ATCO LTD.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2013

FEBRUARY 19, 2014

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CORPORATE STRUCTURE

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

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

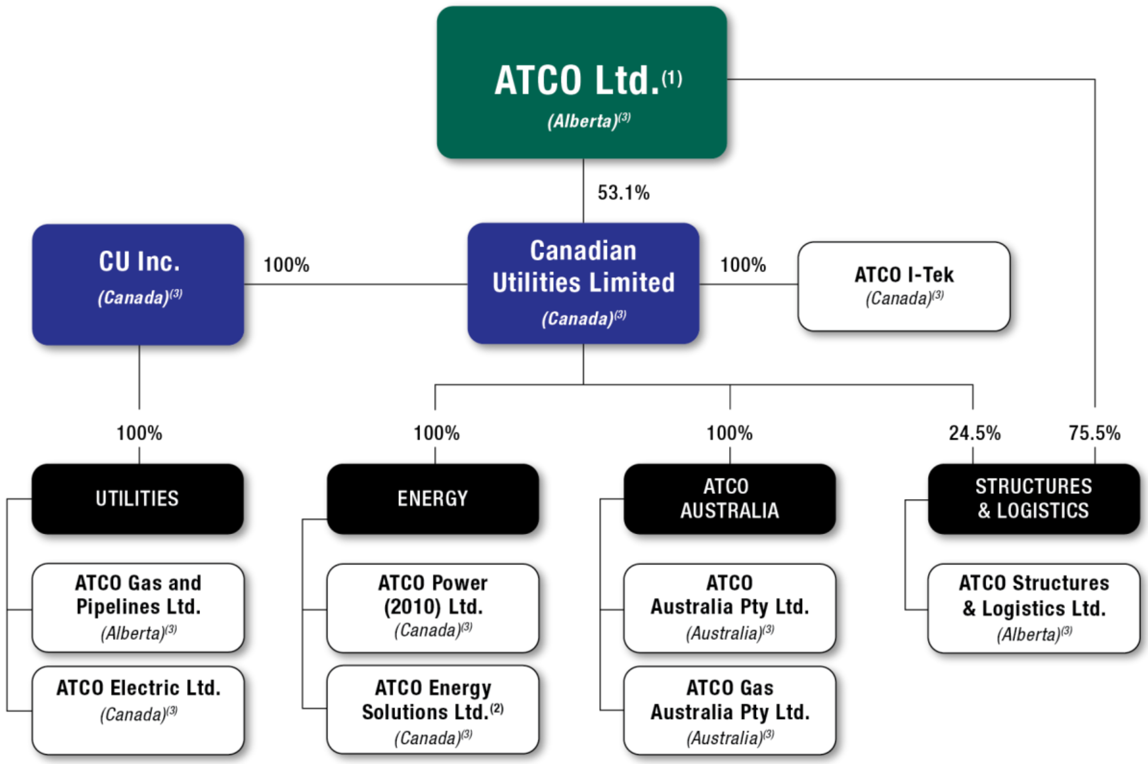
This reorganization was implemented by the transfer of the common shares and debt of the regulated subsidiaries from Canadian Utilities to CU Inc., in return for common shares of CU Inc. As a result of the reorganization, the Company's regulated subsidiaries, which had been financed by Canadian Utilities,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

INTERCORPORATE RELATIONSHIPS

ATCO Group has more than 9,800 employees and assets of approximately $16 billion and delivers service excellence and innovative business solutions worldwide with leading companies engaged in Structures & Logistics (manufacturing, logistics and noise abatement), Utilities (pipelines, natural gas and electricity transmission and distribution), Energy (power generation, natural gas gathering, processing, storage and liquids extraction), and Technologies (business systems solutions).

SIMPLIFIED ORGANIZATIONAL STRUCTURE

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



(1) At December 31, 2013, ATCO Ltd. owned 88.1% of the Class B common shares, which are the only voting securities outstanding, and 39.0% of the Class A non-voting shares of Canadian Utilities, for an aggregate ownership of 53.1%.

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

(3) Jurisdiction in which the Company was incorporated.

BUSINESS DESCRIPTION

The Company operates in the following business segments:

- Structures & Logistics
- Utilities
- Energy
- ATCO Australia
- Corporate & Other

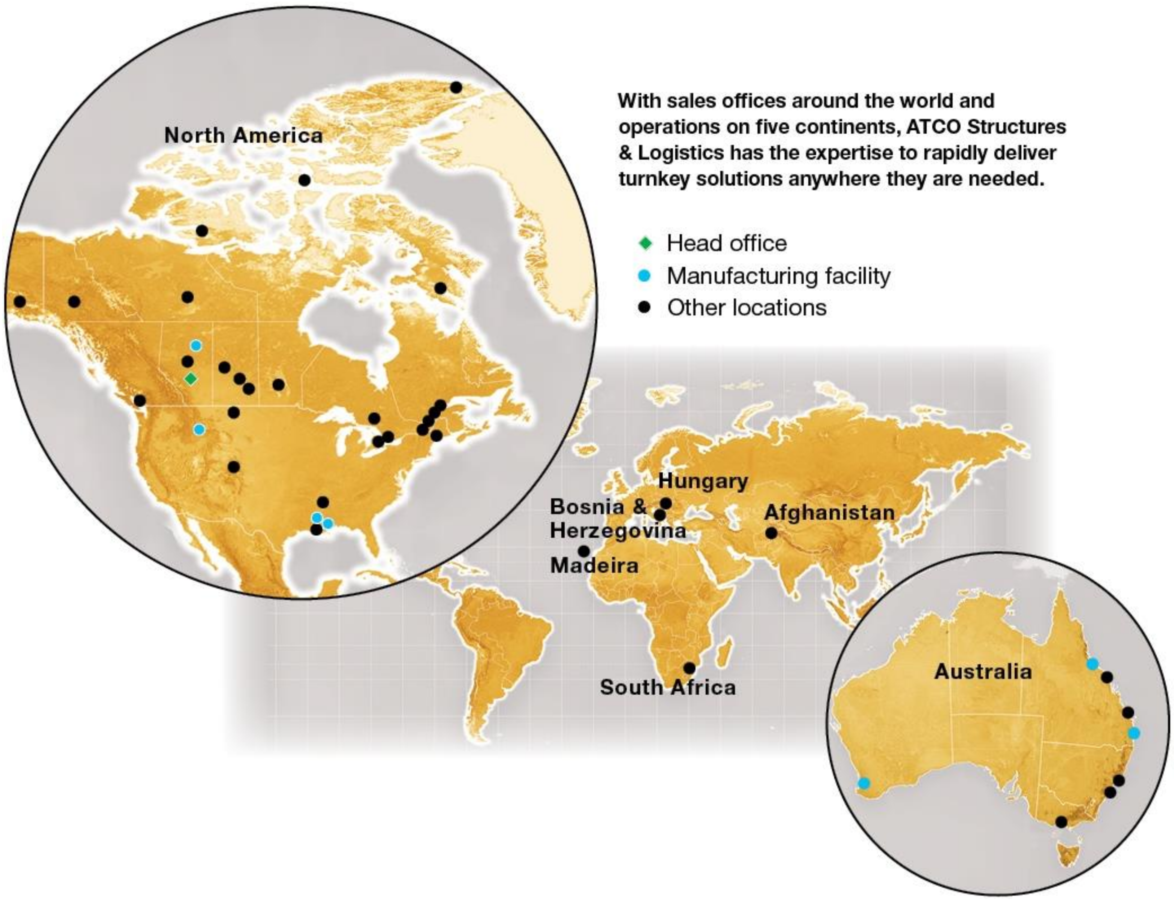
Structures & Logistics

OVERVIEW

The Structures & Logistics segment, through ATCO Structures & Logistics, has five divisions:

- Modular Structures manufactures, sells and leases transportable workforce housing and space rental products.
- Logistics and Facility O&M Services delivers facilities operations and maintenance services, including end-to-end supply chain management, to clients in the resources, defense and telecommunications sectors.
- Lodging & Support Services provides lodge accommodations and camp services mainly to the natural resources sector.
- Emissions Management provides noise and air emissions control and waste heat recovery systems for power generation, oil and gas, petrochemical and other industrial sites.
- Sustainable Communities supplies pre-fabricated building solutions to Aboriginal and remote communities.

