

A photograph of the Aurora Borealis (Northern Lights) in a snowy landscape. The sky is dark with a vibrant green and blue aurora. The ground is covered in snow, and there are silhouettes of trees in the background.

ATCO | ALWAYS THERE.
ANYWHERE.

ATCO Ltd.

Management Proxy Circular

Notice of Annual Meeting of Share Owners | May 11, 2016

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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 8, 2016, 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.



March 8, 2016

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 49th 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 11, 2016, 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 2015 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,

[signed by N.C. Southern]

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

ATCO

NOTICE OF ANNUAL MEETING OF SHARE OWNERS

When

Wednesday, May 11, 2016
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, 2015, 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 22, 2016 (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

[signed by C.Gear]

C. Gear
Corporate Secretary

Calgary, Alberta
March 8, 2016

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, we 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 indicating that they would prefer a paper copy.

The management proxy circular is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") website (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 11, 2017. Up to that date, 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 22, 2016, 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 8, 2016, there were 13,571,705 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 the Estate of Mr. Ronald D. Southern. Ms. Nancy Southern and Ms. Linda Heathcott are two of three executors of the Estate of Mr. Southern. All actions regarding the Class II Shares owned by the Estate of Mr. Southern require the approval of a majority of the executors.

The Estate of Mr. Southern owns 4,000 Class II Shares. The Estate of Mr. Southern is also the controlling share owner of Sentgraf Enterprises Ltd. ("Sentgraf"), which owns 11,447,520 Class II Shares. These combined shareholdings represent 84.4% of the outstanding Class II Shares. (The Estate of 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 22, 2016. 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 10 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 certificate, or your share certificate is 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 persons in whose names 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 11, 2016, 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 9, 2016. 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 9, 2016. You may appoint anyone as a proxyholder using this internet address.

7. Can I vote by email?



Yes. Scan and email your properly completed proxy form to CST Trust Company at proxy@canstockta.com.

8. Can I vote by fax?



Yes. Fax 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 9, 2016.

9. 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.

10. 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 9, 2016.

11. 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). According to the Notice-and-Access process, you should have received a voting instruction form ("VIF") accompanied by a Notice that explains how to access and review the management proxy circular (please refer to page 1 "Delivery of Meeting Materials" for specific details regarding Notice-and-Access and how it works). If you have provided your nominee with a standing instruction, or if you have provided current instructions for 2016 that you prefer to receive a paper copy of the management proxy circular, your VIF will be included in that package.

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 our 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 the Financial Statements

ATCO's consolidated financial statements for the year ended December 31, 2015, 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 the Directors

The 10 nominees proposed for election as directors of ATCO are listed on pages 6-15.

The Board of Directors ("Board") recommends that share owners vote **FOR** the election of these 10 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 & Risk 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 53 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 are currently directors and have been for the periods indicated.

The Chair, together with the Board, and after review by 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 respective 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 16.

Information on director share ownership can be found on page 31.



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

Calgary, Alberta,
Canada

Director since 2008

Age 63

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 International business Safety, health and environment Corporate social responsibility
ATCO Board/ Committee memberships in 2015	Attendance*	Percentage of meetings attended
Board	7 of 7	100%
GOCOM	3 of 3	100%
Other public company boards and committee memberships in 2015	Company	Since
	CU Inc.**	2014
Shares held	ATCO	Canadian Utilities
	Class I Shares	Class A non-voting
	16,806	15,086
	Class II Shares	Class B common
	—	—
		Series Y 2 nd Preferred
		2,000
		Series AA 2 nd Preferred
		1,500
		Series EE 2 nd Preferred
		1,000
Meets the minimum share ownership requirement.		
Total compensation:[†]		\$226,955

*The Audit Committee and Risk Review Committee combined to form the Audit & Risk Committee on April 7, 2015. Mr. Booth was a member of the former Risk Review Committee. There were no meetings of the Risk Review Committee in 2015.

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

[†]Consists of ATCO board retainer and meeting attendance fees of \$181,100 plus \$8,000 for attending the Strategy Conference and Operational Overview meetings for ATCO, plus \$37,855 representing retainers and meeting fees from ATCO's subsidiaries (\$26,055 from subsidiaries of Canadian Utilities and \$11,800 from CU Inc.).



DENIS M. ELLARD

Calgary, Alberta,
Canada

Director since 2014

Age 69

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 2015	Attendance*	Percentage of meetings attended
Board	7 of 7	100%
Other public company boards and committee memberships in 2015	Company	Since
	—	—
Shares held	ATCO	Canadian Utilities
	Class I Shares 3,166	Class A non-voting 9,694
	Class II Shares 200	Class B common 200
Will meet the share ownership requirement within the first five years as a director.		
Total compensation:**		\$201,531

*The Audit Committee and Risk Review Committee combined to form the Audit & Risk Committee on April 7, 2015. Mr. Ellard was a member of both of the former committees and was Chair of the Risk Review Committee. There was one Audit Committee meeting held in 2015 and Mr. Ellard was in attendance. There were no meetings of the Risk Review Committee in 2015.

**Consists of ATCO board retainer, committee retainer and meeting attendance fees of \$183,907 plus \$8,000 for attending the Strategy Conference and Operational Overview meetings for ATCO, plus \$9,624 representing retainers and meeting fees from ATCO's subsidiaries (\$1,500 Canadian Utilities \$6,283 ATCOenergy, a subsidiary of Canadian Utilities and \$1,841 for ATCO Structures & Logistics Ltd.).



**C. ANTHONY
FOUNTAIN**

Wadhurst,
East Sussex, England

Director since 2015

Age 55

Independent

Mr. Fountain is the Chairman elect for Sellafield Ltd., effective April 1, 2016. Sellafield is the centre of the U.K. nuclear industry with core activities in reprocessing spent nuclear fuel, storage and decommissioning. The company has over 10,000 employees with its principal site located in West Cumbria.

Prior to this role, until March 2016, Mr. Fountain was Chief Executive Officer of Refining & Marketing within Reliance Industries Limited ("Reliance"), which includes the Jamnagar Refinery - the largest and most complex refinery system in the world.

Before joining Reliance, Mr. Fountain spent two years with the Nuclear Decommissioning Authority ("NDA") in the U.K. In his role as Chief Executive Officer at NDA, Mr. Fountain was responsible for running the U.K.'s nuclear facilities, leading efficiency drives, and was 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 2015	Attendance	Percentage of meetings attended
Board*	4 of 4	100%
Other public company boards and committee memberships in 2015	Company	Since
	—	—
Shares held	Canadian Utilities	
	ATCO	
	Class I Shares	1,409
	Class II Shares	—
		Class A non-voting —
		Class B common —
Will meet the share ownership requirement within the first five years as a director.		
Total compensation:**	\$117,512	

*Mr. Fountain was elected to the Board on May 13, 2015; his board retainer has been pro-rated from that date. Mr. Fountain's meeting attendance has also been reported from May 13, 2015.

**Consists of ATCO board retainer and meeting attendance fees of \$111,512 plus \$6,000 for attending the Strategy Conference for ATCO.



LINDA A. HEATHCOTT

Calgary, Alberta,
Canada

Director since 2012

Age 53

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 2015	Attendance	Percentage of meetings attended
Board	7 of 7	100%
Other public company boards and committee memberships in 2015	Company	Since
	AKITA Drilling Ltd.	1992
	Canadian Utilities Limited*	2000
Shares held	ATCO**	Canadian Utilities**
	Class I Shares	Class A non-voting
	24,018	11,191
	Class II Shares	Class B common
	9,500	4,159
Meets the minimum share ownership requirement.		
Total compensation:[†]	\$364,900	

*Canadian Utilities is controlled by ATCO.

**Ms. Heathcott is one of three executors of the Estate of Mr. Ronald D. Southern. See "Majority Share Owner" on page 1.

[†]Consists of ATCO board retainer and meeting attendance fees of \$176,200 plus \$5,000 for attending the Strategy Conference and Operational Overview meetings for ATCO, plus \$183,700 representing retainers and meeting fees from Canadian Utilities.



MICHAEL R.P. RAYFIELD

Toronto, Ontario,
Canada

Director since 2009

Age 73

Independent

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

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

Skills and experience	Primary industry background	Functional experience
	Energy Utilities Industrials Financial services	Governance International business Accounting/finance/economics Marketing/sales Risk management
ATCO Board/ Committee memberships in 2015	Attendance	Percentage of meetings attended
Board	7 of 7	100%
Audit & Risk*	4 of 4	100%
Other public company boards and committee memberships in 2015	Company	Since
—	—	—
Shares held	ATCO	Canadian Utilities
	Class I Shares	Class A non-voting
	16,895	16,082
	Class II Shares	Class B common
	—	—
Meets the minimum share ownership requirement.		
Total compensation:**	\$296,089	

*The Audit Committee and Risk Review Committee combined to form the Audit & Risk Committee on April 7, 2015. Mr. Rayfield was a member of both of the former committees and joined the Audit & Risk Committee upon its formation. There was one Audit Committee meeting held in 2015 which is included in Mr. Rayfield's Audit & Risk Committee meeting attendance. There were no meetings of the Risk Review Committee in 2015.

**Consists of ATCO board retainer, committee retainer and meeting attendance fees of \$190,621 plus \$8,000 for attending the Strategy Conference and Operational Overview meetings for ATCO, plus \$97,468 representing retainers and meeting fees from ATCO's subsidiaries (\$93,037 from ATCO Structures & Logistics Ltd. and \$4,431 from ATCO Sustainable Communities Ltd.).



**ROBERT J. ROUTS,
PhD**

Brunnen, Switzerland

Director since 2012

Age 69

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 2015	Attendance*	Percentage of meetings attended
Board	7 of 7	100%
Audit & Risk*	4 of 4	100%
GOCOM	3 of 3	100%
Other public company boards and committee memberships in 2015	Company	Since
	AECOM Technology Corporation	2010
	AEGON N.V.	2008
	A.P. Møller-Maersk A/S	2010
	Royal DSM N.V.	2010
Shares held	ATCO	Canadian Utilities
	Class I Shares	7,092
	Class II Shares	—
		Class A non-voting
		7,654
		Class B common
		—
Meets the minimum share ownership requirement.		
Total compensation:**	\$343,090	

*The Audit Committee and Risk Review Committee combined to form the Audit & Risk Committee on April 7, 2015. Dr. Routs was a member of both of the former committees and joined the Audit & Risk Committee upon its formation. There was one Audit Committee meeting held in 2015 which is included in Dr. Routs' Audit & Risk Committee meeting attendance. There were no meetings of the Risk Review Committee in 2015.

**Consists of ATCO board retainer, committee retainer and meeting attendance fees of \$195,120 plus \$8,000 for attending the Strategy Conference and Operational Overview meetings for ATCO, plus \$139,970 representing retainers and meeting fees from ATCO's subsidiaries (\$67,100 from ATCO Structures & Logistics Ltd. and \$72,870 from ATCO Australia Pty Ltd. which includes superannuation contributions).



NANCY C. SOUTHERN

Calgary, Alberta,
Canada

Director since 1989

Age 59

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 has been President and Chief Executive Officer of ATCO since January 1, 2003. Ms. Southern has also been Chief Executive Officer of Canadian Utilities since January 1, 2003 and was President of Canadian Utilities from 2003 to 2015. Previously, she was Deputy Chair of each of ATCO and Canadian Utilities from 2008 until 2012, Co-Chair and Co-Chief Executive Officer of each company from 2000 until 2002, Deputy Chief Executive Officer of each company from 1998 to 1999, and Deputy Chair of each company from 1996 to 1999. Ms. Southern has full responsibility for the strategic direction and the operations of ATCO, reporting to the Board of Directors. Ms. Southern is a founding director and is a member of the Board of Directors of AKITA Drilling Ltd. 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 Business Council of Canada and the Premier of Alberta's Advisory Committee.

