chief Administration
 Officer*

Calgary, Canada

Age: 55

Years of service: 33

Mr. Kiefer is Senior Vice President & Chief Administration Officer, ATCO Ltd. and Canadian Utilities and is responsible for Human Resources, Corporate Secretarial, Marketing and Communications, Security, Real Estate, Aviation, Administration and Special Projects. He is Chair of ATCO Group's Crisis Management and Donation & Sponsorship Committees. He was Vice President, Human Resources, ATCO Group from 2005 to 2008, Group Vice President, Human Resources & Corporate Services from 2008 to 2013, and then Senior Vice President, Human Resources & Corporate Services from 2013 to 2014. He was appointed to his current role in June 2014.

COMPENSATION

Mr. Kiefer's compensation this year reflects ATCO's earnings performance in 2014 which was below the performance target set by the Board of Directors. GOCOM determined that no short-term incentives will be paid for 2014 and approved the following compensation for Mr. Kiefer.

| | 2014 (\$) | 2013 (\$) | 2012 (\$) |
|--|----------------|----------------|----------------|
| Cash | | | |
| Base salary | 342,500 | 297,500 | 272,500 |
| Short-term incentive | 0 | 300,000 | 275,000 |
| Total cash compensation from both ATCO and Canadian Utilities | 342,500 | 597,500 | 547,500 |
| Equity | | | |
| Mid-term incentive | 197,137 | 124,947 | 148,176 |
| Long-term incentive | | | |
| Stock options | 19,612 | 18,198 | 15,458 |
| Share appreciation rights | 19,612 | 18,198 | 15,458 |
| Total equity | 236,361 | 161,343 | 179,093 |
| Total direct compensation from both ATCO and Canadian Utilities | 578,861 | 758,843 | 726,593 |

2014 COMPENSATION DETAILS

SUMMARY COMPENSATION TABLE

The table below summarizes the total compensation of each of the named executives received or awarded for the years ended December 31, 2012, 2013 and 2014.

All of the named executives (except Sett F. Policicchio) have a dual role – for ATCO and for Canadian Utilities, our subsidiary. The compensation we report here is the compensation they receive from both ATCO and Canadian Utilities. Mr. Policicchio works for and is paid only by Canadian Utilities.

| | Amount paid by ATCO | Amount paid by Canadian Utilities | Combined total reported in ATCO proxy circular |
|------|---------------------|-----------------------------------|--|
| 2014 | 11.9% | 88.1% | 100% |
| 2013 | 9.6% | 90.4% | 100% |
| 2012 | 8.8% | 91.2% | 100% |

| | Salary | Share based awards ¹ | Option based awards ^{2,3} | Non-equity incentive plan compensation | | Pension value ⁴ | All other compensation ⁵ | Total compensation |
|----------------------------|-----------|---------------------------------|------------------------------------|--|---------------------------|----------------------------|-------------------------------------|--------------------|
| | | | | Annual incentive plans | Long term incentive plans | | | |
| Nancy C. Southern | | | | | | | | |
| 2014 | 1,000,000 | 705,982 | 1,307,454 | 0 | - | 1,005,677 | 35,000 | 4,054,113 |
| 2013 | 1,000,000 | 1,186,707 | 1,092,000 | 1,500,000 | - | 877,632 | 35,000 | 5,691,339 |
| 2012 | 1,000,000 | 969,470 | 619,500 | 1,500,000 | - | 235,271 | 15,000 | 4,339,241 |
| Brian R. Bale | | | | | | | | |
| 2014 | 562,500 | 640,089 | - | 0 | - | 244,236 | 19,687 | 1,466,512 |
| 2013 | 512,500 | 350,923 | 54,600 | 700,000 | - | 213,249 | 17,938 | 1,849,210 |
| 2012 | 468,750 | 242,368 | 61,950 | 700,000 | - | 247,532 | 7,031 | 1,727,631 |
| Siegfried W. Kiefer | | | | | | | | |
| 2014 | 752,500 | 657,882 | 261,490 | 0 | - | 331,519 | 26,338 | 2,029,729 |
| 2013 | 716,250 | 582,947 | 182,000 | 600,000 | - | 584,025 | 25,069 | 2,689,841 |
| 2012 | 656,250 | 472,349 | 92,926 | 650,000 | - | 922,784 | 9,844 | 2,804,153 |
| Sett F. Policicchio | | | | | | | | |
| 2014 | 393,750 | 264,493 | 78,448 | 0 | - | 143,276 | 12,403 | 892,370 |
| 2013 | 366,250 | 235,936 | 54,593 | 350,000 | - | 178,628 | 11,537 | 1,196,944 |
| 2012 | 332,500 | 191,933 | 24,733 | 350,000 | - | 140,189 | 4,489 | 1,043,844 |
| Erhard M. Kiefer | | | | | | | | |
| 2014 | 342,500 | 197,137 | 39,224 | 0 | - | 343,839 | 11,988 | 934,688 |
| 2013 | 297,500 | 124,947 | 36,395 | 300,000 | - | 244,598 | 10,412 | 1,013,852 |
| 2012 | 272,500 | 148,176 | 30,917 | 275,000 | - | 310,261 | 4,088 | 1,040,941 |

¹ The grant date fair value for MTIP granted in 2014, 2013 and 2012 was \$34.31, \$28.96 and \$23.04, respectively, for ATCO and \$26.10, \$25.28 and \$21.69, respectively, for CU as determined in consultation with our independent advisors. The accounting fair values are \$52.79, \$44.56, and \$35.44, respectively, for ATCO and \$40.16, \$38.90 and \$33.38, respectively, for CU. The difference is because the accounting fair value is based on the full value share price at the time of grant and the grant date fair value used for compensation benchmarking purposes reflects a discount applied to account for performance hurdles that have to be met in order for the MTIP to vest.