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



MODULAR STRUCTURES

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

Workforce Housing

ATCO Structures & Logistics sells and leases workforce housing products. These products include prefabricated standard or custom units designed to be assembled into self-contained camps. The units are complete with sleeping accommodations, kitchen, dining and recreation facilities. They are made for all-weather conditions and are fully transportable. The workforce housing products fleet is constructed and maintained to meet the latest building industry and trade union standards and is refurbished and upgraded as needed. ATCO Structures & Logistics also purchases used workforce housing units from customers. These units are then retrofitted as needed and made available for resale or lease in the workforce housing market.

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

Space Rentals

The space rentals business is located in Canada, Australia and the U.S. This division leases and sells re-locatable modular offices, classrooms and other community structures. The space rentals fleet consists of on-site structures that can be used as offices, lunchrooms, storage facilities, lavatories, first-aid units and locker rooms. Other uses are as modular commercial and community structures, such as office complexes and classrooms.

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

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

In September 2013, ATCO Structures & Logistics announced the sale of its 50% ownership interest in Tecno Fast ATCO S.A., headquartered in Santiago, Chile, to its joint-venture partner, Tecno Fast. The Company sold its interest for approximately CAD $124 million. The sale included all operational assets consisting of space rental and workforce housing fleet assets, manufacturing facilities and offices in Chile, Peru, Colombia and Brazil.

In November 2013, ATCO Structures & Logistics sold its non-core space rental assets in the United Kingdom for proceeds of CAD $5 million.

The following table compares ATCO Structures & Logistics' rental fleet by geographic area for 2013 and 2012, restated for the divestiture of Tecno Fast ATCO S.A. and the U.K. assets.

Number of Units in Lease Fleet

		2013		**2012**
	Workforce Housing	**Space Rentals**	**Workforce Housing**	**Space Rentals**
Canada	**1,854**	**4,213**	2,010	4,024
Australia	**1,007**	**8,655**	766	8,956
United States	**186**	**91**	181	98
Total	**3,047**	**12,959**	2,957	13,078

The decrease in space rentals units from 2012 is primarily due to the increased fleet sales during 2013 and lower than anticipated investment in Australia due to reduced mining activity in the area.

Manufacturing

The Modular Structures division manufactures products at global facilities in Canada and the U.S. In Australia, ATCO Structures & Logistics owns manufacturing facilities but subcontracts operations to third parties.

Location	Square Feet	Ownership
Canada		
Calgary (ATCO Industrial Park)	275,000	100%
Edmonton (Spruce Grove)	90,000	100%
U.S.		
Pocatello, Idaho	200,000	100%
Wichita Falls, Texas	140,000	100%
Diboll, Texas	90,000	100%
Australia		
Perth, Western Australia	193,000	100%
Brisbane, Queensland	31,000	100%
Townsville, Queensland	15,000	100%

LOGISTICS AND FACILITY O&M SERVICES

The Logistics and Facility O&M Services division delivers services to clients in the resource, defense and telecommunications sectors. The division provides a range of operational support solutions, from large information technology systems to radar sites, from deployed military operations to mining camps, and from fuel tank farms to airports. The services ensure the integrity and effectiveness of customers' assets and operations.

The division's operations include site support and camp services through total project management and construction/installation, operation, and reclamation services. Technical services are offered for operating and maintaining technical equipment and systems to ensure required operational availability. Airfield services involve complete airside and groundside management as well as operation to military and civilian airports. Logistics services offer end-to-end supply chain management, from procurement to inventory. In addition, the division offers facilities management, from property and asset management services to complete building operation and maintenance.

Since 2007, ATCO Structures & Logistics has provided multiple support services to NATO at the Kandahar Airfield in Afghanistan for troops serving NATO's International Security Assistance Force. ATCO Structures & Logistics continues to provide first responder services to NATO at the Kandahar Airfield, with an expected expiry date of December 2014.

LODGING & SUPPORT SERVICES

The Lodging & Support Services division provides remote accommodations and related services, including catering, waste management and maintenance. It currently operates four accommodation complexes with a total of 2,196 rooms.

ATCO Structures & Logistics and the Fort McKay First Nation are partners in a joint venture which owns and operates the Creeburn Lake Lodge. This 500-room lodge north of Fort McMurray, Alberta accepts clients on a nightly, weekly or monthly basis. A second joint venture with the Fort McKay First Nation operates Barge Landing Lodge, a 1,300-room temporary work camp north of Fort McMurray which is under various service agreements with several clients.

In addition, ATCO Structures & Logistics owns and operates the 196-room ATCO Lodge Estevan in Saskatchewan and the 200-room ATCO Lodge Williston in North Dakota.

EMISSIONS MANAGEMENT

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

SUSTAINABLE COMMUNITIES

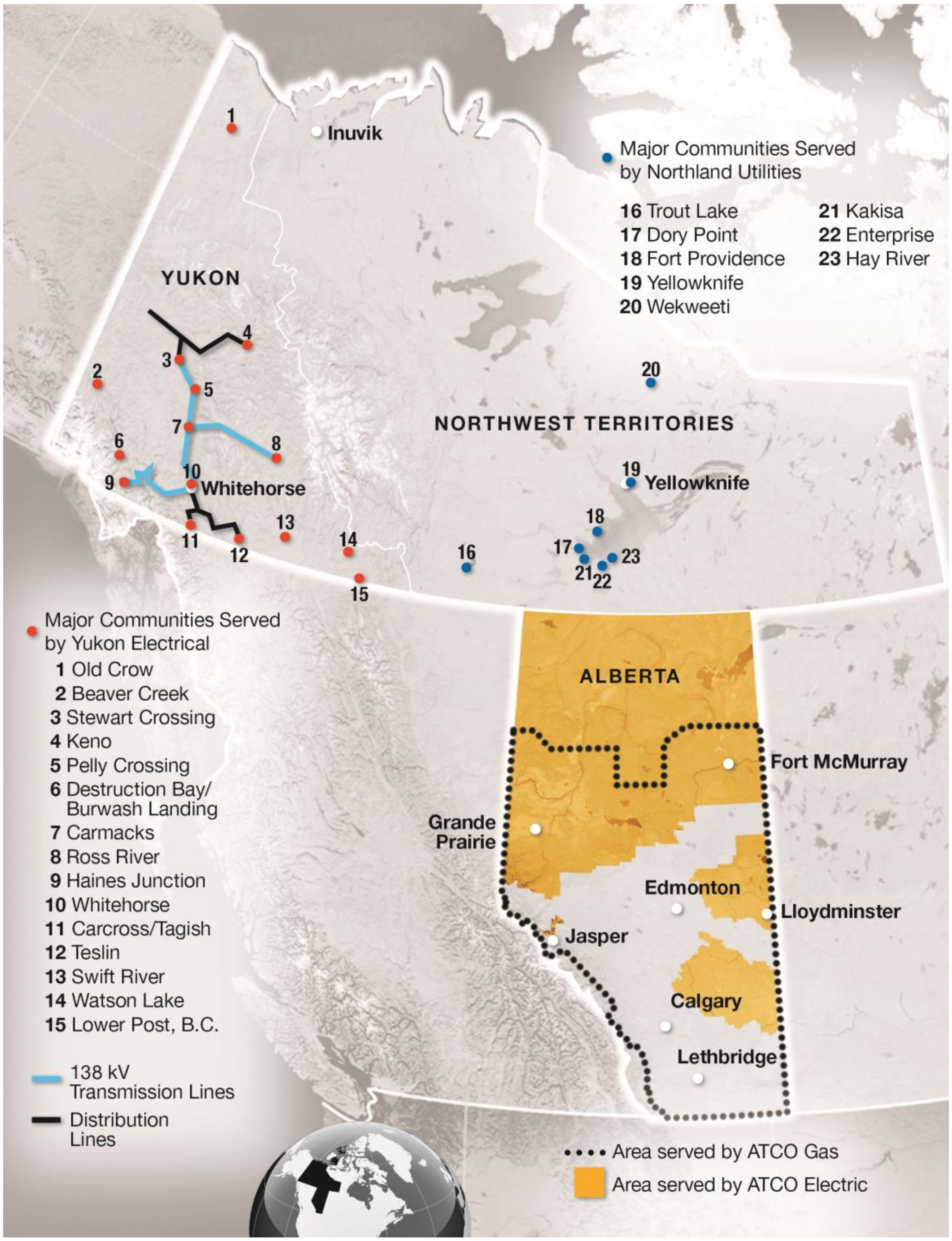
ATCO Sustainable Communities designs, manufactures and builds permanent infrastructure solutions, including a full range of pre-fabricated, sustainable buildings. These structures are built mainly for Aboriginal customers in remote, non-urban locations. The building projects include schools, daycares,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

Utilities

OVERVIEW

The Utilities segment includes three regulated business operations: 1) electricity distribution and transmission by ATCO Electric Ltd. and its subsidiaries, Northland Utilities (NWT) Limited (NLD), Northland Utilities (Yellowknife) Limited (NUY), and The Yukon Electrical Company Limited (YECL); 2) natural gas distribution by the ATCO Gas division of ATCO Gas and Pipelines Ltd. (AGP); and 3) natural gas transmission by the ATCO Pipelines division of AGP.