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 Corporate social responsibility	
ATCO Board/Committee memberships in 2015	Attendance		Percentage of meetings attended	
	Board (Chair)	7 of 7	100%	
Other public company boards and committee memberships in 2015	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	276,607	Class A non-voting	172,095
	Class II Shares	50,600	Class B common	—
Meets the 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.

**Ms. Southern is one of three executors of the Estate of Mr. Ronald D. Southern. See "Majority Share Owner" on page 1.



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

London, England

Director since 2014

Age 70

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 was non-executive Chairman of Utilico Investments Limited until October 2015 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 2015	Attendance*	Percentage of meetings attended
Board	6 of 7	86%
Audit & Risk (Chair)*	4 of 4	100%
GOCOM	3 of 3	100%
Other public company boards and committee memberships in 2015	Company	Since
	CU Inc.**	2008
Shares held	ATCO	Canadian Utilities
	Class I Shares	Class A non-voting
	5,282	19,156
	Class II Shares	Class B common
	—	—
Will meet the share ownership requirement within the first five years as a director.		
Total compensation:[†]	\$528,920	

*The Audit Committee and Risk Review Committee combined to form the Audit & Risk Committee on April 7, 2015. Dr. Urwin was a member of the former Audit Committee and became a member (Chair) of the Audit & Risk Committee upon its formation. There was one Audit Committee meeting held in 2015 which is included in Dr. Urwin's Audit & Risk Committee meeting attendance.

**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 \$250,183 plus \$5,000 for attending the Strategy Conference and Operational Overview meetings for ATCO, plus an adjustment of \$20,345 representing an amount owed to Dr. Urwin from previous paying years, plus \$253,392 representing retainers and meeting fees from ATCO's subsidiaries (\$161,648 from Canadian Utilities, \$7,833 from CU Inc., and \$83,911 from ATCO Australia Pty Ltd. which includes superannuation contributions). Dr. Urwin retired from the Canadian Utilities Board of Directors on May 5, 2015.



SUSAN R. WERTH

Calgary, Alberta,
Canada

Director since 2014

Age 59

Not Independent

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

In June 2014, Ms. Werth retired as Senior Vice President & Chief Administration Officer, ATCO and Canadian Utilities, and was 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 Risk management Corporate social responsibility
ATCO Board/ Committee memberships in 2015	Attendance	Percentage of meetings attended
Board	7 of 7	100%
GOCOM	3 of 3	100%
Other public company boards and committee memberships in 2015	Company	Since
	—	—
Shares held	ATCO	Canadian Utilities
	Class I Shares 15,361	Class A non-voting 9,762
	Class II Shares —	Class B common —
Meets the minimum share ownership requirement.		
Total compensation:*		\$276,681

**Consists of ATCO board retainer and meeting attendance fees of \$181,100 plus \$8,000 for attending the Strategy Conference and Operational Overview meetings for ATCO. In addition, Ms. Werth received \$87,581 for acting as a consultant to ATCO in 2015.*



CHARLES W. WILSON

Boulder, Colorado, USA

Director since 2002

Age 76

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 Safety, health and environment
ATCO Board/ Committee memberships in 2015	Attendance	Percentage of meetings attended
Board	7 of 7	100%
Audit & Risk*	4 of 4	100%
GOCOM (Chair)	3 of 3	100%
Other public company boards and committee memberships in 2015	Company	Since
	AKITA Drilling Ltd.	2002
	Canadian Utilities Limited**	2000
Shares held	ATCO	Canadian Utilities
	Class I Shares	Class A non-voting
	56,651	78,901
	Class II Shares	Class B common
	—	—
Meets the minimum share ownership requirement		
Total compensation:[†]		\$563,557

**The Audit Committee and Risk Review Committee combined to form the Audit & Risk Committee on April 7, 2015. Mr. Wilson was a member of both of the former committees and was Chair of the Audit Committee. He joined the Audit & Risk Committee upon its formation. There was one Audit Committee meeting held in 2015 and this is included in Mr. Wilson's Audit & Risk Committee meeting attendance. There were no meetings of the Risk Review Committee in 2015.*

***Canadian Utilities is controlled by ATCO.*

[†]Consists of ATCO board retainer, committee retainer and meeting attendance fees of \$254,336 plus \$5,000 for attending the Strategy Conference and Operational Overview meetings for ATCO, plus \$304,221 representing retainers and meeting fees from ATCO's subsidiaries (\$10,100 from ATCO Structures & Logistics Ltd. combined with \$294,121 from Canadian Utilities, which includes \$86,671 from ATCO Australia Pty Ltd. and also includes superannuation contributions.)

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	✓	✓	✓					✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
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, President & Chief Executive Officer are held by Ms. 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, 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.
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.
Roger J. Urwin	✓		
Susan R. Werth		✓	An employee of ATCO until June 2014.
Charles W. Wilson	✓		

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 three 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 meeting of the Board, Audit & Risk Committee and GOCOM. In camera sessions are chaired by the Lead Director or committee chair. 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 2015. 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 is formally communicated to ensure improvement is achieved in subsequent periods.

Director	Board of Directors		Audit & Risk Committee ⁴		GOCOM		Total
Robert T. Booth ³	7 of 7	100%	-	-	3 of 3	100%	100%
Bertrand P. Collomb ¹	3 of 3	100%	-	-	-	-	100%
David A. Dodge ^{1,2,3}	3 of 3	100%	-	-	-	-	100%
Denis M. Ellard ^{2,3}	7 of 7	100%	-	-	-	-	100%
C. Anthony Fountain ¹	4 of 4	100%	-	-	-	-	100%
Linda A. Heathcott	7 of 7	100%	-	-	-	-	100%
Michael R.P. Rayfield ^{2,3,4}	7 of 7	100%	4 of 4	100%	-	-	100%
Robert J. Routs ^{2,3,4}	7 of 7	100%	4 of 4	100%	3 of 3	100%	100%
Nancy C. Southern	7 of 7	100%	-	-	-	-	100%
Ronald D. Southern	5 of 7	71%	-	-	-	-	71%
Roger J. Urwin ^{2,4}	6 of 7	86%	4 of 4	100%	3 of 3	100%	93%
Susan R. Werth	7 of 7	100%	-	-	3 of 3	100%	100%
Charles W. Wilson ^{2,3,4}	7 of 7	100%	4 of 4	100%	3 of 3	100%	100%

(1) On May 13, 2015, Mr. Fountain was appointed to the Board and Drs. Collomb and Dodge retired from the Board.

(2) The Audit Committee ceased to exist as a Board committee on April 7, 2015; as such, Dr. Dodge, Mr. Ellard, Mr. Rayfield, Dr. Routs, Dr. Urwin and Mr. Wilson (Chair) ceased to be members of the Audit Committee on this date. There was one meeting of the former Audit Committee in 2015 and all committee members were in attendance.

(3) The Risk Review Committee ceased to exist as a Board committee on April 7, 2015; as such, Mr. Booth, Dr. Dodge, Mr. Ellard (Chair), Mr. Rayfield, Dr. Routs and Mr. Wilson ceased to be members of the Risk Review Committee on this date. There were no meetings of the Risk Review Committee in 2015.

(4) The Audit & Risk Committee was formed on April 7, 2015. The members of the Audit & Risk Committee at the time of formation were Mr. Rayfield, Dr. Routs, Dr. Urwin (Chair) and Mr. Wilson, all of whom were members of the former Audit Committee; accordingly, the meeting attendance reported in this summary table also includes one meeting of the former Audit Committee.

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 is the parent company of ATCO and AKITA Drilling Ltd., both of which are public companies. None of the directors 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	
Linda A. Heathcott	Director		Chair
Nancy C. Southern	Chair	Chair	Director
Roger J. Urwin		Director	
Charles W. Wilson	Director		Director

Dr. Routs serves on the boards and committees of other public companies as referenced in his biography. The Chair and GOCOM recognize the time and diligence that this individual devotes to his duties and responsibilities as well as his extensive qualifications and related experience. Both the Chair and GOCOM have determined that these other board memberships will not negatively affect Dr. Routs' 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.

Members of the Southern family have continually maintained a 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.

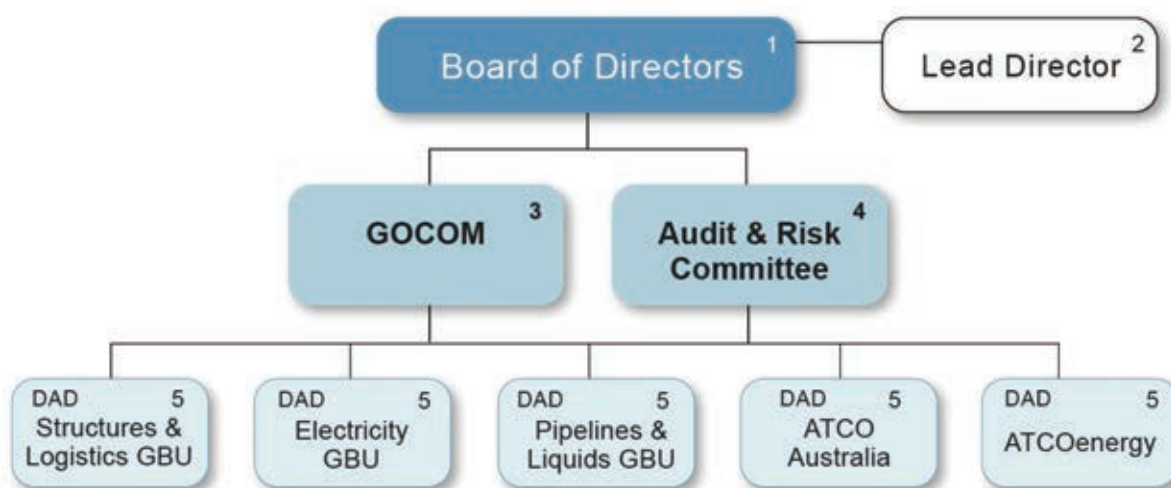
ATCO's approach to governance has worked well for many years, and the Company has been fortunate to have a consistently high-performing Board and senior management team delivering top quartile results for its share owners.

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 84.4% 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 has evolved to provide oversight to an organization with diverse and distinct global business units ("GBUs") that each business unit reports to. The system's key elements consist of the oversight and diligence provided by the Board, the Lead Director, the Audit & Risk Committee and GOCOM. Although not required by securities laws, certain of ATCO's governance tools, such as the use of Designated Audit Directors ("DADs") 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 2015 were as follows:

1. **Board of Directors:** The Board held five regularly-scheduled meetings and two additional 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 regularly-scheduled meetings of the Board, Audit & Risk 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.

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, it reviews the size and composition of the Board and considers persons as nominees as directors for the approval of the Board and election by the share owners.
4. **Audit & Risk Committee:** The Audit & Risk Committee oversees accounting and financial reporting as well as risk management and control practices. The committee 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 & Risk Committee members and its mandate is given in ATCO's annual information form.

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 GBU 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 Audit & Risk Committee. The President or General Manager of each business unit chairs a Risk Management Committee that also reports to the Audit & Risk Committee. Risk Management Committee meetings are held at least twice yearly and are attended by senior officers and managers of the business unit and the assigned DAD.

5. **Designated Audit Director ("DAD"):** A DAD, who is a director of either ATCO or Canadian Utilities, is assigned to each GBU or business unit. The purpose of the DAD is to provide oversight using the strengths and experience of directors in various industry sectors. The Audit & Risk Committee annually reviews the mandate of the DADs.