² The option and SAR values shown for 2014, 2013 and 2012 are the grant date fair values determined using the Black-Scholes method, the same method used for determining the accounting fair values. The assumptions used were as follows - for ATCO options and SARs for 2014, 2013 and 2012: risk-free rate of 1.594%, 1.355% and 1.67%, respectively; dividend yield of 1.66%, 1.67% and 1.87%, respectively; volatility of 18.20%, 14.28% and 12.95%, respectively; and an expected life of 6.12 years, 6.09 years and 6.10 years, respectively. For CU options and SARs for 2014, 2013 and 2012: risk-free rate of 1.594%, 1.355% and 1.67%, respectively; dividend yield of 2.71%, 2.48% and 2.67%, respectively; volatility of 17.49%, 14.25% and 11.18%, respectively; and an expected life of 6.05 years, 6.02 years and 6.05 years, respectively.

³ Total ATCO and Canadian Utilities stock options and share appreciation rights.

⁴ Estimated using a prescribed formula based on several assumptions. Also includes other compensatory related items.

⁵ Employer contribution to the Employee Share Purchase Plan.

INCENTIVE PLAN AWARDS

| Plan details | ATCO | Canadian Utilities |
|---|---|---|
| Maximum number of shares that can be issued: | Stock option plan 10,200,000 ATCO Class I Shares (8.9% of outstanding ATCO Class I and Class II Shares as of December 31, 2014) | Stock option plan 12,800,000 Canadian Utilities Class A Shares (4.9% of outstanding Canadian Utilities Class A Shares and Class B common shares ("Class B Shares") as of December 31, 2014) |

OUTSTANDING OPTION-BASED AND SHARE-BASED AWARDS

The table below shows each named executive's outstanding incentive plan awards as of December 31, 2014.

| | Option-based awards ¹ | | | | | | | | |
|----------------------------|---|-------------------|----------------------|-------------------|----------------------------|--------------------|------------------------|---|--------------------|
| | Number of securities underlying unexercised options (#) | | | | Option exercise price (\$) | | Option expiration date | Value of unexercised in-the-money options ⁶ (\$) | |
| | ATCO | | Canadian Utilities | | ATCO | Canadian Utilities | | ATCO | Canadian Utilities |
| | Options ² | SARs ³ | Options ⁴ | SARs ⁵ | ATCO | Canadian Utilities | | ATCO | Canadian Utilities |
| Nancy C. Southern | | | | | | | | | |
| 2014 | 50,000 | 50,000 | 50,000 | 50,000 | 51.96 | 39.45 | 15/03/24 | - | 146,000 |
| 2013 | 60,000 | 60,000 | 60,000 | 60,000 | 44.97 | 39.04 | 15/03/23 | 322,800 | 225,000 |
| 2012 | 50,000 | 50,000 | 50,000 | 50,000 | 35.12 | 33.18 | 15/03/22 | 1,254,500 | 773,000 |
| 2011 | 25,000 | 25,000 | 25,000 | 25,000 | 28.32 | 24.74 | 15/03/21 | 967,250 | 808,750 |
| 2010 | 75,000 | 75,000 | 75,000 | 75,000 | 25.35 | 23.65 | 15/03/20 | 3,346,500 | 2,589,750 |
| 2008 | 100,000 | 100,000 | 100,000 | 100,000 | 22.94 | 22.17 | 15/03/18 | 4,944,000 | 3,748,000 |
| 2007 | 80,000 | 80,000 | 40,000 | 40,000 | 24.89 | 23.92 | 02/01/17 | 3,644,000 | 1,359,200 |
| 2006 | 100,000 | - | 100,000 | - | 20.17 | 21.78 | 02/01/16 | 2,749,000 | 1,913,000 |
| Brian R. Bale | | | | | | | | | |
| 2014 | - | - | - | - | - | - | - | - | - |
| 2013 | 3,000 | 3,000 | 3,000 | 3,000 | 44.97 | 39.04 | 15/03/23 | 16,140 | 11,250 |
| 2012 | 5,000 | 5,000 | 5,000 | 5,000 | 35.12 | 33.18 | 15/03/22 | 125,450 | 77,300 |
| 2011 | 5,000 | 5,000 | 5,000 | 5,000 | 28.32 | 24.74 | 15/03/21 | 193,450 | 161,750 |
| 2010 | 5,000 | 5,000 | 5,000 | 5,000 | 25.35 | 23.65 | 15/03/20 | 223,100 | 172,650 |
| 2008 | 2,000 | 2,000 | 4,000 | 4,000 | 22.94 | 22.17 | 15/03/18 | 98,880 | 149,920 |
| 2007 | - | - | 6,000 | 6,000 | - | 23.92 | 02/01/17 | - | 203,880 |
| Siegfried W. Kiefer | | | | | | | | | |
| 2014 | 10,000 | 10,000 | 10,000 | 10,000 | 51.96 | 39.45 | 15/03/24 | - | 29,200 |
| 2013 | 10,000 | 10,000 | 10,000 | 10,000 | 44.97 | 39.04 | 15/03/23 | 53,800 | 37,500 |
| 2012 | 7,500 | 7,500 | 7,500 | 7,500 | 35.12 | 33.18 | 15/03/22 | 188,175 | 115,950 |
| 2011 | 5,000 | 5,000 | 5,000 | 5,000 | 28.32 | 24.74 | 15/03/21 | 193,450 | 161,750 |
| 2010 | 5,000 | 5,000 | 5,000 | 5,000 | 25.35 | 23.65 | 15/03/20 | 223,100 | 172,650 |
| 2008 | 10,000 | 10,000 | 20,000 | 20,000 | 22.94 | 22.17 | 15/03/18 | 494,400 | 749,600 |
| 2007 | 12,000 | 12,000 | 28,000 | 28,000 | 24.89 | 23.92 | 02/01/17 | 546,600 | 951,440 |
| 2006 | 16,600 | 10,000 | 20,000 | 10,000 | 20.17 | 21.78 | 02/01/16 | 731,234 | 573,900 |
| Sett F. Policicchio | | | | | | | | | |
| 2014 | 3,000 | 3,000 | 3,000 | 3,000 | 51.96 | 39.45 | 15/03/24 | - | 8,760 |
| 2013 | 3,000 | 3,000 | 3,000 | 3,000 | 44.97 | 39.04 | 15/03/23 | 16,140 | 11,250 |
| 2012 | 2,000 | 2,000 | 2,000 | 2,000 | 35.12 | 33.18 | 15/03/22 | 50,180 | 30,920 |
| 2011 | 2,000 | 2,000 | 2,000 | 2,000 | 28.32 | 24.74 | 15/03/21 | 77,380 | 64,700 |
| 2010 | - | - | 3,000 | 3,000 | - | 23.65 | 15/03/20 | - | 103,590 |
| 2008 | 4,000 | 4,000 | 4,000 | 4,000 | 22.94 | 22.17 | 15/03/18 | 197,760 | 149,920 |
| 2007 | - | - | 10,000 | 10,000 | - | 23.92 | 02/01/17 | - | 339,800 |
| 2006 | 10,000 | 10,000 | 10,000 | 10,000 | 20.17 | 21.78 | 02/01/16 | 549,800 | 382,600 |
| Erhard M. Kiefer | | | | | | | | | |
| 2014 | 1,500 | 1,500 | 1,500 | 1,500 | 51.96 | 39.45 | 15/03/24 | - | 4,380 |
| 2013 | 2,000 | 2,000 | 2,000 | 2,000 | 44.97 | 39.04 | 15/03/23 | 10,760 | 7,500 |
| 2012 | 2,500 | 2,500 | 2,500 | 2,500 | 35.12 | 33.18 | 15/03/22 | 62,725 | 38,650 |
| 2011 | 2,000 | 2,000 | 2,000 | 2,000 | 28.32 | 24.74 | 15/03/21 | 77,380 | 64,700 |
| 2008 | 2,000 | 2,000 | 3,000 | 3,000 | 22.94 | 22.17 | 15/03/18 | 98,880 | 112,440 |
| 2007 | 3,000 | 3,000 | 7,000 | 7,000 | 24.89 | 23.92 | 02/01/17 | 136,650 | 237,860 |