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



GOVERNMENT REGULATION

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

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

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

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

Specifically, the PBR formula incorporates the following factors:

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

PBR also includes mechanisms to allow companies to:

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

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

ATCO Pipelines and the transmission operations of ATCO Electric continued under the cost-of-service model in 2013.

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

THE AESO COMPETITIVE TRANSMISSION PROCESS

Alberta's Provincial Energy Strategy directed the AESO to develop a process and model for competitively procuring new electricity transmission facilities without regard for service area.

On February 14, 2013, the AUC approved the AESO's Competitive Process Application with certain conditions. The competitive model is limited to facilities designated as "Critical Transmission Infrastructure" (CTI). Currently, the Fort McMurray West and East Transmission Lines are the only projects designated as CTI subject to the competitive process.

The Fort McMurray West Transmission Project consists of a 500 kV transmission line from Edmonton to Fort McMurray with a $1.6 billion cost and a 2019 in-service target date. The Company was shortlisted by the AESO as one of the five proponents to move forward to the next stage of competition. This decision is followed by a Request for Proposal (RFP) in 2014, with the contract award expected in late 2014.

ATCO ELECTRIC

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

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

Approximately 550,000 people live in the principal markets for electric utility service by ATCO Electric and its subsidiaries NUY, NLD and YECL. Service is provided to approximately 248,000 customers. ATCO Electric has been assigned about 65% of the designated service area within Alberta. This service area contains approximately 14% of the provincial electrical load and 13% of the population. The area includes the significant industrial growth region of the Canadian oil sands near Fort McMurray and the heavy oil areas near Cold Lake and Peace River.

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

		2013		2012
	Number	**%**	**Number**	**%**
Industrial	**11,547**	**5**	11,471	5
Commercial	**32,777**	**13**	32,136	13
Residential	**172,798**	**70**	169,131	69
Rural, REAs and other	**30,975**	**12**	30,772	13
Total	**248,097**	**100**	243,510	100

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

		2013		2012
	GWh	**%**	**GWh**	**%**
Industrial	**7,038**	**62**	6,802	62
Commercial	**2,383**	**21**	2,388	22
Residential	**1,338**	**12**	1,286	12
Rural, REAs and other	**524**	**5**	498	4
Total	**11,283**	**100**	10,974	100

ATCO Electric, NUY, NLD and YECL own and operate extensive electricity transmission and distribution systems. The systems consist of approximately 11,000 km of transmission lines and 70,000 km of distribution lines. In addition, ATCO Electric delivers power to and operates approximately 5,000 km of distribution lines owned by Rural Electrification Associations (REA).

ATCO Electric, NUY, NLD and YECL own and operate 28 diesel, natural gas turbine and hydro-generating plants, with an aggregate nameplate capacity of 61 MW in Alberta, the Yukon and Northwest Territories. The maximum peak load demand for these plants during 2013 was 32 MW.

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

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

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

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

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

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

ATCO GAS

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

ATCO Gas' principal markets for distributing natural gas are in Edmonton, Calgary, Airdrie, Fort McMurray, Grande Prairie, Lethbridge, Lloydminster, Red Deer, Spruce Grove, St. Albert and Sherwood Park. These communities have a combined population of approximately 2,518,000. At December 31, 2013, approximately 75% of ATCO Gas' customers were located in these 11 communities. Also served are 279 smaller communities as well as rural areas with a combined population of approximately 662,000.

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

	2013		2012	
	Number	**%**	**Number**	**%**
Residential	**1,025,668**	**92**	1,004,199	92
Commercial	**92,541**	**8**	91,031	8
Industrial	**355**	**-**	356	-
Other	**2**	**-**	-	-
Total	**1,118,566**	**100**	1,095,586	100

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

	2013		2012	
	PJ	**%**	**PJ**	**%**
Residential	**119.1**	**48**	119.9	48
Commercial	**115.7**	**46**	113.6	46
Industrial	**14.3**	**6**	13.9	6
Other	**0.1**	**-**	0.2	-
Total	**249.2**	**100**	247.6	100

ATCO Gas owns and operates more than 39,000 km of distribution mains. It also owns service and maintenance facilities in major centres in Alberta.

ATCO Gas distributes natural gas in incorporated communities under the authority of franchises or by-laws and in rural areas under approvals, permits or orders issued through applicable statutes. It currently has 167 franchise agreements with communities throughout Alberta.

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

These franchise agreements detail the rights granted to ATCO Gas and its obligations to deliver natural gas services to consumers in the municipality.

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

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

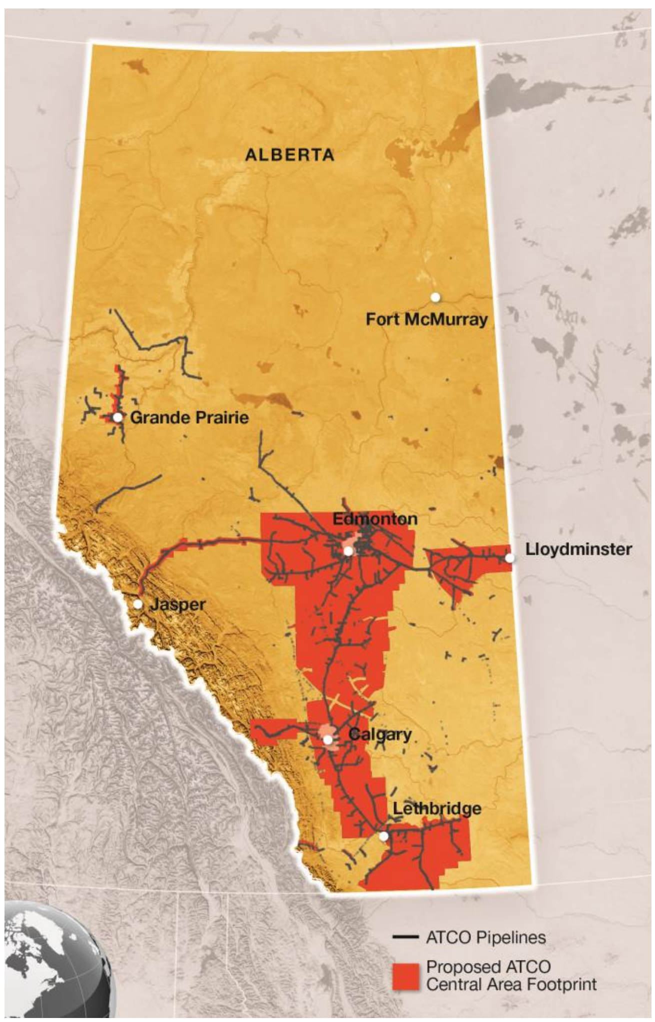
ATCO PIPELINES

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

ATCO Pipelines owns and operates an extensive natural gas transmission system. The system currently consists of approximately 8,500 km of pipelines, 19 compressor sites, approximately 3,900 receipt and delivery points, and a salt cavern storage peaking facility near Fort Saskatchewan, Alberta. The system has 181 producer receipt points, five interconnections with Alliance Pipeline, and one interconnection with Many Islands Pipelines. Peak delivery capability of the ATCO Pipelines system is 3.8 billion cubic feet per day.