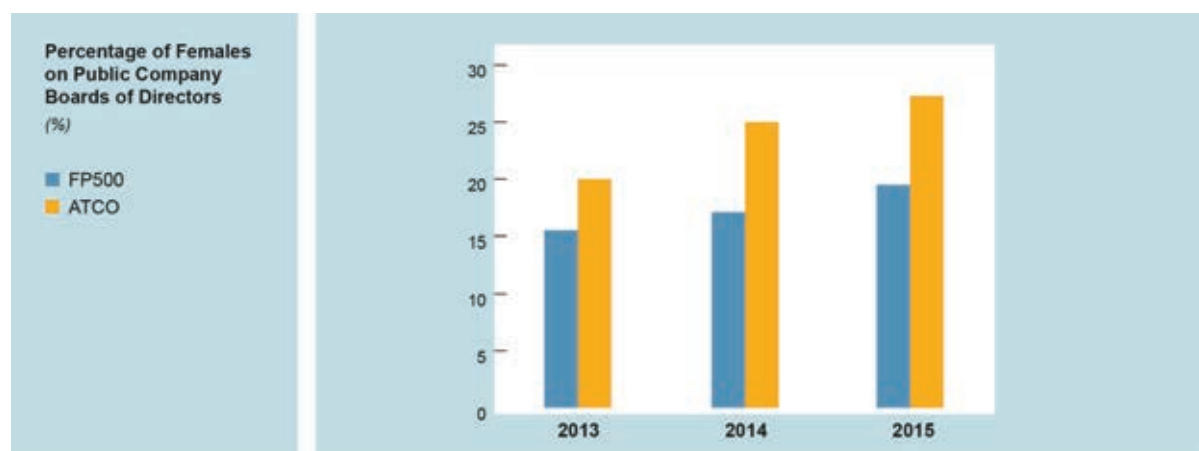
DADs perform both Audit and Risk duties. DADs meet quarterly with GBU and management, and annually with internal and external auditors. DADs review the financial statements and operating results of their assigned GBU or business unit, discuss risks with management, and report on both operating results and risks to the Audit & Risk Committee.

Board Diversity and Term Limits

ATCO believes that an effectively functioning board is critical to the success of the Company, and that the 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 the Company to make decisions regarding the composition of the 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 2015, ATCO had three women on the Board, representing 27.3% of the directors. In contrast, members of the Financial Post 500 ("FP500") in 2015 had an average female representation on their boards of directors of 19.5%. The following is the percentage of women on the ATCO Board compared to the FP500 average from 2013 to 2015:



As of December 31, 2015, the Company had 14 female senior executive officers, representing 20% 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, available 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 (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. ATCO's new directors are also provided information about each of the business segments, the organizational structure, the by-laws, and the 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 every year since 1968. This conference kicks 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 and topical issues and in response to directors' requests, including reviews of annual business plans, significant contracts, strategic transactions, financing and major capital expenditure for each GBU and subsidiary. 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 2015:

Date	Event	Presenter	Attendees
February 20	Operational Overview	Management	Board of Directors
April 13 - 16	Strategy Conference	Management	Board of Directors
July 8	Regulatory Seminar	Management	Board of Directors
November 12	Business Planning	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 annually 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, and 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 questionnaires 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

The Board encourages a culture of ethical business conduct by expecting each director, officer, and member of 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 confirm they have reviewed the Code.

Directors who have, or may be reasonably perceived to have, a personal interest in a potential or current transaction or agreement involving ATCO must declare this interest at a Board 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 2015 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 & Risk 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

The Board and its Committees

The Board and its committees have each adopted a mandate outlining 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 two standing committees to help carry out its duties and meet statutory and policy requirements:

- Audit & Risk
- GOCOM

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

COMMITTEE REPORTS

This section includes reports from each of the Board's standing committees as of December 31, 2015.

Audit & Risk Committee

Members



R.J. Urwin, Chair
Independent

2015 Meeting Attendance*
4 of 4 (100%)



M.R.P. Rayfield
Independent

2015 Meeting Attendance*
4 of 4 (100%)



R.J. Routs
Independent

2015 Meeting Attendance*
4 of 4 (100%)



C.W. Wilson
Independent

2015 Meeting Attendance*
4 of 4 (100%)

On April 7, 2015, the Audit Committee and the Risk Review Committee combined to form the Audit & Risk Committee.

There was one meeting of the former Audit Committee in 2015 of which Mr. Rayfield, Dr. Routs, Dr. Urwin and Mr. Wilson (Chair) were members; as such, the meeting attendance of the former Audit Committee members has been included in the Audit & Risk Committee meeting attendance summary.

The Audit & Risk 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; audits of the Company's financial statements; and the risk management processes of the Company.

The following highlights the actions taken by the Audit & Risk Committee in fulfilling its mandate in 2015:

Financial Reports

- Reviewed significant accounting and reporting issues to gain an understanding of how they impacted the financial statements
- Reviewed the analysis of the effects of new or revised IFRS guidance on the financial statements
- Reviewed and approved, as delegated by the Board, 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 DADs

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 and approved the Disclosure Committee mandate and Disclosure Policy

External Auditor

- Recommended for approval by the Board, the external auditor's appointment and compensation
- Reviewed and approved the 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 and annual consolidated financial statements and management's discussion and analysis
- Reviewed the Company's policy regarding the engagement of the external auditor to perform services other than the audit

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

For the year ended December 31	2015	2014
Audit	3.5	3.2
Audit related	—	0.2
Tax	0.3	0.5
Other	—	0.3
Total	3.8	4.2

Internal Audit

- Reviewed and approved the annual Audit Plan
- Ensured that the internal audit function has been effectively carried out and the internal auditor has adequate 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, which contains procedures for the confidential receipt, retention and treatment of complaints received on accounting, purchasing and auditing irregularities, inadequate internal controls, fraud, theft, bribery and corruption
- Reviewed reports received on the investigations of complaints
- Reviewed the Internal Audit mandate

Risk Management

- Reviewed and considered the Company's risk-taking philosophy
- Reviewed the Company's risk inventory and related mitigation plans
- Received presentations, reports and other information regarding risks and significant trends
- Reviewed reports from the DADs regarding any significant risks identified by management
- Reviewed and discussed the summary of safety and environmental performance
- Satisfied itself that management has appropriate processes in place to identify, assess, manage and monitor risk
- Reviewed and approved risk policies and frameworks recommended by management
- Reviewed the Company's insurance programs for adequacy

The committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2015.

Corporate Governance – Nomination, Compensation and Succession Committee

Members



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

**2015 Meeting
Attendance**
3 of 3 (100%)



R.T. Booth
Not Independent

**2015 Meeting
Attendance**
3 of 3 (100%)



R.J. Routs
Independent

**2015 Meeting
Attendance**
3 of 3 (100%)



R.J. Urwin
Independent

**2015 Meeting
Attendance**
3 of 3 (100%)



S.R. Werth
Not Independent

**2015 Meeting
Attendance**
3 of 3 (100%)

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 highlights the actions taken by GOCOM in fulfilling its mandate in 2015:

- 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
- Reviewed succession plans for the Chief Executive Officer and senior executive officers
- Reviewed and made recommendations to the Board on potential 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
- Reviewed the size and composition of the Board and considered persons as nominees as Directors for the approval of the Board and election by the share owners
- Together with the Board, reviewed 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*
- Continued to spend a significant amount of time on Board succession and recruitment, and received updates from legal counsel on recent developments in corporate governance and disclosure
- Considered risk implications and managed risks as they relate to compensation policies and practices of the Company

The committee confirms that it has appropriately fulfilled its mandate for the year ended December 31, 2015.

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 significant changes were made to the directors' remuneration during 2015. Retainers for the 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 **
Audit & Risk Committee Chair	25,000 †
Audit & Risk Committee Members	7,500 †
GOCOM Chair	8,500
Risk Review Committee Chair	8,500 **
Meeting fees	
Board Meeting, Strategy, 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 (Audit Committee, GOCOM, Risk Review Committee)	1,500 **
Committee Meeting per day (Audit & Risk Committee)	2,000 †

*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. Dr. Collomb retired from the Board on May 13, 2015.

** Audit Committee and Risk Review Committee ceased to operate as separate entities on April 7, 2015.

† Audit & Risk Committee was formed on April 7, 2015.

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

From time to time, the Board forms ad hoc committees to undertake special initiatives. The chairs and members of ad hoc committees receive fees that are determined when the committees are formed. No fees or retainers were paid to any ad hoc committees during 2015.

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 or in Class A Shares of Canadian Utilities. Until the minimum director share ownership requirement is met, directors are required to receive a minimum of \$40,000 of their annual retainer in Class I Shares; provided that, a director may, with the approval of GOCOM, have this amount reduced if he or she makes alternate arrangements to meet the minimum share ownership requirement within five years. The director share ownership policy is described on page 31.

The following table provides a detailed breakdown of the fees and retainers paid to our non–employee directors for the year ended December 31, 2015. 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., as well as retainers and fees related to serving as DADs for the GBUs or business units. 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, 2015.

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

Name	Director retainer (\$)	Committee chair retainer (\$)	Committee member retainer (\$)	Board attendance fee (\$)	Committee attendance fee (\$)	Other fees ¹ (\$)	Total fees earned (\$)	Portion of director retainer applied to share purchase ² (%)
Robert T. Booth ^{5,6}	165,000	—	—	11,600	4,500	45,855	226,955	50
Denis M. Ellard ⁵	165,000	2,288	2,019	11,600	3,000	17,624	201,531	48
C. Anthony Fountain ⁴	104,712	—	—	6,800	—	6,000	117,512	50
Linda A. Heathcott ⁶	165,000	—	—	11,200	—	188,700	364,900	36
Michael R.P. Rayfield ^{5,7}	165,000	—	7,521	10,600	7,500	105,468	296,089	50
Robert J. Routs ^{5,7,8}	165,000	—	7,521	10,600	12,000	147,970	343,090	50
Ronald D. Southern ^{6,7}	165,000	—	—	7,800	—	186,700	359,500	n/a
Roger J. Urwin ^{3,5,6,8,9}	211,526	18,338	2,019	10,800	7,500	278,737	528,920	24
Susan R. Werth ⁶	165,000	—	—	11,600	4,500	95,581	276,681	12
Charles W. Wilson ^{4,5,6,7,8}	215,000	13,885	5,501	10,200	9,750	309,221	563,557	12
Directors who retired during 2015								
Bertrand P. Collomb ^{3,9,10}	75,892	—	—	4,800	—	495,354	576,046	10
David A. Dodge ^{5,6,10}	60,742	—	2,019	4,800	1,500	75,858	144,919	12
Total	1,822,871	34,511	26,600	112,400	50,250	1,953,067	3,999,700	

- (1) **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 ("DAD") retainers and meeting fees.
- (2) **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 director share ownership requirement is met, directors are required to receive a minimum of \$40,000 of their annual retainer in Class I Shares. If a director can show that he or she is able to meet the minimum share ownership requirement within the required 5 year period, at the discretion of GOCOM, the minimum \$40,000 contribution level may be waived. Mr. Southern was exempt from this requirement.
- (3) **Director retainer:** Includes the retainer for Lead Director. The Company has an agreement with Dr. Collomb and Dr. Urwin that their retainers would be \$165,000 U.S., paid in Canadian dollars.
- (4) **Director retainer (pro-rated):** Mr. Fountain was elected to the Board on May 13, 2015.
- (5) **Committee chair retainer and/or Committee member retainer and/or Committee attendance fees:** On April 7, 2015, the Audit Committee and the Risk Review Committee combined to form the Audit & Risk Committee. As members of the Audit Committee, Dr. Dodge, Mr. Ellard, Dr. Urwin and Mr. Wilson (Chair) received a pro-rated retainer to April 7, 2015. Members of the former Risk Review Committee were Mr. Booth, Dr. Dodge, Mr. Ellard (Chair), Mr. Rayfield, Dr. Routs and Mr. Wilson. Mr. Ellard received a pro-rated retainer as Chair of the Risk Review Committee to April 7, 2015 and there were no Risk Review Committee meetings held in 2015. Mr. Rayfield, Dr. Routs, Dr. Urwin (Chair), and Mr. Wilson received Audit & Risk Committee retainers (pro-rated) and their meeting fees were reported from April 7, 2015 and include one meeting of the former Audit Committee.
- (6) **Other fees:** Dr. Dodge (pro-rated), Ms. Heathcott, Mr. Southern, Dr. Urwin (pro-rated) and Mr. Wilson received annual retainers and meeting attendance fees as directors of Canadian Utilities. Mr. Booth and Dr. Urwin received annual retainers and meeting attendance fees as directors of CU Inc. and meeting attendance fees as members of the CU Inc. Audit Committee. Ms. Werth received \$87,581 for acting as a consultant to ATCO in 2015.
- (7) **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.
- (8) **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.
- (9) **Other fees:** Dr. Collomb and Dr. Urwin were paid additional amounts of \$47,354 and \$20,345, respectively, that were owing from previous years of service. Dr. Collomb received a retirement payment of \$440,000 after having served on the Board for 16 years. This payment is included under "Other fees".
- (10) **Directors who retired during 2015:** Dr. Collomb and Dr. Dodge retired from the Board on May 13, 2015. The fees and retainers paid to Dr. Collomb and Dr. Dodge were pro-rated for the period from January 1 to May 13, 2015.