Plan details

ATCO

Canadian Utilities

Activity in 2014:

Stock option plan

- 82,500 options were granted
- 147,700 ATCO Class I Shares were issued on the exercise of options
- 16,400 options were cancelled

Stock option plan

- 100,500 options were granted
- 178,400 Canadian Utilities Class A Shares were issued on the exercise of options
- 15,600 options were cancelled

| Share-based awards ¹ | | | | | |
|---|--------------------|---|-------------------------|---|--------------------|
| Number of shares that have not vested (#) | | Market or payout value of share based awards that have not vested ² (\$) | | Market or payout value of vested share-based not paid or distributed (\$) | |
| ATCO | Canadian Utilities | ATCO MTIP | Canadian Utilities MTIP | ATCO | Canadian Utilities |
| 10,000 | 10,000 | 476,600 | 409,100 | - | - |
| 20,000 | 20,000 | 953,200 | 818,200 | - | - |
| 20,000 | 20,000 | 953,200 | 818,200 | - | - |
| 10,000 | 10,000 | 476,600 | 409,100 | - | - |
| 6,000 | 6,000 | 285,960 | 245,460 | - | - |
| 5,000 | 5,000 | 238,300 | 204,550 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 10,000 | 10,000 | 476,600 | 409,100 | - | - |
| 10,000 | 10,000 | 476,600 | 409,100 | - | - |
| 10,000 | 10,000 | 476,600 | 409,100 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 4,000 | 4,000 | 190,640 | 163,640 | - | - |
| 4,000 | 4,000 | 190,640 | 163,640 | - | - |
| 4,000 | 4,000 | 190,640 | 163,640 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 3,000 | 3,000 | 142,980 | 122,730 | - | - |
| 2,000 | 2,000 | 95,320 | 81,820 | - | - |
| 3,000 | 3,000 | 142,980 | 122,730 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |

¹ Options to buy ATCO Class I Shares.

² Share appreciation rights based on ATCO Class I Shares.

³ Options to buy Canadian Utilities Class A Shares.

⁴ Share appreciation rights based on Canadian Utilities Class A Shares.