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

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

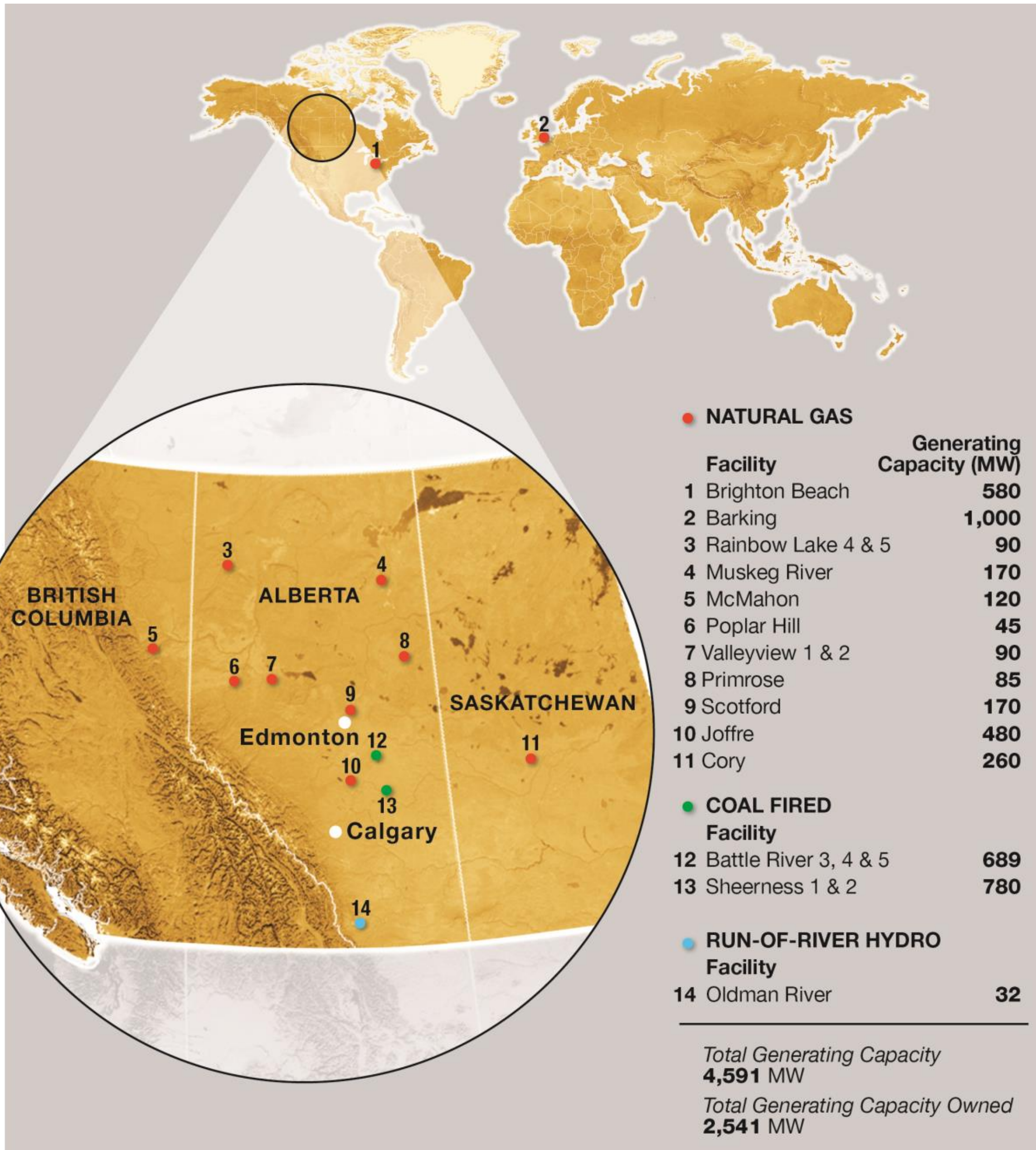


Energy

OVERVIEW

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

ATCO Power operates in Canada and the U.K., as shown in the following map.



ATCO POWER

Power generation activities are focused on owning, operating and developing generating plants in Canada and the U.K.

The Alberta power market serves approximately 4 million people. Installed electricity generating capacity at December 31, 2013, was approximately 14,500 MW, fueled by 43% coal, 41% natural gas, 6% hydroelectric, 8% wind and 2% other.

At December 31, 2013, ATCO Power had an ownership position in generating plants with a total capacity, including partners' interests, of 4,591 MW. It operates 4,471 MW, or 97%, and owns 2,541 MW, or 55%, of the total capacity. This capacity is fueled by 57% natural gas, 42% coal and 1% hydroelectric. Details of these plants are shown in Appendix 1.

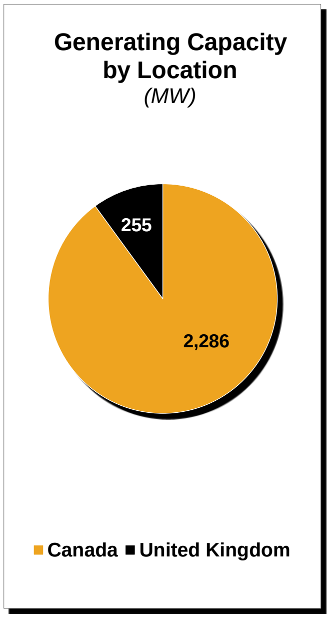
ATCO Power is involved in joint ventures with a wide range of partners, including other generators, oil and gas companies, and steam hosts. ATCO Power's role in each venture is tailored to the specific needs of a project. ATCO Power generally operates the power and steam generation facilities. It ensures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

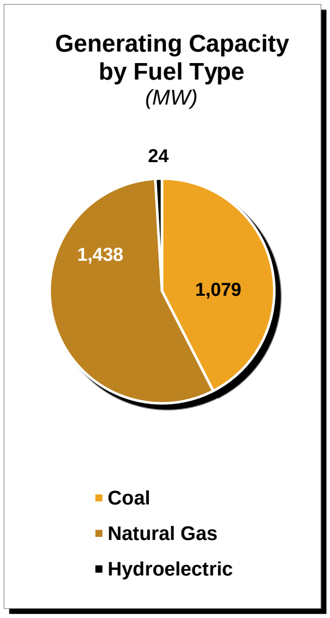
As at December 31, 2013, the Company had 681 MW (27%) of its generating capacity exposed to the merchant market for power generation in Alberta, Canada and the U.K.

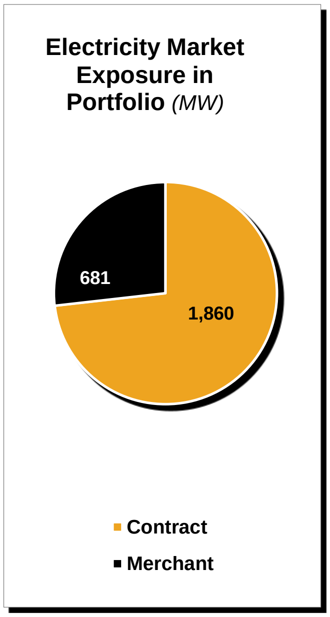
The Power Purchase Arrangements (PPAs) for Battle River units 3 and 4 expired on December 31, 2013. ATCO Power has an additional 295 MW generating capacity exposed to the merchant market for power generation in Alberta effective January 1, 2014.

While ATCO Power continues to operate Battle River units 3 and 4 after the expiry of their PPAs, the decision for how long to operate depends on market conditions as well as federal and provincial air pollutant regulations under development. These regulations are targeted for implementation in 2015.

The following charts illustrate the approximate portion of owned generating capacity by facility location, fuel types in the portfolio, and contract versus merchant portions of owned capacity at December 31, 2013.







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

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

Regulated Generating Plants

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

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

Fuel costs for the Battle River and Sheerness generating plants are mostly for coal, under a coal supply agreement with Prairie Mines & Royalties Limited (PMRL). To protect against volatility in coal prices, ATCO Power owns or has sufficient coal supplies under long-term contracts for the anticipated lives of its Battle River and Sheerness coal-fired generating plants. These contracts are at either fixed prices or indexed to inflation. The Battle River coal supply agreement was extended beginning in 2013 until 2022 and reflects the higher cost of mining deeper coal in a new mine area. ATCO Power is negotiating the final pricing for this extended term. The coal supply agreement for Sheerness extends to the earlier of 2026 or the exhaustion of the coal supply.

ATCO ENERGY SOLUTIONS

ATCO Energy Solutions owns and operates a portfolio of non-regulated natural gas and electricity transmission assets in Alberta, non-regulated natural gas gathering, processing, extraction and natural gas storage facilities in Alberta and Saskatchewan. It operates and owns a one-third interest in a regulated natural gas distribution system in the Northwest Territories. The subsidiary also provides natural gas procurement and load balancing services for other ATCO Group businesses.