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 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

Dr. Collomb, a long-serving ATCO director, retired on May 13, 2015. Dr. Collomb received a retirement payment of \$440,000 after having served on the Board for 16 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 are in compliance with this share ownership requirement. Mr. Ellard, Mr. Fountain 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 as at March 10, 2015, and shows any change in the ownership interest up to March 8, 2016.

Name	Equity Ownership as at March 10, 2015		Equity Ownership as at March 8, 2016		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	—	14,377	—	16,806	—	2,429	654,762	4.0
Denis M. Ellard	200	1,094	200	3,166	—	2,072	131,047	0.8
C. Anthony Fountain	—	—	—	1,409	—	1,409	54,895	0.3
Linda A. Heathcott ³	9,500	22,392	9,500	24,018	—	1,626	1,301,491	7.9
Michael R.P. Rayfield	—	14,483	—	16,895	—	2,412	658,229	4.0
Robert J. Routs	—	4,897	—	7,092	—	2,195	276,304	1.7
Nancy C. Southern ^{2,3}	42,600	228,106	50,600	276,607	8,000	48,501	12,724,709	77.1
Roger J. Urwin	—	767	—	5,282	—	4,515	205,787	1.3
Susan R. Werth	—	14,842	—	15,361	—	519	598,465	3.6
Charles W. Wilson	—	55,803	—	56,651	—	848	2,207,123	13.4
Total	52,300	356,761	60,300	423,287	8,000	66,526	18,812,812	

(1) Equity at risk is shown as at March 8, 2016, and is the market value determined by reference to the closing price of Class I Shares (\$35.70) and Class II Shares (\$35.50) 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 only to non-employee directors. Ms. Southern does not receive a retainer as a director or Chair. Her shareholdings and values are provided for information purposes only.

(3) The Estate of 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 25,754,636 Class I Shares. Ms. Southern and Ms. Heathcott are two of three executors of the Estate of Mr. Southern. See "Majority Share Owner" on page 1.

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, 2015. These options were granted to Mr. Ellard, Dr. Routs and Dr. Urwin at the time they joined the board of directors of Canadian Utilities. The options held by Ms. Werth were granted during the time of her employment with ATCO and Canadian Utilities.

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, 2015	
					Number ¹ (#)	Value of unexercised in-the-money options ^{2,3} (\$)
Denis M. Ellard						
ATCO	—	—	—	—	—	—
Canadian Utilities	4,000	May 7, 2008	May 7, 2018	22.67	4,000	37,080
Total	4,000				4,000	37,080
Robert J. Routs						
ATCO	—	—	—	—	—	—
Canadian Utilities	4,000	May 7, 2008	May 7, 2018	22.67	4,000	37,080
Total	4,000				4,000	37,080
Roger J. Urwin						
ATCO	—	—	—	—	—	—
Canadian Utilities	4,000	May 4, 2007	May 4, 2017	23.14	4,000	35,200
Total	4,000				4,000	35,200
Susan R. Werth⁴						
ATCO	1,000	March 15, 2010	May 31, 2016	25.350	1,000	10,350
	3,000	March 15, 2011	May 31, 2016	28.315	3,000	22,155
	2,000	March 15, 2012	May 31, 2016	35.115	2,000	1,170
	300	April 30, 2013	May 31, 2016	46.505	300	0
Canadian Utilities	3,000	March 15, 2011	May 31, 2016	24.735	3,000	21,615
	2,000	March 15, 2012	May 31, 2016	33.180	2,000	0
	300	April 30, 2013	May 31, 2016	40.610	300	0
Total	11,600				11,600	55,290

- (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, 2015, of \$35.70, and the grant price of the options, multiplied by the number of vested in-the-money options at December 31, 2015.
- (3) The difference between the market value of Canadian Utilities Class A shares ("Class A Shares") on December 31, 2015, of \$31.94, and the grant price of the options, multiplied by the number of vested in-the-money options at December 31, 2015.
- (4) Options granted as executive compensation, not director compensation. Ms. Werth retired as an executive officer of ATCO and Canadian Utilities on June 1, 2014.

The following table summarizes options exercised during 2015 by directors who were not employees of ATCO.

Name	Options/SARs Exercised ¹ (#)	Aggregate Value Realized ² (\$)
Michael R.P. Rayfield		
CU Options	4,000	51,780
Total	4,000	51,780
Susan R. Werth		
CU Options	4,000	69,464
Total	4,000	69,464

- (1) Figures have been adjusted to reflect the two-for-one share split by way of a share dividend on June 14, 2013.
- (2) This value represents the difference between the grant price and the market price of CU Class A Shares at the time of exercise multiplied by the number of options exercised.

The following table lists all outstanding share appreciation rights ("SARs") held by non-employee directors at December 31, 2015. These were granted to Ms. Werth during the time of her employment as an executive officer with ATCO and Canadian Utilities.

Name	Date granted	Expiry date	Grant Price ¹ (\$)	Granted (#)	Vested SARs at December 31, 2015	
					Number (#)	Value ^{2,3} (\$)
Susan R. Werth ⁴						
ATCO	March 15, 2010	May 31, 2016	25.35	5,000	1,000	10,350
	March 15, 2011	May 31, 2016	28.315	5,000	3,000	22,155
	March 15, 2012	May 31, 2016	35.115	5,000	2,000	1,170
	April 30, 2013	May 31, 2016	46.505	1,500	300	0
Canadian Utilities	March 15, 2010	May 31, 2016	23.645	5,000	4,000	33,180
	March 15, 2011	May 31, 2016	24.735	5,000	3,000	21,615
	March 15, 2012	May 31, 2016	33.18	5,000	2,000	0
	April 30, 2013	May 31, 2016	40.61	1,500	300	0
Total				33,000	15,600	88,470

- (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, 2015, of \$35.70, and the grant price of the SARs, multiplied by the number of vested SARs at December 31, 2015.
- (3) The difference between the market value of Canadian Utilities Class A Shares on December 31, 2015, of \$31.94, and the grant price of the SARs, multiplied by the number of vested SARs at December 31, 2015.
- (4) SARs granted as executive compensation, not director compensation. Ms. Werth retired as an executive officer of ATCO and Canadian Utilities on June 1, 2014.

No share-based awards or SARs were exercised by non-employee directors of ATCO during 2015.

COMPENSATION DISCUSSION & ANALYSIS ("CD&A")

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Overview

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, 2015 (our named executives):

- Nancy C. Southern, President, Chair & Chief Executive Officer ("CEO")
- Brian R. Bale, Senior Vice President & Chief Financial Officer
- Siegfried W. Kiefer, President & Chief Operating Officer, Canadian Utilities
- Sett F. Policicchio, Managing Director, Shared Services
- Stephen H. Lockwood, President & Chief Operating Officer, ATCO Structures & Logistics

In 2015, all of the named executives (except Sett F. Policicchio and Stephen H. Lockwood) have a dual role – for ATCO and for Canadian Utilities, our subsidiary company. Mr. Policicchio was with ATCO Electric before moving to his new role as of December 1, 2015. The compensation we report here is the compensation they receive from both companies.

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
2015	12.4%	87.6%	100%
2014	11.9%	88.1%	100%
2013	9.6%	90.4%	100%

Mr. Lockwood's compensation expense is 100% allocated to ATCO. He joined ATCO on May 1, 2015.

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. and Canadian Utilities• 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 28 for more information about the Committee and a summary of its activities in 2015.

GOCOM is also responsible for compensation of the directors on ATCO's Board. You can read about its approach starting on page 29.

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 Willis Towers Watson General Industry Compensation Survey, the Willis 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>2015 comparator companies</p> <p>Willis 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 Algonquin Power and Utilities Corp. Alliance Pipeline AltaLink BC Hydro Power & Authority Bruce Power LP Calgary Co-operative Association Limited Canadian Natural Resources Ltd. Canadian Oil Sands Limited Canadian Pacific Railway Ltd. Capital Power Corporation Cenovus Energy Inc. Crescent Point Energy Enbridge Inc. Encana Corporation ENMAX Corporation EPCOR Utilities Inc. FortisAlberta Inc.</p>	<p>Graham Management Services LP Husky Energy Inc. Hydro Québec Imperial Oil Limited MEG Energy Newfoundland and Labrador Hydro Electric Corp. Ontario Power Generation Penn West Precision Drilling Corporation SaskPower Spectra Energy Transmission Stantec Inc. Suncor Energy Inc. Talisman Energy Inc. 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, 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 2015

GOCOM approved the use of two independent consultants in 2015 for information and advice on compensation.

Willis Towers Watson provided compensation, 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 2015 (\$)	Fees in 2014 (\$)
Willis Towers Watson		
Executive compensation-related fees	158,836	197,951
Other	164,052	262,063
Mercer		
Executive compensation-related fees	–	–
Other	968,475	958,977

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	<p>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.</p> <p>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.</p> <p>GOCOM makes any changes it believes are necessary to ensure the compensation plan:</p> <ul style="list-style-type: none">• 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	<p>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.</p>
3 Set individual and operational goals and objectives	<p>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.</p>
4 Assess corporate and business unit performance	<p>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.</p>
5 Determine individual awards	<p>GOCOM assesses the CEO's performance. The CEO completes performance assessments for her direct reports, which include:</p> <ul style="list-style-type: none">• 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 <p>GOCOM reviews this information, along with market data provided by independent advisors, and approves each senior executive's compensation.</p>

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 44.

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 and/or 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 and/or Canadian Utilities Class A Shares Share appreciation rights – cash equal to the increase in the market price of ATCO Class I Shares and/or 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
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			75% to 60%	65% to 50%
Total			100%	100%

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

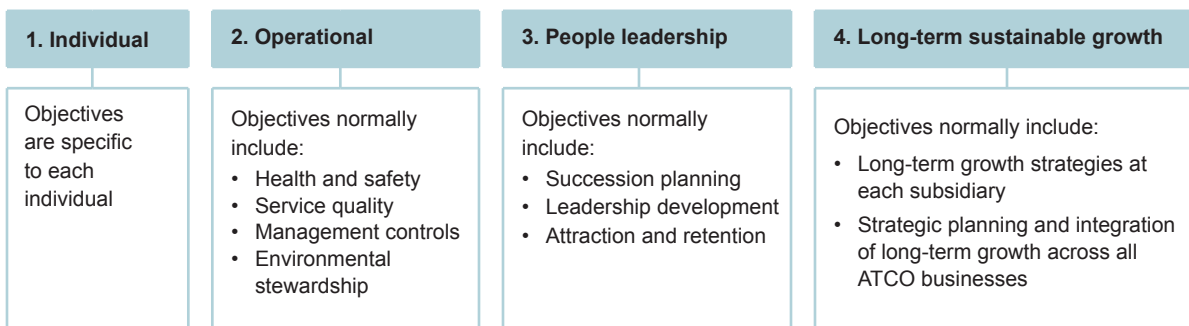
Business unit performance has a direct impact on the amount allocated from the short-term incentive pool to the business unit's incentive pool.

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).