⁵ The difference between the market value as at December 31, 2014, of ATCO Class I Shares (\$47.66) and Canadian Utilities Class A Shares (\$40.91) underlying the option-based awards and the exercise price of the option-based awards.

⁶ Based on the market value as at December 31, 2014 of ATCO Class I Shares (\$47.66) and Canadian Utilities Class A Shares (\$40.91)

The table below shows the total holdings and value of options and SARs held by the named executives at the end of the year, and the options and SARs they exercised in 2014.

| | Aggregate holdings and value of options and SARs held on December 31, 2014 | | | | Options and SARs exercised in 2014 | |
|--|--|---------------|---|---------------|-------------------------------------|-------------------------------|
| | Number of unexercised options/SARs (#) | | Value of unexercised in-the-money options/SARs (\$) | | Securities acquired on exercise (#) | Aggregate value realized (\$) |
| | Exercisable | Unexercisable | Exercisable | Unexercisable | | |
| Nancy C. Southern | | | | | | |
| In 2014, Ms. Southern exercised: | | | | | | |
| • 130,000 options on ATCO Class I Shares and 130,000 Canadian Utilities Class A Shares | | | | | | |
| ATCO Class I Shares | | | | | | |
| Options | 387,000 | 153,000 | 8,954,955 | 1,033,570 | 130,000 | 4,891,241 |
| SARs | 287,000 | 153,000 | 6,205,955 | 1,033,570 | - | - |
| Canadian Utilities Class A Shares | | | | | | |
| Options | 347,000 | 153,000 | 5,922,225 | 815,625 | 130,000 | 3,169,606 |
| SARs | 247,000 | 153,000 | 4,009,225 | 815,625 | - | - |
| Brian R. Bale | | | | | | |
| Mr. Bale did not exercise any options or SARs in 2014. | | | | | | |
| ATCO Class I Shares | | | | | | |
| Options | 11,600 | 8,400 | 223,419 | 105,091 | - | - |
| SARs | 11,600 | 8,400 | 223,419 | 105,091 | - | - |
| Canadian Utilities Class A Shares | | | | | | |
| Options | 19,600 | 8,400 | 311,070 | 77,305 | - | - |
| SARs | 9,600 | 8,400 | 134,170 | 77,305 | - | - |
| Siegfried W. Kiefer | | | | | | |
| Mr. Kiefer did not exercise any options or SARs in 2014. | | | | | | |
| ATCO Class I Shares | | | | | | |
| Options | 50,600 | 25,500 | 1,167,124 | 138,973 | - | - |
| SARs | 44,000 | 25,500 | 985,690 | 138,973 | - | - |
| Canadian Utilities Class A Shares | | | | | | |
| Options | 80,000 | 25,500 | 1,377,645 | 114,000 | - | - |
| SARs | 70,000 | 25,500 | 1,186,345 | 114,000 | - | - |
| Sett F. Policicchio | | | | | | |
| Mr. Policicchio did not exercise any options or SARs in 2014. | | | | | | |
| ATCO Class I Shares | | | | | | |
| Options | 16,600 | 7,400 | 408,644 | 36,986 | - | - |
| SARs | 16,600 | 7,400 | 408,644 | 36,986 | - | - |
| Canadian Utilities Class A Shares | | | | | | |
| Options | 29,000 | 8,000 | 504,315 | 41,455 | - | - |
| SARs | 29,000 | 8,000 | 504,315 | 41,455 | - | - |
| Erhard M. Kiefer | | | | | | |
| Mr. Kiefer did not exercise any options or SARs in 2014. | | | | | | |
| ATCO Class I Shares | | | | | | |
| Options | 7,600 | 5,400 | 154,600 | 38,598 | - | - |
| SARs | 7,600 | 5,400 | 154,600 | 38,598 | - | - |
| Canadian Utilities Class A Shares | | | | | | |
| Options | 12,600 | 5,400 | 27,890 | 29,725 | - | - |
| SARs | 12,600 | 5,400 | 203,040 | 29,725 | - | - |

Incentive plan awards — value vested or earned during the year

The table below shows incentive plan awards that have vested or were earned for each named executive during 2014.

| Year ended December 31, 2014 | Option-based awards | | | | Share-based awards | | Non-equity incentive plan compensation |
|---------------------------------|--|-------------------|----------------------|-------------------|---|--------------------|---|
| | Amount vested during the year (\$) | | | | Value vested during the year (\$) | | Value earned during the year (\$) |
| | ATCO | | Canadian Utilities | | ATCO | Canadian Utilities | |
| | Options ¹ | SARs ² | Options ³ | SARs ⁴ | | | |
| Nancy C. Southern | 802,045 | 802,045 | 407,310 | 407,310 | 1,084,450 | 851,375 | 0 |
| Brian R. Bale | 74,066 | 74,066 | 39,523 | 39,523 | 222,828 | 179,905 | 0 |
| Siegfried W. Kiefer | 93,738 | 93,738 | 44,550 | 44,550 | 282,663 | 229,562 | 0 |
| Sett F. Policicchio | 21,468 | 21,468 | 19,506 | 19,506 | 217,750 | 171,880 | 0 |
| Erhard M. Kiefer | 21,678 | 21,678 | 10,084 | 10,084 | 214,822 | 167,868 | 0 |

(1) Options to buy ATCO Class I Shares.

(2) Share appreciation rights based on ATCO Class I Shares.

(3) Options to buy Canadian Utilities Class A Shares.

(4) Share appreciation rights based on Canadian Utilities Class A Shares.