Natural Gas Storage

ATCO Energy Solutions owns and operates a natural gas storage facility at Carbon, Alberta. The facility is a natural gas reservoir with a storage capacity of 43.5 petajoules, a maximum injection rate of 400 terajoules per day, and a maximum withdrawal rate of 600 terajoules per day. The facility is connected to multiple transmission pipeline systems and has been in service more than 40 years. Since acquisition of this asset from ATCO Gas in June 2011, ATCO Energy Solutions' has been reviewing the optimal delivery capabilities of the asset and has identified opportunities to increase storage capacity.

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

Natural Gas Liquids Extraction

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

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

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

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

(3) Owner-operated

Natural Gas Gathering and Processing

ATCO Energy Solutions owns or has an interest in six natural gas gathering and processing facilities, three of which it operates, with a net gathering and processing capacity of 157 million cubic feet per day. In addition, this subsidiary owns approximately 1,122 km of field gathering lines. Natural gas production connected to ATCO Energy Solutions' natural gas gathering systems is processed for a fee or purchased, processed and sold under third-party contractual arrangements. Approximately 70% of net processing capacity is capable of processing sour gas.

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

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

Facility	Date in Service	Licensed Capacity *(mmcf/day)*	Ownership *(%)*	Net Ownership *(mmcf/day)*
Kisbey Gas Plant (1)	2000	5	50%	3
Ikhil Gas Plant	1999	8	33%	3
Kinsella Gathering and Compression Facility (1)	1996	20	100%	20
Puskwaskau Gas Plant	1996	21	41%	9
Carbondale Gas Plant (1)	1991	56	100%	56
Nottingham Gas Plant	1985	18	8%	1
		128		92

(1) Owner-operated

Non-regulated Electricity and Natural Gas Transmission

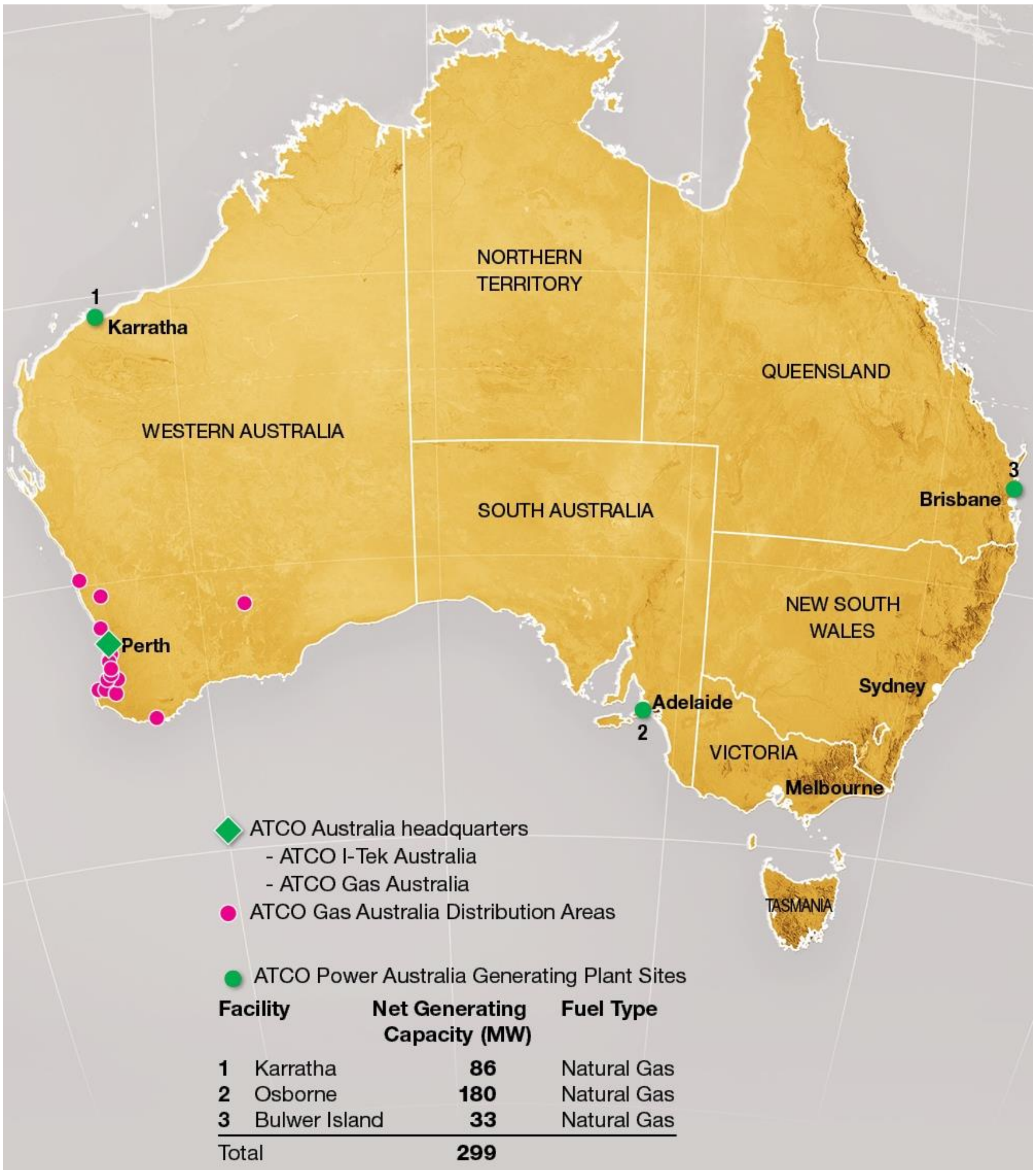
ATCO Energy Solutions owns and operates two non-regulated electricity transmission lines in Alberta, one in Fort Saskatchewan and another in Fort McMurray. It also owns a 116 km non-regulated natural gas pipeline near Fort McMurray.

ATCO Australia

OVERVIEW

The ATCO Australia segment includes the regulated distribution of natural gas by ATCO Gas Australia, the non-regulated supply of electricity and steam by ATCO Power Australia, and the non-regulated provision of information technology services by ATCO I-Tek Australia.

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



ATCO GAS AUSTRALIA

ATCO Gas Australia provides natural gas distribution services in Western Australia. This subsidiary serves over 682,000 customers in 18 communities, including metropolitan Perth and surrounding regions such as Geraldton, Bunbury, Busselton, Kalgoorlie, Harvey, Pinjarra, Brunswick Junction and Capel. ATCO Gas Australia also distributes liquefied propane gas (LPG) to the community of Albany.

The subsidiary owns and operates approximately 13,500 km of natural gas pipelines and associated infrastructure.

The number of customers served by ATCO Gas Australia at the end of 2013 is shown below.

		2013		2012
	Number	%	Number	%
Residential	**671,294**	**98**	656,004	98
Commercial	**11,348**	**2**	10,728	2
Industrial	**181**	**-**	184	-
Total	**682,823**	**100**	666,916	100

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

		2013		2012
	PJ	%	PJ	%
Residential	**10.2**	**38**	10.1	37
Commercial	**2.9**	**11**	2.8	10
Industrial	**13.4**	**51**	14.3	53
Total	**26.5**	**100**	27.2	100

The quantity of gas delivered in 2013 is lower than the prior year as a result of decreased demand resulting from the consolidation of operations by several industrial customers in 2013.

Regulatory Environment

ATCO Gas Australia is regulated mainly by the Economic Regulation Authority (ERA) of Western Australia. Rates are generally set for a five-year Access Arrangement (or General Rate Application). However, the current period, which began on January 1, 2010, and ends on June 30, 2014, is only four and a half years because the year end for rate-making purposes was switched from December 31 to June 30. ATCO Gas Australia is subject to a cost-of-service regulatory mechanism under which the ERA establishes the revenues for each year of the Access Arrangement to recover (1) a return on projected rate base, including income taxes; (2) depreciation on the projected rate base; and (3) projected operating costs.

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

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

ATCO POWER AUSTRALIA

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

Details of these plants are shown in Appendix 1.