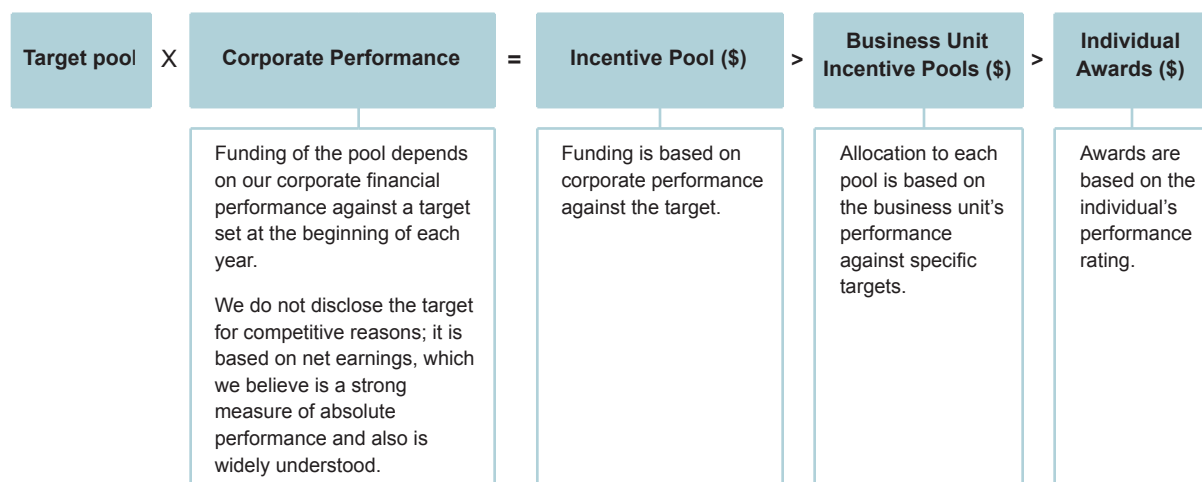
GOCOM also has broad discretion to not make incentive payments when, for example, a senior executive:

- 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 mid-term 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 Share 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

The named executives (except Stephen H. Lockwood) participate in the *Retirement Plan for Employees of Canadian Utilities Limited and Participating Companies* (CU plan), which has both a defined benefit (DB) and defined contribution (DC) component. All named executives in the CU plan participate in the DB component.

How the CU plan DB component 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:

$$\left[1.4\% \times \begin{array}{l} \text{average year's maximum} \\ \text{pensionable earnings} \\ (\$51,120 \text{ in } 2015) \end{array} \right] + \left[2\% \times \begin{array}{l} \text{average salary (highest five consecutive} \\ \text{years of base salary, not including} \\ \text{short-term incentive) minus } \$51,120 \end{array} \right] \times \begin{array}{l} \text{Years of} \\ \text{service} \end{array}$$

Stephen H. Lockwood participates in the *Retirement Plan No. 1 for Salaried Employees of ATCO Structures & Logistics Ltd. and Participating Companies* (ASL plan), which has both a DB and a DC component. He participates in the DC component.

How the ASL plan DC component works:

- executives do not contribute to the plan
- the Company contributes 10% of base salary up to the maximum permitted by the Income Tax Act (\$25,370 in 2015)
- participants are responsible for the investment decisions in the DC plan and may invest contributions in a broad selection of funds

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 (except Stephen H. Lockwood) 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. 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 as shown below:

Age at retirement	Percentage
59	78%
60 and older	80%

Ms. 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.

2015 Performance and Awards

PERFORMANCE IN 2015

Key accomplishments included the following:

- In December 2015, ATCO Electric completed the longest transmission line in Alberta's history. The 500 km, \$1.8 billion Eastern Alberta Transmission Line (EATL) is a critical component of Alberta's electrical transmission backbone and will play a key role in bringing renewable energy to Albertans across the province. By reducing the amount of electricity lost during transmission, EATL reduces the amount of power generation required, saving money as well as thousands of tons of future greenhouse gas emissions in Alberta.
- Work on the \$1.4 billion Fort McMurray 500 kV Powerline contract, which was awarded in December 2014, continued throughout 2015 with extensive stakeholder consultations. Alberta PowerLine (APL), an ATCO partnership with Quanta Capital, has completed all planned open houses and has begun consultation efforts with individual landowners, municipalities, industrial companies, government agencies and First Nations. APL filed its Facilities Application with the AUC in December 2015 and, if approved, construction should commence in 2017 with an expected in-service date in 2019.
- In 2015, ATCO Structures & Logistics was chosen as preferred proponent by BC Hydro to manufacture, install and operate a 1,600-bed workforce housing facility for workers constructing the Site C Clean Energy Project on the Peace River in northeast British Columbia. The contract is valued at \$470 million. Manufacturing and installation is expected to be completed in mid-2016 and lodge-related services will be provided until 2022.
- ATCO Structures & Logistics continued work on the Chevron-operated Wheatstone Project in Western Australia that was awarded in 2015 for the design, manufacture and installation of a 2,000-bed and kitchen facility and 357 blast resistant lunchroom and amenities buildings. The total value for ATCO Structures & Logistics' scope of work is estimated to be \$384 million Australian. This work is expected to be completed in March 2016.
- ATCO Energy Solutions completed construction on two industrial water supply projects for the North West Redwater Partnership and Air Products Canada Ltd. These projects will provide essential water transportation services and other benefits to customers in the area. Both projects are in operation and began contributing to earnings in the fourth quarter of 2015.
- Long-term contracts have been secured for all four of salt caverns currently being constructed in the Industrial Heartland Region, near Fort Saskatchewan, Alberta. Commercial operation for the first two caverns is targeted for the third quarter of 2016 and the two remaining caverns are expected to be completed by the third quarter of 2017. The four caverns which have the capacity to store approximately 400,000 cubic metres of hydrocarbons, is a partnership between ATCO and Petrogas Energy Corp.
- In December 2015, ATCO Structures & Logistics completed the sale of its subsidiary division, ATCO Emissions Management. The sale is a continuation of ATCO's long-term strategy of divesting non-core assets and redeploying capital to its core businesses.
- In 2015, ATCO was restructured into three vertically integrated global business units - Structures & Logistics, Pipelines & Liquids and Electricity. This restructuring brought together companies with complementary products and services, strengthening our ability to deliver comprehensive solutions to our customers and better positioning ATCO for growth.

ATCO declared a first-quarter dividend for 2016 of 28.50 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 23 consecutive years.

CONSOLIDATED FINANCIAL PERFORMANCE

OBJECTIVE

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

RESULTS

- Adjusted earnings* of \$293 million for the year ended December 31, 2015 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, 2015, 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.

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 2015 revealed no significant or reportable weaknesses in internal control over financial reporting.

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

- In partnership with the Office of the Fire Commissioner and local fire departments, ATCO Gas launched Alberta's second Carbon Monoxide Awareness Week to help Albertans understand the dangers of carbon monoxide and how to prevent and detect it. This campaign has garnered support from the Canadian Gas Association and the Canadian Fire Chiefs Association and is becoming a national initiative among other Canadian Gas Companies.
- 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 13 years without a lost-time incident.
- ATCO Gas completed underwater inspections of all its existing pipeline crossings in larger rivers to verify and record system integrity. The inspections will determine whether these facilities are at risk during high water events and will allow for the appropriate preventative measures to be put in place.
- ATCO compares favourably with the lost-time injury rate for the Alberta Occupational Health and Safety as well as US private industry benchmarks. The employee lost time and reportable injury rate has declined continuously since 2008 due to the implementation of behavior-based safety training and increased sharing of the lessons learned.

OBJECTIVE

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

RESULTS

- ATCO Power continued its solid performance of providing industry leading, reliable, responsible and cost-effective solutions for our customers and partners around the world in 2015. Generating plant availability was in the 90th percentile with minimal unplanned outages.
- In an effort to help customers better understand their electricity bills, ATCO Electric released a series of videos that explain the various components of a bill and reinforce the value of the company's services.

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 Transmission Division successfully created and implemented an ISO 14001 compliant Environmental Management System that ensures environmental impacts are considered and evaluated when making business decisions.
- ATCO Electric's new A-Step maintenance method reduces environmental footprint by adapting an existing helicopter-based maintenance method which results in less travel on power line rights-of-way.
- ATCO Gas launched a company-wide fuel efficiency program which resulted in a reduction of more than 700,000 kg of CO₂, the equivalent of removing 142 vehicles in a year.

PEOPLE LEADERSHIP

OBJECTIVE

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

RESULTS

- ATCO successfully negotiated four balanced collective agreements in 2015; two of which were initiated in 2014. The unions involved were the Canadian Energy Workers' Association (CEWA), the United Utility Workers' Association (UUWA), Construction Maintenance and Allied Workers (CMAW), and the Alberta Regional Council of Carpenters and Allied Workers Local Union 2010. As well in 2015, three ATCO companies were engaged in collective bargaining with the Natural Gas Employees' Association (NGEA), the UNITE HERE Local 47 (UH), the Teamsters' Local 213 (Teamsters), the Labourers International Union of North America Local 183 (LIUNA), and the Communications, Electrical, Electronic, Information, Postal, Plumbing and Allied Services Union of Australia (CEPU). 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 2015 more than 800 employees completed leadership training and development courses, including Foundations of Leadership, Strategic Leadership, Aboriginal Relations and Project Management. ATCO expanded the suite of available development opportunities to include new courses designed to support the needs of the business. More than 100 employees completed these new programs.
- ATCO prioritized the development and strengthening of our sales capabilities and reinforcing a customer-focused approach to doing business. To support these efforts, ATCO expanded its sales training program in 2015. This program provides sales and other customer-facing professionals with valuable training opportunities to enhance sales skills and knowledge.
- In an on-going review of our development programs, ATCO undertook a full review of our project management training program with the objective of ensuring appropriate development opportunities would be available for ATCO's project management specialists. We have enhanced the program to include new materials to address key soft skills as they relate to project management. ATCO participated in a post-secondary institution's Project Management Advisory Committee to proactively influence the development and delivery of future program content to the broader project management profession.
- ATCO continues to leverage technology for efficient delivery and management of our development programs. Our Learning Management System (LMS) improved the company's ability to assign and track training based on development needs as well as improve visibility of program offerings to employees across the organization.

GROWTH

OBJECTIVE

Achieve long-term sustainable growth by expanding geographically to meet the global needs of our customers; developing significant, value-creating greenfield projects; and pursuing the acquisition and development of complementary assets that have future growth potential and provide long-term value for share owners.

RESULTS

- In 2015, ATCO Structures & Logistics was chosen as the preferred proponent by BC Hydro to manufacture, install and operate a 1,600-bed workforce housing facility for workers constructing the Site C Clean Energy Project on the Peace River in northeast BC. The contract is valued at \$470 million. Manufacturing and installation is expected to be completed in mid-2016 and lodge related services will be provided until 2022.
- In the fourth quarter of 2015, ATCO Structures & Logistics was awarded a rental contract to design, construct, transport, and install 591 modular units at a major LNG project near Lake Charles, Louisiana. At the end of the 29 month lease term, the units will be returned to the Company's fleet, thereby expanding its footprint in the U.S. market.
- ATCO Structures & Logistics, together with its partner, Nunatsiavut Group of Companies, was awarded a contract by Valard Construction LP in March 2015. The 36-month contract to operate five 100 to 300-bed lodges housing workers constructing the Muskrat Falls Transmission Project in Newfoundland and Labrador is valued at approximately \$45 million.

- In March 2015, ATCO Power began providing an innovative temporary power generation service to Apache Canada Ltd. at their House Mountain facility west of Swan Hills, generating power from excess natural gas. In the third quarter of 2015, ATCO Power and Apache entered into a 10-year contract at House Mountain to continue to provide power generation service using excess natural gas. ATCO Power will be the sole owner and operator of the \$13 million, 6 MW power generation facility, which will replace the temporary generation units. This facility has an expected in-service date of May 2016.
- In 2015, ATCO made capital investments in assets in its regulated utilities businesses that earn a regulated return:
 - The Global Electricity Business Unit invested \$826 million.
 - The Global Pipelines & Liquids Business Unit invested \$668 million.