Equity compensation plan information

| | Non-voting shares to be issued upon exercise of outstanding options | Weighted average exercise price of outstanding options | Non-voting shares remaining available for future issuance under equity compensation plans (not including outstanding options) | Total number of outstanding non-voting shares | Non-voting shares to be issued upon exercise of outstanding options (as a % of total outstanding non-voting shares) | Non-voting shares available for future issuance (as a % of total outstanding non-voting shares) |
|--------------------------|--|---|---|---|--|--|
| December 31, 2014 | | | | | | |
| ATCO | 762,900 | 30.52 | 2,888,800 | 101,506,223 | 0.8% | 2.8% |
| Canadian Utilities | 968,000 | 27.41 | 5,544,400 | 188,720,907 | 0.5% | 2.9% |
| March 10, 2015 | | | | | | |
| ATCO | 762,700 | 30.51 | 2,888,800 | 101,508,423 | 0.8% | 2.8% |
| Canadian Utilities | 960,800 | 27.44 | 5,544,400 | 189,346,862 | 0.5% | 2.9% |

PENSION AND RETIREMENT BENEFITS

Defined benefit

The table below shows the pension benefits and accrued obligations under all registered pension plans and supplemental arrangements for each of the named executives. See page 47 for more information about ATCO's pension plans.

None of the named executives participate in the defined contribution component of our pension plans.

| | Number of years credited service (#) | Annual benefits payable (\$) | | Opening present value of defined benefit obligation (\$) | Compensatory change (\$) | Non-compensatory change (\$) | Closing present value of defined benefit obligation (\$) |
|---------------------|--------------------------------------|------------------------------|-----------|--|--------------------------|------------------------------|--|
| | | At year end | At Age 65 | | | | |
| Nancy C. Southern | 19.00 | 1,824,000 | 1,920,000 | 15,263,987 | 1,005,677 | 4,347,947 | 20,617,611 |
| Brian R. Bale | 33.00 | 287,682 | 305,117 | 4,625,606 | 244,236 | 862,984 | 5,732,826 |
| Siegfried W. Kiefer | 31.00 | 273,312 | 434,617 | 7,677,785 | 331,519 | 1,857,849 | 9,867,153 |
| Sett F. Policicchio | 35.08 | 224,734 | 224,734 | 4,124,406 | 143,276 | 781,880 | 5,049,562 |
| Erhard M. Kiefer | 30.50 | 103,332 | 183,842 | 3,101,419 | 343,839 | 796,303 | 4,241,561 |

Number of years of credited service is the time the executive has been a member of the pension plan, and is used to calculate the pension.

Annual benefits payable at year end is based on the defined benefit credited service and actual average pensionable earnings at December 31, 2014. The benefits are reduced if a named executive is eligible for early retirement.

Annual benefits payable at age 65 is based on actual average pensionable earnings at December 31, 2014, and their projected service at age 65, to a maximum of 35 years.

The Company calculates the accrued pension obligation using the method prescribed by International Financial Reporting Standards and based on management's best estimate of future events that affect the cost of pensions, including assumptions about adjustments to base salary in the future.

The *compensatory change* includes the service cost, differences between actual and estimated earnings, the impact of plan amendments and past service benefits.

The *non-compensatory change* includes interest on the obligation and the impact of assumption changes. See Note 31, *Retirement Benefits*, in our 2014 annual consolidated financial statements for more information about the methods and assumptions used to calculate accrued obligations.

TERMINATION AND CHANGE OF CONTROL

Termination of employment of an executive is subject to applicable legislation and common law provisions as no employment agreements are in place for the named executives, except for Ms. Nancy Southern. The table below shows how a change in employment status affects the different compensation components.

ATCO considers a *change of control* to occur when holders of more than 50% of our Class II Shares accept an offer for any portion or all of our shares. This change can be by way of a takeover bid or some other means, as long as it is not the result of a transaction to convert ATCO Ltd. to a trust with our share owners owning more than 50% of the voting securities of the trust.

We have an employment agreement with Ms. Nancy Southern, ATCO'S Chair, President & Chief Executive Officer. See page 55 for more information.

| | |
|--------------------------|---|
| Retirement | <ul style="list-style-type: none">• Salary ends• Retiring allowance is based on years of service to a maximum of one month's salary• Retiree health benefits coverage starts when he or she retires, and continues until six months after the pensioner dies• Annual incentive is paid on a pro rata basis to the retirement date• All vested options and share appreciation rights can be exercised within 24 months of the retirement date, or on the expiry date if earlier• All unvested options, share appreciation rights and mid-term incentives are forfeited on the retirement date• Pension benefits are provided based on membership in the plan |
| Resignation | <ul style="list-style-type: none">• All salary and benefits end• Annual incentive for the current year is forfeited• All vested options and share appreciation rights can be exercised within 90 days of the resignation date, or on the expiry date if earlier• All unvested options, share appreciation rights and mid-term incentives are forfeited on the resignation date• Pension is paid as a commuted value or deferred benefit |
| Termination | <ul style="list-style-type: none">• All salary and benefits end• Annual incentive for the current year is forfeited• All vested options and share appreciation rights can be exercised within 90 days of the termination date, or on the expiry date if earlier• All unvested options, share appreciation rights and mid-term incentives are forfeited on the termination date• Pension is paid as a commuted value or deferred benefit• If applicable, severance is provided based on employment standards and common law provisions |
| Change of control | <ul style="list-style-type: none">• No changes to salary, incentives or benefits• All vested options and share appreciation rights can be exercised within 90 days of a change of control, or on the expiry date if earlier• All unvested options and share appreciation rights are vested and can be exercised within 90 days of a change of control, or on the expiry date if earlier• All unvested mid-term incentives vest on the date immediately preceding the change of control |