ATCO I-TEK AUSTRALIA

ATCO I-Tek Australia provides a variety of information technology (IT) services, from day to day operational support to architectural design and program delivery. Services are based on a shared service model. This model requires ATCO I-Tek Australia to own and maintain IT hardware and recover the cost of this hardware over time. Currently, its services are provided mainly to ATCO Gas Australia and Dampier Bunbury Pipelines (DBP).

DBP has advised that the information technology services provided by ATCO I-Tek Australia will cease from March 10, 2014, and the services will transition to a new service provider under a handback plan, with full transition expected to be completed in late 2014.

Corporate & Other

The Corporate & Other segment includes ATCO I-Tek and commercial real estate the Company owns in Alberta.

ATCO I-TEK

ATCO I-Tek develops, operates and supports information systems and technologies. This subsidiary provides billing, payment processing, credit, collection and call centre services. ATCO I-Tek has a contract with Direct Energy to provide billing and call centre services for its regulated retail and competitive energy supply businesses in Alberta. This subsidiary also supplies distribution-related billing and customer care services to ATCO Gas and ATCO Electric.

In 2013, Direct Energy informed ATCO I-Tek that it intends to award the billing and call centre services to a new service provider after the current contract expires on December 31, 2014.

REAL ESTATE

ATCO Investments Ltd. owns ATCO Centre Phase II and the adjacent parking lot at 919 & 931 – 11th Avenue S.W., Calgary, Alberta. This building contains approximately 139,600 square feet of net rentable area, of which 100% was occupied at December 31, 2013.

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

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

PERFORMANCE SUMMARY

COMPARISON OF SEGMENTED REVENUES AND ADJUSTED EARNINGS

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

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

Revenues [1]		**2013**		**2012**
	($ millions)	*%*	*($ millions)*	*%*
Structures & Logistics	**1,004**	**23**	1,004	25
Utilities	**2,040**	**47**	1,844	46
Energy	**1,017**	**23**	882	22
ATCO Australia	**261**	**6**	251	6
Corporate & Other and Eliminations	**37**	**1**	31	1
Total	**4,359**	**100**	4,012	100

Adjusted Earnings [1] [2]		**2013**		**2012**
	($ millions)	*%*	*($ millions)*	*%*
Structures & Logistics	**96**	**25**	114	31
Utilities	**179**	**46**	148	40
Energy	**80**	**20**	72	19
ATCO Australia	**24**	**6**	23	6
Corporate & Other and Eliminations	**11**	**3**	13	4
Total	**390**	**100**	370	100

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

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

Revenues and adjusted earnings were significantly influenced by continued organic growth and fluctuating commodity prices.

Adjusted earnings in the Utilities segment grew mainly because of the significant capital investment in regulated transmission infrastructure projects and regulated electricity and natural gas distribution networks in several regions of Alberta.

The Energy segment benefited from higher realized power prices and increased availability of its generating plants in 2013.

Adjusted earnings in the Structures & Logistics segment declined from the prior year because of lower project activity in Australia, the sale of its South American operations, and lower lodge occupancy. These decreases were partially offset by higher project activity, increased fleet sales and higher rental rates in North America.

ATCO Structures & Logistics sold its 50% ownership interest in its South American operations for $124 million in September 2013. The sale resulted in a gain of $88 million; the Company recognized earnings of $56 million after income taxes and non-controlling interests. It also sold its non-core U.K. space rentals assets in November 2013 for $5 million recording a marginal loss of $2 million. The Company continuously reviews its business portfolio to evaluate opportunities to monetize non-core assets and the sales of these assets are some of the most recent examples of this strategy.

In addition, to the increase in the Company's earnings from the sale of these assets, earnings were partly lower as a result of impairment charges of $25 million for certain of the Company's power generation assets in the U.K. and Australia, and natural gas gathering, processing and liquids extraction assets in western Canada. None of these items were included in adjusted earnings.

COMPARISON OF SEGMENTED CAPITAL EXPENDITURES

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

	2013 (1) (2)		2012 (1) (2)	
	($ millions)	*%*	*($ millions)*	*%*
Structures & Logistics	**116**	**5**	199	8
Utilities	**2,178**	**86**	2,142	86
Energy	**68**	**3**	42	2
ATCO Australia	**89**	**3**	74	3
Corporate & Other and Eliminations	**67**	**3**	30	1
Total	**2,518**	**100**	2,487	100

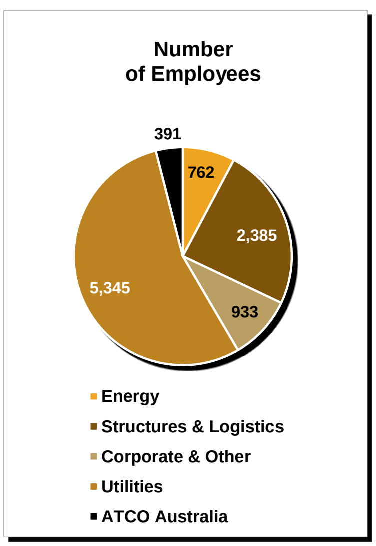
(1) The above data has been extracted from financial statements prepared in accordance with IFRS. The reporting currency is the Canadian dollar.

(2) Includes additions to property, plant and equipment and intangibles as well as $65 million (2012 – $50 million) of interest capitalized during construction for the year ended December 31, 2013.

The increased capital investment in Utilities mainly relates to regulated transmission infrastructure projects in ATCO Electric. The Hanna Region Transmission Development (HRTD) project was completed in 2013, on time and $60 million under budget. Construction began in late 2012 on the Eastern Alberta Transmission Line. Significant expenditures for expansion and reinforcement of the transmission system were also made in the central east region of Alberta, mostly in the St. Paul, Cold Lake and Bonnyville areas. Expenditures were also made in regulated electricity and natural gas distribution projects in ATCO Electric and ATCO Gas. Capital investment in Structures & Logistics in 2013 reflects reduced rental fleet additions; the prior year also included land purchases in Australia.

EMPLOYEE INFORMATION

At December 31, 2013, ATCO Group had 9,816 employees compared to 9,428 at December 31, 2012. The accompanying chart represents the employee numbers in each segment.



Not included in the chart are 36 employees in ATCO Australia joint ventures, 100 employees in Energy joint ventures, and 253 employees in Structures & Logistics joint ventures.

THREE-YEAR SEGMENT HISTORY

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

Structures & Logistics

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

MODULAR STRUCTURES

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

North America

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

In March 2012, ATCO Structures & Logistics was awarded a contract to build a 2,586-person turnkey workforce housing lodge for BHP Billiton's Jansen Potash Project, located 100 km north of Regina, Saskatchewan. The first 500-room phase of the project was completed in the second quarter of 2013. In the third quarter of 2013, ATCO Structures & Logistics started construction of the remaining 2,086 rooms. This workforce housing lodge is expected to be completed during the second quarter of 2015.

Australia

In May 2013, ATCO Structures & Logistics was awarded a contract to design, manufacture, transport and install 357 modular units for the Chevron-operated Wheatstone project in Western Australia. The units were built at its manufacturing facilities in Brisbane and Perth. Completion of the project is expected by end of third quarter 2014. The facility in Perth is the newest addition to the Company's construction operations in Australia and was fully operational in the third quarter of 2013.

The Company manufactured three workforce housing construction camps for three liquefied natural gas (LNG) projects, all located on Curtis Island, Australia. These camps consisted of a 1,700-person accommodation facility supporting the Queensland Curtis LNG project; a 1,344-person accommodation facility for the Gladstone LNG project; and a 2,600-person accommodation facility to support Australia Pacific LNG's project. Two of these projects were completed in the third and fourth quarters of 2012, and the third project was completed in the first quarter of 2013.

South America

The Company completed construction of a 7,700-person workforce accommodation expansion for the Escondida copper mine in the Atacama Desert in northern Chile in the first quarter of 2013.

Activity in the natural resource sectors in Australia and South America began to slow in 2013. In light of projections for continued weakness in mining activity in South America, the Company sold its modular structures operations in this region in September 2013. In contrast, resource activity in North America remained strong in 2013. The Company is expecting that these high activity levels will continue on the strength of on-going and planned projects.

Asset Sales

In September 2013, ATCO sold its 50% ownership interest in Tecno Fast ATCO S.A., headquartered in Santiago, Chile, to its joint-venture partner, Tecno Fast. The joint venture between ATCO and Tecno Fast was established in 1996 to supply the mining and resource sector with workforce accommodation.