FUELING IMAGINATION

OBJECTIVE

Create a work environment where employees are encouraged to take a creative and innovative approach to meeting our customers' needs and committing to continuous improvement through research and development.

RESULTS

- In 2015, ATCO Structures & Logistics continued to develop innovative new products for the Australian market, including a new blast resistant module and unique facilities for the Manus Island Detention Facility. Work on the AUD\$34 million project began in 2014 and was completed in 2015.
- ATCO Electric's new A-Step maintenance method, which involves adapting an existing helicopter-based maintenance method, has evolved power line maintenance by making the job safer, greener, faster and more cost-effective.
- ATCO Gas Australia is helping commercial and light industrial customers dramatically reduce their electricity costs through the use of Gas-Powered Air Conditioning - a proven technology that leverages the company's reliable gas network and provides a practical alternative to electric air conditioning.
- In 2015, Imagine ATCO, a global, online discussion forum was established for ATCO employees to share their ideas and start collaborative conversations for business improvements, new lines of businesses or new products or services.
- With the organizational restructuring completed in 2015, each of the organization's three global business units have identified Research & Development as a priority area and have dedicated resources to support this activity.
- In September 2015, ATCO's subsidiary, Canadian Utilities, revived the rate reset preferred share market with the introduction of a new feature to meet investor needs. This innovative feature allows for the current yield of 4.50 per cent to become the new floor when the five year fixed rate period is up for reset. During a period of challenging economic conditions and record low interest rates, this creative feature attracted investors and offered protection against deteriorating interest rates. The preferred share issuance resulted in strong investor demand which significantly upsized the initial \$100 million offering to \$250 million.

OBJECTIVE

Establish meaningful and positive community and indigenous partnerships through a careful, respectful and collaborative approach that will enhance economic and social development.

RESULTS

- In March 2015, ATCO and Denendeh Investments Incorporated ("DII") signed a Memorandum of Understanding to more than triple DII's ownership in Northland Utilities to 50 per cent. DII, a First Nations-owned corporation, which previously owned 14 per cent of the company, and ATCO have been partners in the electric utility serving the Northwest Territories for nearly 30 years. DII represents 27 Dene First Nations and 50 per cent of the Indigenous population in the Northwest Territories. DII was created to invest in programs and business ventures to help build sustainable communities for its people.
- In 2015, ATCO EPIC (Employees Participating in Communities) donated \$4.3 million to more than 500 charities, and ATCO employees volunteered more than 19,800 hours to make our communities a better place to work and live. Since ATCO EPIC's launch in 2006, the program has raised more than \$28 million. The administration of the employee-led campaign is funded by ATCO, ensuring 100 per cent of employee donations go towards employees' charities of choice. ATCO honours employees' generosity by matching the charitable donations made to health and wellness organizations.
- In the winter of 2015, ATCO sponsored Ski Fit North - a program that promotes active living and healthy nutrition to Indigenous youth across Alberta through the sport of cross-country skiing. This partnership reflects ATCO's deep commitment to partnering with and investing in Alberta's Indigenous communities - many of which ATCO serves through its utilities businesses.

COMPENSATION IN 2015

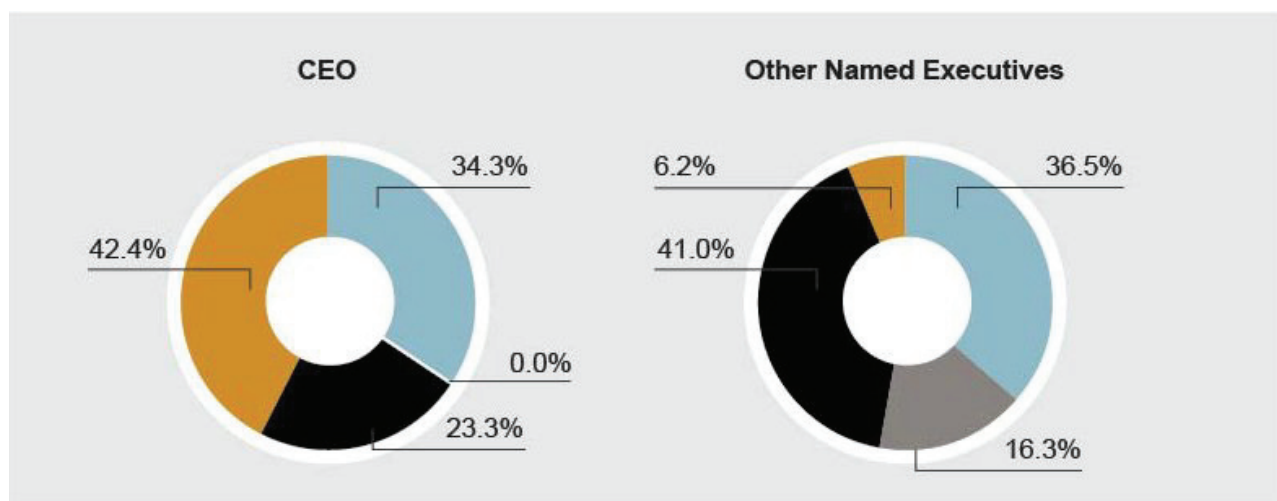
The table below is a summary of total direct compensation awarded to the named executives in 2015.

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	679,529	1,234,386	2,913,915
Brian R. Bale	612,500	300,000	638,242	123,438	1,674,180
Siegfried W. Kiefer	760,000	250,000	950,707	185,158	2,145,865
Sett F. Policicchio	415,000	400,000	260,232	49,376	1,124,608
Stephen H. Lockwood	333,333	0	537,675	-	871,008

2015 Pay mix

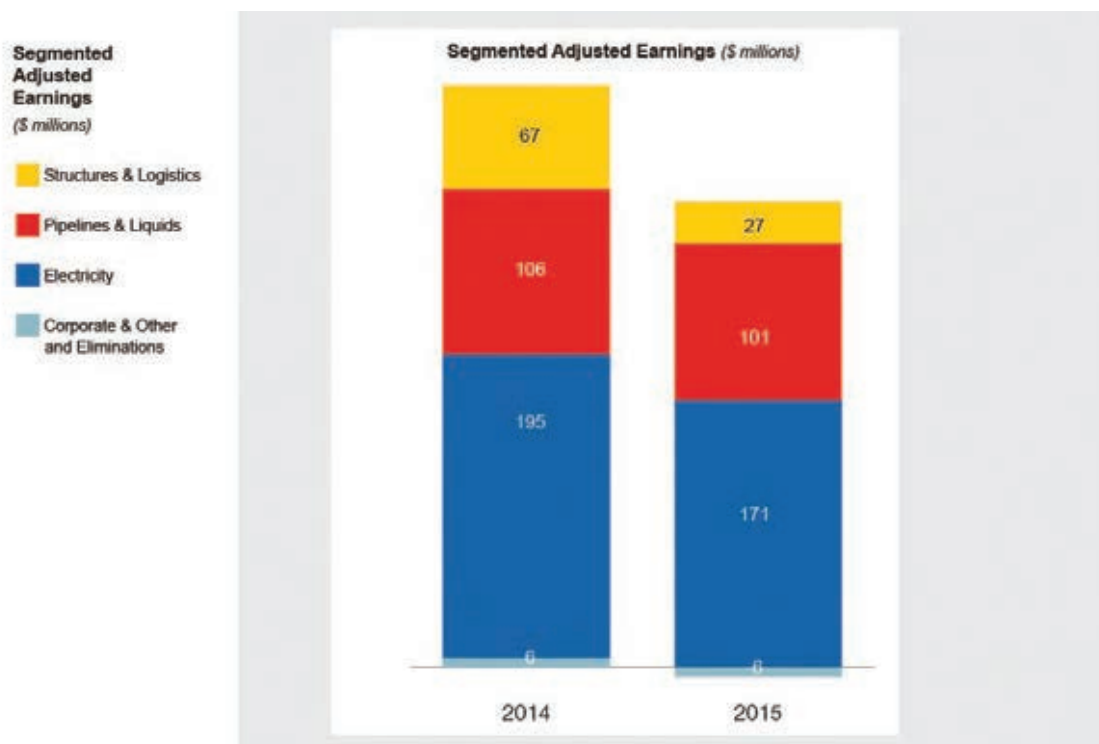


2015 Pay Mix



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.

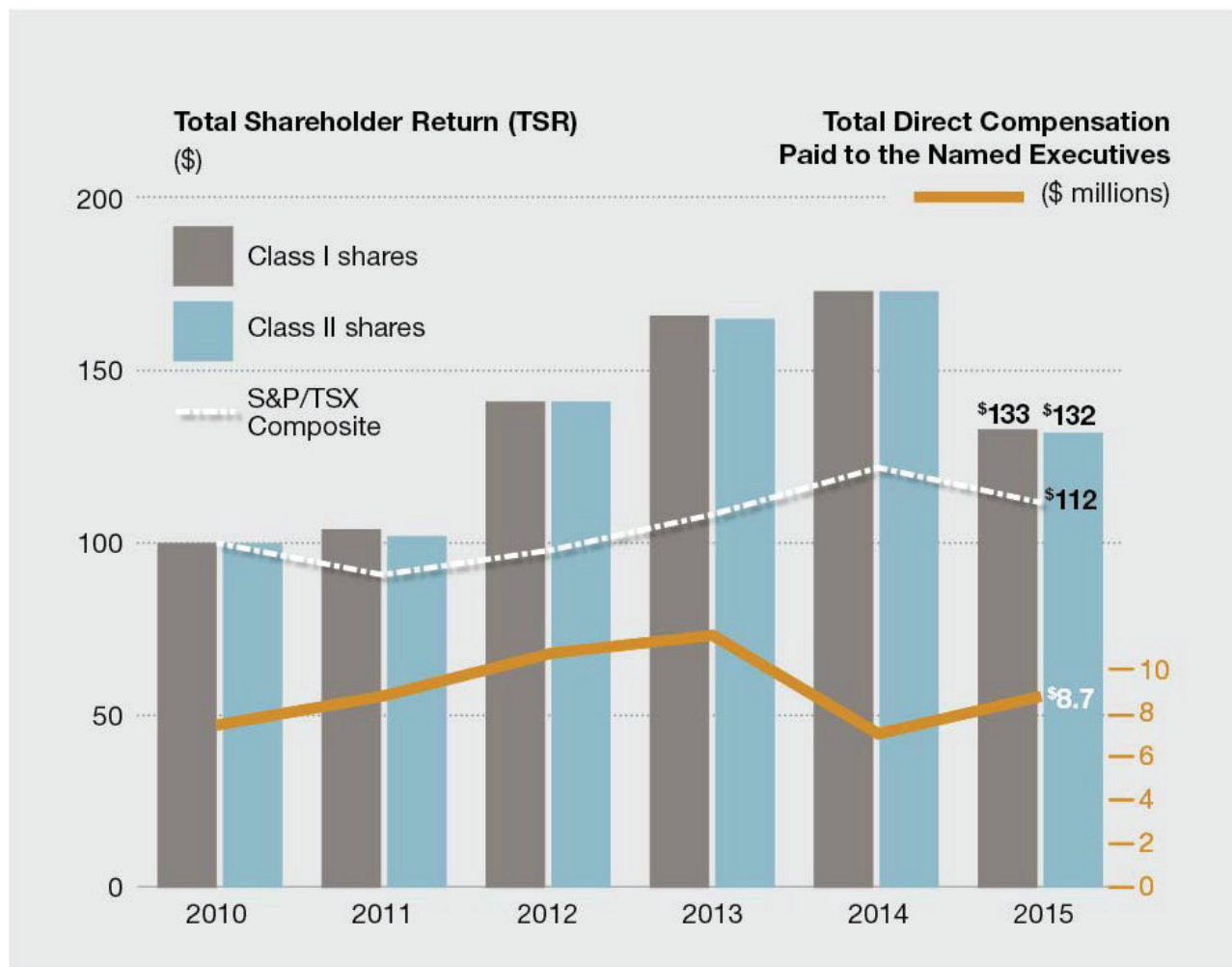


<i>(Millions)</i>	2014	2015
Adjusted earnings	374	293
Total direct compensation paid to the named executives	7.2	8.7
As a % of adjusted earnings	1.9%	3.0%

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, 2010, 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
*President, Chair &
 Chief Executive Officer*

Calgary, Canada

Age: 59

Years of service: 26

Ms. Southern is President, Chair & Chief Executive Officer of ATCO and Chair & Chief Executive Officer of 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 \$149 million in 2005 to earnings of \$293 million in 2015 (an increase of 97%). ATCO's total assets have grown from approximately \$7.5 billion in 2005 to \$19 billion in 2015.