The table below shows incremental amounts that would be paid to the named executives if their employment had been terminated on December 31, 2014, because of retirement, resignation, termination or a change of control.

| Incremental Amounts | Retirement (\$) | Resignation (\$) | Termination (\$) | Change of control (\$) |
|----------------------------|--------------------|---------------------|---------------------|---------------------------|
| Nancy C. Southern | | | | |
| Cash payment | - | - | - | - |
| Share-based awards | - | - | - | 8,126,890 |
| Pension | - | - | - | - |
| Benefits | - | - | - | - |
| Perquisites | - | - | - | - |
| Total | - | - | - | 8,126,890 |
| Brian R. Bale | | | | |
| Cash payment | - | - | - | - |
| Share-based awards | - | - | - | 2,224,762 |
| Pension | - | - | - | - |
| Benefits | - | - | - | - |
| Perquisites | - | - | - | - |
| Total | - | - | - | 2,224,762 |
| Siegfried W. Kiefer | | | | |
| Cash payment | - | - | - | - |
| Share-based awards | - | - | - | 3,163,045 |
| Pension | - | - | - | - |
| Benefits | - | - | - | - |
| Perquisites | - | - | - | - |
| Total | - | - | - | 3,163,045 |
| Sett F. Policicchio | | | | |
| Cash payment | - | - | - | - |
| Share-based awards | - | - | - | 1,219,722 |
| Pension | - | - | - | - |
| Benefits | - | - | - | - |
| Perquisites | - | - | - | - |
| Total | - | - | - | 1,219,722 |
| Erhard M. Kiefer | | | | |
| Cash payment | - | - | - | - |
| Share-based awards | - | - | - | 845,205 |
| Pension | - | - | - | - |
| Benefits | - | - | - | - |
| Perquisites | - | - | - | - |
| Total | - | - | - | 845,205 |

OTHER INFORMATION

DIRECTORS AND OFFICERS LIABILITY INSURANCE

ATCO and its subsidiaries have purchased insurance with an annual aggregate limit of \$200 million. Coverage for the directors and officers is \$200 million, with coverage for ATCO and its subsidiaries limited to \$175 million. ATCO paid a premium of \$474,625 in the financial year ended December 31, 2014. No part of the premium was paid by a director or officer. ATCO is responsible for the first \$1 million of any securities claim and for the first \$500,000 of any other loss. There is no deductible in respect of claims against any director or officer.

LOANS TO DIRECTORS AND OFFICERS

ATCO does not provide loans to directors or senior executive officers except for:

- Senior executive officers that are transferred at the request of the Corporation from one place of employment to another who may require bridge financing or a market differential loan
- Senior executive officers requiring an advance to fund significant expenses to be incurred on behalf of the Corporation that will be settled through submission of an expense account

Internal policies detail the specifics of the handling of these exceptions.

FOR MORE INFORMATION

Additional information about ATCO is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. Information about ATCO's business is provided in its annual information form dated February 19, 2015. Financial information is provided in ATCO's financial statements and the management's discussion and analysis for the year ended December 31, 2014.

Copies of these documents, ATCO's interim financial statements and additional copies of this management proxy circular may be obtained upon request from Investor Relations at 1500, 909 – 11th Avenue S.W., Calgary, Alberta T2R 1N6.

Corporate information, including our privacy commitment, is also available on ATCO's website: www.atco.com.

SCHEDULE A – BOARD OF DIRECTORS MANDATE

The Board of Directors (the "Board") of ATCO Ltd. (the "Corporation") is responsible for the stewardship of the Corporation and for overseeing the conduct of the business of the Corporation and the activities of management, who are responsible for the day-to-day conduct of the business.

COMPOSITION AND OPERATION

The Board operates by reserving certain powers to itself and delegating certain of its authorities to management. The Board retains responsibility for managing its own affairs, including selecting its chair, planning its composition and size, nominating candidates for election to the Board, determining independence of Board members, constituting committees of the Board, determining director compensation, periodically discussing matters of interest separate from and independent of any influence from management, and assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities. Subject to the articles and by-laws of the Corporation and the Alberta Business Corporations Act (the "ABCA"), the Board may constitute, seek the advice of, and delegate powers, duties and responsibilities to, committees of the Board.

RESPONSIBILITIES

The Board's primary responsibilities are to enhance and preserve long-term shareholder value and to ensure that the Corporation meets its obligations on an ongoing basis and operates in a reliable and prudent manner. In performing its duties, the Board should also consider the legitimate interests that other interested parties, such as employees, customers and communities, may have in the Corporation. In broad terms, the stewardship of the Corporation involves the Board in strategic planning, risk management and mitigation, senior management determination, communication planning, and internal control integrity. More specifically, the Board is responsible for

- a) to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer ("CEO") and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the organization,
- b) adopting a strategic planning process and approving, on at least an annual basis, a strategic plan for the Corporation which takes into account, among other things, the opportunities and risks of the business,
- c) identifying the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks,
- d) succession planning (including appointing, training and monitoring senior management),
- e) adopting a communication policy for the Corporation that includes measures for receiving feedback from interested parties,
- f) the Corporation's internal control and management information systems,
- g) developing the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Corporation, and
- h) on an individual basis, attending Board meetings, reviewing meeting materials in advance of meetings, and complying with the other expectations and responsibilities of directors of the Corporation established by the Board.