ATCO sold its interest for approximately CAD $124 million, which included all operational assets consisting of space rental and workforce housing fleet, manufacturing facilities and offices in Chile, Peru, Colombia and Brazil. The sale resulted in a gain of $88 million; the Company recognized earnings of $56 million after income taxes and non-controlling interests.

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

Rental Fleet Statistics

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

			Year Ended December 31
	2013	**2012**	**2011**
Manufacturing hours *(thousands)* (1)	**1,154**	1,011	842
Space Rentals Fleet			
Number of units	**12,959**	13,078	12,253
Utilization *(%)*	**77**	81	80
Average rental rate *($ per month)*	**614**	610	575
Workforce Housing Fleet			
Number of units	**3,047**	2,957	2,216
Utilization *(%)*	**83**	86	85
Average rental rate *($ per month)*	**2,397**	2,024	1,695

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

While ATCO Structures & Logistics continued to add to its rental fleet in 2013 following the significant build in 2012, the total number of units in the fleet at the end of the year was marginally lower because of high sales of rental fleet in 2013. These sales allowed the Company to refresh its fleet with newer products. Rental rates continued to trend upwards contributing to strong earnings.

LOGISTICS AND FACILITY O&M SERVICES

Business activity in the Logistics and Facility O&M Services division has been significantly influenced by the defense contracts in Afghanistan. A major contract to supply infrastructure support, range and pest services to the North Atlantic Treaty Organization (NATO) at the Kandahar Airfield was completed at the end of March 2011. ATCO Structures & Logistics provided Utilities and First Responder services to NATO at the Kandahar Airfield throughout this three-year period. However, the Utilities contract expired in November 2013 and was not renewed. Revenues at the Kandahar Airfield are now limited to the recently extended First Responders contract, which expires in December 2014.

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

LODGING & SUPPORT SERVICES

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

Utilities

The Utilities segment has grown because of substantial investment in utility infrastructure in Alberta.

Total capital expenditures for ATCO Electric, ATCO Gas and ATCO Pipelines for the last three years were $5.6 billion. The largest expenditures were in the transmission operations of ATCO Electric.

			Year Ended December 31
($ millions)	**2013**	**2012**	**2011**
Electric Transmission	**1,355**	1,345	594
Electric Distribution	**408**	387	322
Gas Distribution	**268**	323	288
Pipeline Transmission	**147**	87	112
Total	**2,178**	2,142	1,316

Approximately $5.5 billion of capital expenditures in the Utilities are planned for 2014 to 2016, of which approximately $4 billion is in ATCO Electric. Of this $4 billion, approximately $2.3 billion, excluding interest during construction (IDC), is in transmission projects directly assigned by the AESO. The remaining $1.5 billion relates to ATCO Gas and ATCO Pipelines capital programs, which includes approximately $340 million for the Urban Pipelines Replacement (UPR) project.

REGULATORY DEVELOPMENTS

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

ATCO Pipelines and the transmission operations of ATCO Electric continued under the cost-of-service model in 2013.

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

	Year	Date of Decision[1]	Mid-Year Rate Base *($ millions)*	Rate of Return on Common Equity[2] *(%)*	Common Equity Ratio[3] *(%)*
ATCO Electric					
Transmission	**2013**	**Sep. 24/13**	**3,576** [5]	**8.75%** [6]	**37.0%** [6]
	2012	Nov. 22/11	2,839	8.75% [4]	37.0% [4]
	2011	Nov. 22/11	1,940	8.75% [4]	37.0% [4]
Distribution	**2013**	**-**[7]	**-** [7]	**8.75%** [6]	**39.0%** [6]
	2012	Nov. 22/11	1,392	8.75% [4]	39.0% [4]
	2011	Nov. 22/11	1,193	8.75% [4]	39.0% [4]
ATCO Gas	**2013**	**-**[7]	**-** [7]	**8.75%** [6]	**39.0%** [6]
	2012	Nov. 20/12	1,666	8.75% [4]	39.0% [4]
	2011	Nov. 20/12	1,524	8.75% [4]	39.0% [4]
ATCO Pipelines	**2013**	**Dec. 04/13**	**879** [5]	**8.75%** [6]	**38.0%** [6]
	2012	Aug. 30/13	847 [8]	8.75% [4]	38.0% [4]
	2011	Dec. 20/11	825	8.75% [4]	45.0% [4]

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

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

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

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

(5) The mid-year rate base for 2013 is based on the 2013-2014 General Rate Application Compliance filing. A decision is expected in the second quarter of 2014.

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

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

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

ATCO ELECTRIC

Major Project Updates

Hanna Region Transmission Development (HRTD) Project

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

Eastern Alberta Transmission Line (EATL) Project

On November 15, 2012, ATCO Electric received approval from the AUC to start construction of the Eastern Alberta Transmission Line. The 500kV high voltage direct-current transmission line, with its associated converter stations and facilities, extends approximately 485 km along a corridor on the east side of the province between Edmonton and Calgary. The line adds capacity to Alberta's existing electricity transmission system. In late 2012, ATCO Electric started construction of the transmission line. The in-service date is late December 2014.

Total cost is estimated to be $1.8 billion, excluding IDC. As of December 31, 2013, $938 million of this amount has been spent, with the remaining $864 million expected to be incurred during 2014.

ATCO GAS

Automated Meter Reading Project

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

ATCO PIPELINES

Urban Pipeline Replacement Proceeding

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

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

In January 2014, the AUC issued its decision approving the need for the replacement and relocation of the Edmonton and Calgary aging, urban high-pressure natural gas pipelines. In this decision, the AUC determined that the UPR proposal put forward by ATCO Pipelines was in the public interest, to provide a safe, reliable and efficient system. The total cost of the UPR project is approximately $700 million, which includes the cost to integrate the new high-pressure network with ATCO Gas' low-pressure distribution system. ATCO Pipelines plans to complete the construction of the UPR project over the next five years. To date, $53 million has been spent on UPR projects.

Alberta System Integration

ATCO Pipelines and NGTL have entered into an agreement for natural gas transmission service. The agreement will allow ATCO Pipelines and NGTL to utilize their physical assets under one rates and services structure with a single commercial interface for Alberta customers. ATCO Pipelines and NGTL will separately manage assets within distinct operating territories of Alberta. This integration ends duplicate tolling and operational activities and results in more efficient regulatory processes.

On November 22, 2012, the AUC issued a decision approving the asset swap between ATCO Pipelines and NGTL to establish distinct operating areas. ATCO Pipelines cannot proceed with the asset swap until NGTL receives approval from the National Energy Board (NEB). On November 12, 2013, NGTL filed its Integration Asset Transfer Application with the NEB. The NEB will issue its report on the application no later than April 30, 2015.

Energy

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

The Company realized higher average Alberta power pool prices in 2013 compared to 2012, and average pool prices over the three-year period have remained relatively strong. Plant availability over the same period has remained high in the Company's independent and regulated power plants. The combination of higher average Alberta power pool prices and plant availability contributed to increased earnings for the Company.

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

The U.K. power market has been weak over the last three years. Given the prospects for continued weakness, the Company impaired its 25.5% ownership interest in the Barking generating plant in the fourth quarter of 2013.

ATCO Energy Solutions' financial results are affected mainly by natural gas storage differentials, frac spreads and natural gas extraction and processing volumes. Over the past three years storage volumes and differentials have declined. Natural gas processing volumes have also declined, resulting in the sale or shut-in of several of the Company's processing plants. Frac spreads have been volatile, falling in 2012 and rising in the fourth quarter of 2013. This volatility is reflected in earnings from NGL extraction operations.

In the fourth quarter of 2013, the Company impaired certain natural gas gathering, processing and liquids extraction assets in western Canada.

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

In 2013, ATCO Energy Solutions announced agreements to provide water transportation services to the North West Redwater Partnership's Sturgeon Refinery, and to construct additional pipeline, pumping and storage facilities to supply water to Air Products Canada Ltd.'s new hydrogen facility in Strathcona County.

ATCO Australia

For ATCO Australia, the most significant event in the past three years was Canadian Utilities' acquisition of WA Gas Networks (WAGN) from WestNet Infrastructure Group and the DUET Group on July 29, 2011. Included in the acquisition was WestNet Infrastructure Group's information technology division. WAGN is the natural gas distribution utility company that serves Perth and surrounding areas in Western Australia. WAGN was subsequently re-branded as ATCO Gas Australia and the information technology division was re-branded as ATCO I-Tek Australia.