COMPENSATION

	2015 (\$)	2014 (\$)	2013 (\$)
Cash			
Base salary	1,000,000	1,000,000	1,000,000
Short-term incentive	0	0	1,500,000
Total cash compensation from both ATCO and Canadian Utilities	1,000,000	1,000,000	2,500,000
Equity			
Mid-term incentive	679,529	705,982	1,186,707
Long-term incentive			
Stock options	617,193	653,727	546,000
Share appreciation rights	617,193	653,727	546,000
Total equity	1,913,915	2,013,436	2,278,707
Total direct compensation from both ATCO and Canadian Utilities	2,913,915	3,013,436	4,778,707

EMPLOYMENT AGREEMENT

Ms. Southern has an employment agreement with ATCO that expires on February 28, 2017, 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 45.



BRIAN R. BALE
*Senior Vice President &
 Chief Financial Officer*
 Calgary, Canada
Age: 61
Years of service: 34

Mr. Bale is Senior Vice President & Chief Financial Officer of ATCO and Canadian Utilities. He is responsible for Finance, Accounting, Treasury, Taxation, Risk Management, 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

	2015 (\$)	2014 (\$)	2013 (\$)
Cash			
Base salary	612,500	562,500	512,500
Short-term incentive	300,000	0	700,000
Total cash compensation from both ATCO and Canadian Utilities	912,500	562,500	1,212,500
Equity			
Mid-term incentive	638,242	640,089	350,923
Long-term incentive			
Stock options	61,719	0	27,300
Share appreciation rights	61,719	0	27,300
Total equity	761,680	640,089	405,523
Total direct compensation from both ATCO and Canadian Utilities	1,674,180	1,202,589	1,618,023



SIEGFRIED W. KIEFER

*President &
Chief Operating Officer,
Canadian Utilities Limited*

Calgary, Canada

Age: 57

Years of service: 33

Mr. Kiefer is President & Chief Operating Officer, Canadian Utilities Limited and is responsible for the operations of the Electricity and Pipelines & Liquid Global Business units. He joined ATCO in 1983 and has held progressively senior roles in ATCO and Canadian Utilities. He was appointed to his current role in 2015.

COMPENSATION

	2015 (\$)	2014 (\$)	2013 (\$)
Cash			
Base salary	760,000	752,500	716,250
Short-term incentive	250,000	0	600,000
Total cash compensation from both ATCO and Canadian Utilities	1,010,000	752,500	1,316,250
Equity			
Mid-term incentive	950,707	657,882	582,497
Long-term incentive			
Stock options	92,579	130,745	91,000
Share appreciation rights	92,579	130,745	91,000
Total equity	1,135,865	919,372	764,497
Total direct compensation from both ATCO and Canadian Utilities	2,145,865	1,671,872	2,080,747



SETT F. POLICICCHIO

*Managing Director,
Shared Services*

Edmonton, Canada

Age: 59

Years of service: 36

Mr. Policicchio is Managing Director, Shared Services, ATCO Ltd. and Canadian Utilities Limited, and is responsible for establishing a 'shared services' model that delivers exceptional value to our Global Business Units ("GBUs"), for their non-core, but necessary needs such as Global Procurement, Facilities Management, Fleet Management, etc.

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, President, ATCO Electric - Transmission Division in 2013, President, ATCO Electric in early 2015, and was appointed to his current role in December, 2015.

COMPENSATION

	2015	2014	2013
	(\$)	(\$)	(\$)
Cash			
Base salary	415,000	393,750	366,250
Short-term incentive	400,000	0	350,000
Total cash compensation from both ATCO and Canadian Utilities	815,000	393,750	716,250
Equity			
Mid-term incentive	260,232	264,493	235,936
Long-term incentive			
Stock options	24,688	39,224	27,296
Share appreciation rights	24,688	39,224	27,296
Total equity	309,608	342,941	290,529
Total direct compensation from both ATCO and Canadian Utilities	1,124,608	736,691	1,006,779



STEPHEN H. LOCKWOOD

President & Chief Operating Officer, ATCO Structures & Logistics

Calgary, Canada

Age: 60

Years of service: 1

Mr. Lockwood is President & Chief Operating Officer, ATCO Structures and Logistics and is responsible for the worldwide management and direction of ATCO Structures & Logistics. This includes current development initiatives and future growth plans across the company's core business lines: Modular Structures, Lodging & Camp Services, Logistics and Facilities Operations & Maintenance, and ATCO Sustainable Communities.

Prior to joining ATCO in May 2015, Mr. Lockwood spent 10 years as President and Co-Chief Executive Officer of Mullen Group. Previously, to that he served as the Chief Executive Officer and President of Producers Oilfield Services Inc., and he was the Senior Partner and a Founder of Carscallen Lockwood LLP, a law firm established in 1988.

COMPENSATION

	2015 (\$)	2014 (\$)	2013 (\$)
Cash			
Base salary	333,333	0	0
Short-term incentive	0	0	0
Total cash compensation from both ATCO and Canadian Utilities	333,333	0	0
Equity			
Mid-term incentive	537,675	0	0
Long-term incentive			
Stock options	0	0	0
Share appreciation rights	0	0	0
Total equity	537,675	0	0
Total direct compensation from both ATCO and Canadian Utilities	871,008	0	0

2015 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, 2013, 2014 and 2015. All of the named executives (except Sett F. Policicchio and Stephen H. Lockwood) have a dual role – for ATCO and for Canadian Utilities, our subsidiary, over the past three years. Mr. Lockwood joined ATCO on May 1, 2015. The table below shows how the compensation expense for executives with dual roles has been shared over the past three years.

	Amount paid by ATCO	Amount paid by Canadian Utilities	Combined total reported in ATCO proxy circular
2015	12.4%	87.6%	100%
2014	11.9%	88.1%	100%
2013	9.6%	90.4%	100%

Prior to December 1, 2015, Mr. Policicchio's expense was allocated 100% to Canadian Utilities. Mr. Lockwood's compensation expense is 100% allocated to ATCO. The compensation we report below for all named executives are the compensation they receive from both ATCO and Canadian Utilities.

	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								
2015	1,000,000	679,529	1,234,386	0	-	692,711	35,000	3,641,626
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
Brian R. Bale								
2015	612,500	638,242	123,438	300,000	-	298,853	21,438	1,994,471
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
Siegfried W. Kiefer								
2015	760,000	950,707	185,158	250,000	-	207,357	26,600	2,379,822
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
Sett F. Policicchio								
2015	415,000	260,232	49,376	400,000	-	22,575	13,073	1,160,256
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
Stephen H. Lockwood								
2015	333,333	537,675	0	0	-	25,370	7,292	903,670
2014	0	0	0	0	-	0	0	0
2013	0	0	0	0	-	0	0	0

¹ The grant date fair value for MTIP granted in 2015, 2014 and 2013 was \$31.44, \$34.31 and \$28.96, respectively, for ATCO and \$27.21, \$26.10 and \$25.28, respectively, for CU as determined in consultation with our independent advisors. The accounting fair values are \$48.37, \$52.79 and \$44.56, respectively, for ATCO and \$41.86, \$40.16 and \$38.90, respectively, for CU. For Mr. Lockwood - The grant date fair value for MTIP granted in 2015 was \$28.78 for ATCO and \$23.91 for CU as determined in consultation with our independent advisors. The accounting fair values are \$44.27 for ATCO and \$36.78 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 2015, 2014 and 2013 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 2015, 2014 and 2013: risk-free rate of 0.828%, 1.594% and 1.355%, respectively; dividend yield of 2.11%, 1.66% and 1.67%, respectively; volatility of 22.78%, 18.20% and 14.28%, respectively; and an expected life of 6.15 years, 6.12 years and 6.09 years, respectively. For CU options and SARs for 2015, 2014 and 2013: risk-free rate of 0.828%, 1.594% and 1.355%, respectively; dividend yield of 2.89%, 2.71% and 2.48%, respectively; volatility of 18.12%, 17.49% and 14.25%, respectively; and an expected life of 6.07 years, 6.05 years and 6.02 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, 2015)	Stock option plan 12,800,000 Canadian Utilities Class A Shares (4.8% of outstanding Canadian Utilities Class A Shares and Class B common shares ("Class B Shares") as of December 31, 2015)
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OUTSTANDING OPTION-BASED AND SHARE-BASED AWARDS

The table below shows each named executive's outstanding incentive plan awards as of December 31, 2015.

	Option-based awards								
	Number of securities underlying unexercised options (#)				Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁵ (\$)		
	ATCO		Canadian Utilities				ATCO	Canadian Utilities	
	Options ¹	SARs ²	Options ³	SARs ⁴	ATCO	Canadian Utilities	ATCO	Canadian Utilities	
Nancy C. Southern									
2015	50,000	50,000	50,000	50,000	46.98	40.78	15-03-25	0	0
2014	50,000	50,000	50,000	50,000	51.96	39.45	15-03-24	0	0
2013	60,000	60,000	60,000	60,000	44.97	39.04	15-03-23	0	0
2012	50,000	50,000	50,000	50,000	35.12	33.18	15-03-22	58,500	0
2011	25,000	25,000	25,000	25,000	28.32	24.74	15-03-21	369,250	360,250
2010	75,000	75,000	75,000	75,000	25.35	23.65	15-03-20	1,552,500	1,244,250
2008	100,000	100,000	100,000	100,000	22.94	22.17	15-03-18	2,552,000	1,954,000
2007	50,000	80,000	40,000	40,000	24.89	23.92	02-01-17	1,405,950	641,600
Brian R. Bale									
2015	5,000	5,000	5,000	5,000	46.98	40.78	15-03-25	0	0
2014	-	-	-	-	-	-	-	-	-
2013	3,000	3,000	3,000	3,000	44.97	39.04	15-03-23	0	0
2012	5,000	5,000	5,000	5,000	35.12	33.18	15-03-22	5,850	0
2011	5,000	5,000	5,000	5,000	28.32	24.74	15-03-21	73,850	72,050
2010	5,000	5,000	5,000	5,000	25.35	23.65	15-03-20	103,500	82,950
2008	2,000	2,000	4,000	4,000	22.94	22.17	15-03-18	51,040	78,160
2007	-	-	6,000	6,000	-	23.92	02-01-17	0	96,240
Siegfried W. Kiefer									
2015	7,500	7,500	7,500	7,500	46.98	40.78	15-03-25	0	0
2014	10,000	10,000	10,000	10,000	51.96	39.45	15-03-24	0	0
2013	10,000	10,000	10,000	10,000	44.97	39.04	15-03-23	0	0
2012	7,500	7,500	7,500	7,500	35.12	33.18	15-03-22	8,775	0
2011	5,000	5,000	5,000	5,000	28.32	24.74	15-03-21	73,850	72,050
2010	5,000	5,000	5,000	5,000	25.35	23.65	15-03-20	103,500	82,950
2008	10,000	10,000	20,000	20,000	22.94	22.17	15-03-18	255,200	390,800
2007	12,000	12,000	28,000	28,000	24.89	23.92	02-01-17	259,560	449,120
Sett F. Policicchio									
2015	2,000	2,000	2,000	2,000	46.98	40.78	15-03-25	0	0
2014	3,000	3,000	3,000	3,000	51.96	39.45	15-03-24	0	0
2013	3,000	3,000	3,000	3,000	44.97	39.04	15-03-23	0	0
2012	2,000	2,000	2,000	2,000	35.12	33.18	15-03-22	2,340	0
2011	2,000	2,000	2,000	2,000	28.32	24.74	15-03-21	29,540	28,820
2010	-	-	3,000	3,000	-	23.65	15-03-20	0	49,770
2008	4,000	4,000	4,000	4,000	22.94	22.17	15-03-18	102,080	78,160
2007	-	-	10,000	10,000	-	23.92	02-01-17	0	160,400
2006	10,000	-	10,000	-	20.17	21.78	02-01-16	155,300	101,600
Stephen H. Lockwood									
2015	-	-	-	-	-	-	-	-	-