SPECIFIC DUTIES

The Board's specific duties, obligations and responsibilities fall into the following categories:

1. Legal Requirements

- (a) The Board has oversight responsibility for the Corporation's satisfaction of its legal obligations and for properly preparing, approving and maintaining the Corporation's documents and records.
- (b) The Board has the statutory obligation to
 - (i) manage or supervise the management of the business and affairs of the Corporation,
 - (ii) act honestly and in good faith with a view to the best interests of the Corporation,
 - (iii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and
 - (iv) act in accordance with its obligations contained in the ABCA and the regulations thereunder, the Corporation's articles and by-laws, and other relevant legislation and regulations.
- (c) The Board has the statutory obligation to consider certain matters as a board of directors. The Board may not delegate to management or to a committee of the Board the authority to
 - (i) submit to the share owners any question or matter requiring the approval of the share owners,
 - (ii) fill a vacancy among the directors or in the office of auditor, or appoint additional directors,
 - (iii) issue securities except in the manner and on the terms authorized by the Board,
 - (iv) declare dividends,
 - (v) purchase, redeem or otherwise acquire shares issued by the Corporation, except in the manner and on the terms authorized by the Board,
 - (vi) pay a commission to any person in consideration of the person's purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for shares of the Corporation, except as authorized by the Board,
 - (vii) approve any management proxy circular relating to a solicitation of proxies by or on behalf of management of the Corporation,
 - (viii) approve any take-over bid circular or directors' circular,
 - (ix) approve any annual financial statements of the Corporation, or
 - (x) adopt, amend or repeal by-laws.

2. Independence

The Board is responsible for implementing appropriate structures and procedures to permit the Board to function independently of management.

3. Strategic Planning

The Board is responsible for ensuring that there are long-term goals and a strategic planning process in place for the Corporation and participating with management, at least annually, directly or through its committees in approving the strategic plan by which the Corporation proposes to achieve its goals.

4. Risk Management

The Board is responsible for understanding the principal risks of the business in which the Corporation is engaged, achieving a proper balance between risks incurred and the potential return to share owners, and confirming that there are systems in place that effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

5. Appointment, Training and Monitoring of Senior Management

The Board is responsible for

- (a) appointing the CEO of the Corporation, monitoring and assessing the CEO's performance, determining the CEO's compensation, and providing advice and counsel to the CEO in the execution of the CEO's duties,
- (b) approving the appointment and remuneration of senior executive officers of the Corporation, and
- (c) confirming that adequate provision has been made for the training and development of management and for the orderly succession of management.

6. Reporting and Communication

The Board is responsible for

- (a) verifying that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its share owners, other interested parties and the public generally,
- (b) verifying that the financial performance of the Corporation is adequately reported to share owners, other security holders and regulators on a timely and regular basis,
- (c) verifying that the Corporation's financial results are reported fairly and in accordance with generally accepted accounting principles,
- (d) verifying the timely reporting of any other developments that have a significant and material effect on the value of the Corporation, and
- (e) reporting annually to share owners on the Board's stewardship of the affairs of the Corporation for the preceding year.

7. Monitoring and Acting

The Board is responsible for

- (a) verifying that the Corporation operates at all times within applicable laws and regulations to the highest ethical and moral standards,
- (b) approving and monitoring compliance with the significant policies and procedures by which the Corporation is operated,
- (c) verifying that the Corporation sets appropriate environmental standards in its operations and is in compliance with environmental laws and regulations,
- (d) verifying that the Corporation has in place appropriate programs and policies for the health and safety of its employees in the workplace,
- (e) monitoring the Corporation's progress toward its goals and objectives and revising and altering its direction through management in response to changing circumstances,
- (f) taking action when the Corporation's performance falls short of its goals and objectives or when other special circumstances warrant,
- (g) verifying that the Corporation has implemented adequate disclosure controls and procedures and internal control and information systems,
- (h) ensuring that the Board receives from senior management on a timely basis the information and input required to enable the Board to effectively perform its duties,
- (i) adopting a written code of business conduct and ethics and monitoring compliance with the code, and
- (j) conducting and acting upon annual assessments and evaluations of the Board, committees of the Board and individual directors.

8. Other

The foregoing list of duties is not exhaustive. The Board may perform any other activities consistent with this mandate, the Corporation's articles and by-laws, and any other governing laws, as the Board deems necessary or appropriate.

SCHEDULE B – 2014

COMPARATOR COMPANIES

GENERAL INDUSTRY

Absolute Software
ACCEO SOLUTIONS INC.
Air Canada
ACL Services
Actavis
Addenda Capital
Aegon
Agrium
AIG Insurance Company of Canada
Aimia
Alberta Electric System Operator
Alberta Energy Regulator
Alberta Investment Management
Alcoa
Alliance Pipeline Ltd.
AltaLink Management
Altex Energy
American Sugar Refining
Aon Reed Stenhouse
Assumption Vie
ATB Financial
Avcorp Industries Inc.
Ballard Power Systems
Bank of Montreal
Barrick Gold
Bell Canada
Bell Aliant Regional Communications
Boeing Canada
Bombardier
Bouchier Group
BP Canada Energy Company
British Columbia Hydro and Power Authority
British Columbia Investment Management Corp.
Broadridge Financial Solutions
Brown Economic Consulting
Bruce Power
BuildDirect
Caisse de dépôt et placement du Québec
Calgary Airport Authority
Calgary Co-operative Association
Campbell Soup
Canadian Medical Association Holdings
Canadian National Railway Company
Canadian Natural Resources Limited
Canadian Oil Sands
Canadian Pacific Railway
Canadian Tire Corporation Limited
Canadian Western Bank
CanWel Building Materials
Capital Power
Cenovus Energy
Chemtrade Logistics
Canadian Imperial Bank of Commerce
Cineplex Entertainment
CN Investment Division
Cogeco Cable Canada GP Inc.
Computershare
Connor, Clark & Lunn Financial Group
Contract Pharmaceutical Limited
Co-operators General Insurance Company
Couche-Tard
CMA Ontario
CPP Investment Board
CSL Group
Delta Hotels
Devon Canada
Dundee Corporation
D-Wave Systems Inc
Economical Insurance Group, The
Electrical Safety Authority
Empire Life
Enbridge
Encana
ENMAX Corporation
EPCOR Utilities
Equitable Life of Canada
Expedia
Export Development Canada
Express Scripts
Federal Express Canada Ltd.
Financiere des professionnels Inc.
Finning International Inc.
First Calgary Financial Credit Union
FortisAlberta
GardaWorld Security Corporation
Gaz Metro
General Electric
General Fusion Inc.
Genworth MI Canada Inc.
George Weston
Goldcorp
Gore Mutual Insurance Company
Graham Management Services LP
Great Canadian Gaming Corporation
Great-West Life Insurance Company
Groupe Cirque du Soleil Inc.
Healthcare Insurance Reciprocal of Canada
Henry Schein Canada, Inc.
HOOPP
HootSuite Media Inc.
Husky Energy
Husky Injection Molding Systems
H.W. Siebens Charitable Foundation
Hydro One
Hydro-Québec
IAMGOLD Corporation
IMS Health
Incognito Software Inc
Independent Electricity System Operator
Indigo Books Music & Café
Information Services Corporation
Insurance Corporation of British Columbia

Intact Financial Corp.
 Interac Association
 International Financial Data Services
 IPEX Inc
 Irving Oil Limited
 J.M. Smucker
 Johnson Controls
 Johnson & Johnson
 Kal Tire
 Kellogg Canada
 Kinross Gold
 Kraus
 Lassonde Industries
 Laurentian Bank of Canada
 Ledcor Group of Companies
 Leith Wheeler Investment Counsel
 Liberty International Underwriters Canada
 Life Labs
 Loto-Québec
 MTS Allstream
 Manulife Financial
 Maple Leaf Foods
 MasterCard
 McCain Foods
 McDonald's Restaurants of Canada Limited
 McKesson
 MDA
 Medtronic
 MEG Energy
 Methanex
 Molson Coors Brewing
 Montrusco Bolton Investments Inc.
 Mosaic Sales Solutions
 Mouvement Desjardins
 NAV Canada
 Newfoundland & Labrador Hydro Electric
 New Gold
 Nexen Energy
 Niko Resources
 Norbord Industries
 Northbridge
 Ontario Hospital Association
 Ontario Municipal Employees Retirement System
 Ontario Power Authority
 Ontario Power Generation
 Ontario Teachers Insurance Plan
 OPSEU Pension Trust
 The Original Cakerie Ltd.
 Offshore Systems Ltd.
 Parmalat
 Pelmorex Media Inc.
 Pembina Pipeline
 Penn West Energy Trust
 Potash Corporation of Saskatchewan
 Power Corporation of Canada
 Pratt & Whitney Canada
 Precision Drilling Trust
 PSP Investments
 Purolator Inc.
 Québecor
 RBC Financial Group
 Resolute Forest Products
 Revera Living
 RGA Reinsurance Group of America
 Ricoh Canada Inc.
 Rio Tinto Canada
 Ritchie Brothers Auctioneers
 Roche Ltd, Consulting Group
 Rocky Mountaineer Railtours
 Rogers Communications
 RSA
 Russel Metals
 Safety Codes Council
 Safeway
 Sanimax
 Sanofi
 Saputo
 Saskpower
 Scotiabank
 SGI Canada
 ShawCor
 The Shaw Group
 Shoppers Drug Mart
 Siemens Canada
 SilverBirch Hotels & Resorts
 SIM Digital
 SNC-Lavalin
 Staples
 StemCell Technologies Inc.
 Suncor Energy
 Sun Life Financial
 Talisman Energy
 Tarion
 TD Insurance
 Tech Data
 Teck Resources
 Teligence Communications
 Tembec
 Teradici Corporation
 Tervita
 TMX Group Limited
 Toronto Hydro Electric Systems
 Toronto Real Estate Board
 Torstar Corporation
 TransAlta Corporation
 Transat A.T.
 TransCanada
 Transcontinental Inc.
 TransForce
 UFA - United Farmers of Alberta
 Uni-Select
 Univar
 University of Calgary
 Vision Critical / Angus Reid Strategies
 Wajax Limited
 Westcast Industries
 Western Drug Distribution Center
 WestJet
 WhiteWater West Industries
 Winpak Portion Packaging Ltd
 Woodbridge Group, The
 Workers' Compensation Board of Alberta
 Yellow Media



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