Plan details

ATCO

Canadian Utilities

Activity in 2015:

Stock option plan

- 87,250 options were granted
- 158,600 ATCO Class I Shares were issued on the exercise of options
- 13,450 options were cancelled

Stock option plan

- 102,250 options were granted
- 195,800 Canadian Utilities Class A Shares were issued on the exercise of options
- 19,250 options were cancelled

Share-based awards					
Number of shares that have not vested (#)		Market or payout value of share based awards that have not vested ⁶ (\$)		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	357,000	319,400	-	-
10,000	10,000	357,000	319,400	-	-
20,000	20,000	714,000	638,800	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,000	10,000	357,000	319,400	-	-
10,000	10,000	357,000	319,400	-	-
6,000	6,000	214,200	191,640	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
15,000	15,000	535,500	479,100	-	-
10,000	10,000	357,000	319,400	-	-
10,000	10,000	357,000	319,400	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,000	4,000	142,800	127,760	-	-
4,000	4,000	142,800	127,760	-	-
4,000	4,000	142,800	127,760	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,000	10,000	357,000	319,400	-	-

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, 2015, of ATCO Class I Shares (\$35.70) and Canadian Utilities Class A Shares (\$31.94) underlying the option-based awards and the exercise price of the option-based awards.

⁶ Based on the market value as at December 31, 2015, of ATCO Class I Shares (\$35.70) and Canadian Utilities Class A Shares (\$31.94).

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 2015.

	Aggregate holdings and value of options and SARs held on December 31, 2015				Options and SARs exercised in 2015	
	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 2015, Ms. Southern exercised:						
• 130,000 options on ATCO Class I Non-Voting shares						
• 100,000 options on Canadian Utilities Class A non-voting shares						
ATCO Class I Shares						
Options	309,000	151,000	2,758,250	48,625	130,000	2,162,943
SARs	339,000	151,000	3,082,700	48,625	-	-
Canadian Utilities Class A Shares						
Options	299,000	151,000	2,064,025	36,025	100,000	1,256,232
SARs	299,000	151,000	2,064,025	36,025	-	-
Brian R. Bale						
Mr. Bale did not exercise any options or SARs in 2015						
ATCO Class I Shares						
Options	15,200	9,800	108,565	8,555	-	-
SARs	15,200	9,800	108,565	8,555	-	-
Canadian Utilities Class A Shares						
Options	23,200	9,800	157,495	7,205	-	-
SARs	23,200	9,800	157,495	7,205	-	-
Siegfried W. Kiefer						
In 2015, Mr. Kiefer exercised:						
• 16,600 options and 10,000 SARs on ATCO Class I Non-Voting shares						
• 20,000 options and 10,000 SARs Canadian Utilities Class A non-voting shares						
ATCO Class I Shares						
Options	41,500	25,500	341,303	9,140	16,600	467,402
SARs	41,500	25,500	341,303	9,140	-	-
Canadian Utilities Class A Shares						
Options	67,500	25,500	490,255	7,205	20,000	256,462
SARs	67,500	25,500	490,255	7,205	-	-
Sett F. Policicchio						
In 2015, Mr. Policicchio exercised:						
• 10,000 SARs on ATCO Class I Non-Voting shares						
• 10,000 SARs on Canadian Utilities Class A non-voting shares						
ATCO Class I Shares						
Options	18,600	7,400	218,858	3,422	-	152,500
SARs	8,600	7,400	63,558	3,422	-	-
Canadian Utilities Class A Shares						
Options	31,600	7,400	257,293	2,882	-	99,600
SARs	21,600	7,400	155,693	2,882	-	-
Stephen H. Lockwood						
Mr. Lockwood did not exercise any options or SARs in 2015						
ATCO Class I Shares						
Options	0	0	0	0	-	-
SARs	0	0	0	0	-	-
Canadian Utilities Class A Shares						
Options	0	0	0	0	-	-
SARs	0	0	0	0	-	-

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 2015.

Year ended December 31, 2015	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	622,285	622,285	489,090	489,090	981,325	875,150	0
Brian R. Bale	58,658	58,658	44,707	44,707	257,183	235,455	300,000
Siegfried W. Kiefer	70,198	70,198	56,730	56,730	500,400	452,325	250,000
Sett F. Policicchio	15,476	15,476	23,664	23,664	199,170	179,160	400,000
Stephen H. Lockwood	-	-	-	-	4,950	5,900	-

(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, 2015						
ATCO	678,100	34.49	2,815,000	101,451,223	0.7	2.8
Canadian Utilities	855,200	29.92	5,461,400	191,831,009	0.4	2.8
March 8, 2016						
ATCO	666,100	34.73	2,815,400	101,464,123	0.7	2.8
Canadian Utilities	834,400	30.07	5,462,800	192,382,909	0.4	2.8

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 45 for more information about ATCO's 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	20.00	1,872,000	1,920,000	20,617,611	692,711	446,613	21,756,935
Brian R. Bale	34.00	340,225	350,231	5,732,826	298,853	860,101	6,891,780
Siegfried W. Kiefer	32.00	331,406	470,748	9,867,153	207,357	237,128	10,311,638
Sett F. Policicchio	36.08	243,015	243,015	5,049,562	22,575	263,789	5,335,926

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, 2015. 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, 2015, 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 29, Retirement Benefits, in the Company's consolidated financial statements for the year ended December 31, 2015, for more information about the methods and assumptions used to calculate accrued obligations.

Defined contribution

The table below shows the defined contribution disclosure for the named executive.

	Accumulated value at start of year*	Compensatory (\$)	Accumulated value at year end (\$)
Stephen H. Lockwood	0	25,370	25,549

*Stephen H. Lockwood was hired May 1, 2015.

The compensatory amount is the Company's contribution. Participants are responsible for their investments and may invest contributions in a broad selection of funds.

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. 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. 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, 2015, 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	-	-	-	2,874,900
Pension	-	-	-	-
Benefits	-	-	-	-
Perquisites	-	-	-	-
Total	-	-	-	2,874,900
Brian R. Bale				
Cash payment	-	-	-	-
Share-based awards	-	-	-	1,790,160
Pension	-	-	-	-
Benefits	-	-	-	-
Perquisites	-	-	-	-
Total	-	-	-	1,790,160
Siegfried W. Kiefer				
Cash payment	-	-	-	-
Share-based awards	-	-	-	2,400,090
Pension	-	-	-	-
Benefits	-	-	-	-
Perquisites	-	-	-	-
Total	-	-	-	2,400,090
Sett F. Policicchio				
Cash payment	-	-	-	-
Share-based awards	-	-	-	824,288
Pension	-	-	-	-
Benefits	-	-	-	-
Perquisites	-	-	-	-
Total	-	-	-	824,288
Stephen H. Lockwood				
Cash payment	-	-	-	-
Share-based awards	-	-	-	676,400
Pension	-	-	-	-
Benefits	-	-	-	-
Perquisites	-	-	-	-
Total	-	-	-	676,400

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 \$476,607 in the financial year ended December 31, 2015. 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 SEDAR at www.sedar.com. Information about ATCO's business is provided in its annual information form dated February 24, 2016. Financial information is provided in ATCO's financial statements and the management's discussion and analysis for the year ended December 31, 2015.

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 shareholders any question or matter requiring the approval of the shareholders,
 - (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 shareholders, 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 shareholders, other interested parties and the public generally,
- (b) verifying that the financial performance of the Corporation is adequately reported to shareholders, 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 shareholders 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,
- (j) annually assessing the adequacy of this Mandate and making any changes deemed necessary or appropriate, and
- (k) 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 – 2015

COMPARATOR COMPANIES

GENERAL INDUSTRY

Absolute Software
ACCEO SOLUTIONS INC.
Air Canada
ACL Services
Agrium
Algonquin Power & Utilities
Alterna Savings & Credit Union Limited
Altex Energy
Atlantic Central
Ballard Power Systems
Bank of Montreal
Barrick Gold
Bell Canada
Bombardier
Brown Economic Consulting
BuildDirect
Burrard Group
Calgary Co-operative Association
Canadian National Railway Company
Canadian Natural Resources Limited
Canadian Oil Sands
Canadian Pacific Railway
Canadian Tire Corporation Limited
Canadian Western Bank
Canexus
Capital Power
Catalyst Paper Corporation
Cenovus Energy
Canadian Imperial Bank of Commerce
Cineplex Entertainment
Cogeco Cable Canada GP Inc.
Contract Pharmaceutical Limited
Cosmetica Laboratories
Crescent Point Energy
Crombie Properties
Dollarama
Dundee Corporation
D-Wave Systems Inc
Economical Insurance Group, The
EcoSynthetix
Egg Farmers of Canada
Enbridge
Encana
Equitable Group Inc.
Equitable Life of Canada
Finning International
Fotis Inc.
Gaz Metro
General Fusion Inc.
Genworth Financial
Gestion FÉRIQUE
Goldcorp
Gore Mutual Insurance Company
Graham Management Services LP
Great Canadian Gaming Corporation
Great-West Life Insurance Company
Greystone Managed Investments
Hammond Power Solutions Inc.
Healthcare Insurance Reciprocal of Canada
Home Capital Group
HOOPP
HootSuite Media Inc.
Husky Energy
Husky Injection Molding Systems
H.W. Siebens Charitable Foundation
Impark
Incognito Software Inc.
Indigo Books Music & Café
Intact Financial Corp.
Interac Association
Kinross Gold
Laurentian Bank of Canada
Life Labs
Lululemon Athletica
Manulife Financial
Maple Leaf Foods
Mawer Investment Management
McCain Foods
MDA
MEG Energy
Meridian Credit Union
Methanex
Metrie
Mouvement Desjardins
Mustang Survival
NAV Canada
New Flyer Industries
New Gold
Numeris
Ontario Teachers' Pension Plan Board
OSI Maritime Systems
Parkland Fuel Corporation
Penn West Exploration
Potash Corporation of Saskatchewan
Power Corporation of Canada
Precision Drilling
Québecor
RBC Financial Group
Revera Living
Riocan Management Inc.
Rocky Mountaineer Railtours
Rogers Communications
Samuel, Son & Co. Limited
Saskatchewan Blue Cross
Scotiabank
Seastar Solutions
ShawCor
SilverBirch Hotels & Resorts
SNC-Lavalin
SSQ Financial Group
Stantec
Stingray Digital Group Inc.

Suncor Energy
Sun Life Financial
Taron
TD Bank Financial Group
Teck Resources
Tekmira Pharmaceuticals Corporation
Teligence Communications
Tembec Industries Inc.
Teradici Corporation
Teranet
Terrapure Environmental
TMX Group Limited
TransAlta Corporation
Transat A.T.
TransCanada
Transcontinental
Triasima
UFA - United Farmers of Alberta
Uni-Select
Western Drug Distribution Center
WestJet
Westminster Savings Credit Union
Whistler Blackcomb
WhiteWater West Industries
Yellow Pages Digital & Media Solutions Limited

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