ATCO Gas Australia's operations benefited from growth in the customer base, increased investment in utility infrastructure and favorable decisions on its appeal of various events of the current 2010-2014 Access Arrangement. The decisions resulted in, among other items, an increase of the real return from 7.40% to 7.75%.

ATCO Power Australia experienced higher power pool prices and consistently strong generating plant availability over the previous three years.

Other Events

Share Split

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

Participation in Canadian Utilities Dividend Reinvestment Plan

In the year ended December 31, 2013, Canadian Utilities issued a total of 3,726,965 Class A non-voting shares under its dividend reinvestment plan (DRIP) in lieu of making cash dividend payments of $134 million. ATCO Ltd. elected to receive 2,789,988 Class A non-voting shares in lieu of receiving cash dividends of $100 million, thereby increasing its ownership interest in Canadian Utilities slightly, from 52.8% at the beginning of 2011 to 53.1% at the end of 2013.

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

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

Changes to Executive Leadership and Corporate Structure

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

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

BUSINESS RISKS

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

DIVIDENDS

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

(Canadian dollars per share)	2013	2012	2011
Class I and Class II Shares [1]	**0.750**	0.655	0.570

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

It is the practice of the Company to pay dividends quarterly on its Class I and Class II Shares. In the first quarter of 2013, the Company increased the dividends on Class I and Class II Shares by 2.375 cents per share to 18.75 cents per share. ATCO has increased its annual common share dividend each year since 1993.

On January 9, 2014, the Board of Directors declared a first quarter dividend of 21.50 cents per share, a 15% increase over the 18.75 cents per share paid in each of the previous four quarters. The payment of any dividend is at the discretion of the Board of Directors and depends on the Company's financial condition, among other factors.

CAPITAL STRUCTURE

SHARE CAPITAL

The share capital of the Company at February 18, 2014, is as shown below.

Share Description	Authorized	Outstanding
Preferred Shares issuable in series	20,000,000	-
Junior Preferred Shares issuable in series	8,000,000	-
Class I Shares	300,000,000	101,474,832
Class II Shares	50,000,000	13,648,896

Preferred Shares and Junior Preferred Shares

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

Class I Non-Voting Shares and Class II Voting Shares

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

CREDIT RATINGS

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

In 2013, Standard and Poor's Ratings Services and DBRS Limited re-affirmed their ratings of the Company as "A" with a stable outlook and "A (low)" with a stable trend, respectively.

In December 2013, S&P upgraded the ratings for ATCO Gas Australia Limited Partnership's debt from "BBB" (Positive) to "A-" (Stable).

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

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

(1) ATCO Gas Australia Limited Partnership is the entity used to hold the long-term debt for ATCO Gas Australia Pty Ltd.

LONG-TERM DEBT AND ISSUER CREDIT RATINGS

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

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

COMMERCIAL PAPER AND SHORT-TERM DEBT CREDIT RATINGS

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

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

PREFERRED SHARE CREDIT RATINGS

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

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

CREDIT RATINGS GENERALLY

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

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

MARKET FOR SECURITIES OF THE COMPANY

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

The following table sets forth the high and low prices and volume of the Company's shares traded on the Toronto Stock Exchange during 2013.

			Class I Shares (1)			Class II Shares (1)
2013	**High** *($)*	**Low** *($)*	**Volume**	**High** *($)*	**Low** *($)*	**Volume**
January	42.37	39.59	1,996,478	42.18	39.75	7,514
February	45.35	41.38	2,286,930	45.20	41.80	10,496
March	46.30	43.33	3,199,324	46.01	44.00	14,768
April	48.63	44.42	3,217,410	47.43	44.70	9,678
May	49.67	46.00	7,499,702	49.23	46.38	7,462
June	47.40	41.12	5,360,761	46.68	41.50	26,421
July	46.70	41.44	3,057,177	46.00	41.75	9,185
August	46.81	42.50	1,776,898	46.49	42.75	3,237
September	46.16	42.25	2,488,211	45.97	42.50	7,823
October	48.69	44.28	2,551,514	48.50	45.00	8,604
November	52.09	47.33	1,993,350	49.51	47.75	7,705
December	49.48	45.73	1,798,661	48.00	46.00	4,780

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

DIRECTORS AND OFFICERS

DIRECTORS

Robert T. Booth, QC (2) (4)

Calgary, Alberta, Canada
Director since 2008
Age 61

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 a director of the Canadian Defence & Foreign Affairs Institute and honorary counsel to the Conference of Defence Associations and CDA Institute. He has served as a director of the Canadian Energy Law Foundation.

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

Bertrand P. Collomb, PhD

Paris, France
Director since 1999
Age 71

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

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

David A. Dodge, OC, LLD, PhD, FRSC [3]

Ottawa, Ontario, Canada
Director since 2012
Age 70

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

He is currently Chancellor of Queen's University. Dr. Dodge also serves as Chair of the Board of Directors of the Canadian Institute for Advanced Research and is Co-Chair of the Global Market Monitoring Group of the International Institute of Finance.

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

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

Linda A. Heathcott

Calgary, Alberta, Canada
Director since 2012
Age 51

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. She is the Board Chair of AKITA Drilling Ltd. and serves on the Board of Sentgraf Enterprises Ltd.

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

Helmut M. Neldner (2) (3) (4)

Westerose, Alberta, Canada
Director since 1997
Age 75

Mr. Neldner has extensive experience in the telecommunications industry and is the former President & Chief Executive Officer of AGT and TELUS Corporation. He started his career with AGT in 1964 and later served as Vice President, Finance and Vice President, Corporate Planning and Engineering before retiring as President & Chief Executive Officer of TELUS Corporation in 1994.

Mr. Neldner graduated from the University of Alberta in 1964 with a B.Comm. specializing in Finance and in 1984 graduated from the Harvard Advanced Management Program.

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

Toronto, Ontario, Canada
Director since 2009
Age 71

Mr. Rayfield was Vice Chair, Investment and Corporate Banking, BMO Capital Markets until January 2013. He was responsible for senior corporate relationships in Canada, the U.S. and the U.K., and management of BMO's Investment Banking business in China and India. Mr. Rayfield was also on the Canadian Management Committee. He has extensive international banking experience in Latin America, Australia, Japan and Korea. Mr. Rayfield is 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 has studied at Cambridge University and is a graduate of the Director Education Program at the Institute of Corporate Directors.

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

Brunnen, Switzerland
Director since 2012
Age 67

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 a director of ATCO Structures & Logistics Ltd.

Dr. Routs is an emeritus member of the International Advisory Council to the Economic Development Board of Singapore and has 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 Ph.D. in Technical Sciences. He completed the Program for Management Development at Harvard Business School in 1991.

Nancy C. Southern

Calgary, Alberta, Canada
Director since 1989
Age 57

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

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

Ronald D. Southern, CC, CBE, LLD

Calgary, Alberta, Canada
Director since 1963
Age 83

Mr. Southern is the Founder, ATCO Group. He was Chairman of the Board until December 1, 2012, and continues to be a director of both ATCO and Canadian Utilities. Together with his late father, S.D. Southern, Mr. Southern founded ATCO Group in 1947 and served as ATCO's President for 48 years. He is credited with transforming ATCO to what it is today – a company with assets of approximately $16 billion, employing more than 9,800 people. Mr. Southern is a director of ATCO Structures & Logistics Ltd., and serves as Chairman of Sentgraf Enterprises Ltd. Mr. Southern is a Canadian member of The Trilateral Commission.

Some of Mr. Southern's many distinctions include Commander of the Order of the British Empire, 1995; Officer of the Order of Orange-Nassau, 2006; and Companion of the Order of Canada, 2007.

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

Evergreen, Colorado, USA
Director since 2002
Age 74

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 the 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 a M.Sc. in Engineering.

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

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

(3) Member of the Audit Committee

(4) Member of the Risk Review Committee

Officers (in Alphabetical Order)

Name, Province and Country of Residence	Position Held and Principal Occupation
C.J. Ackroyd Alberta, Canada	Vice President, Marketing & Communications ATCO Ltd. and Canadian Utilities Limited
B.R. Bale Alberta, Canada	Senior Vice President & Chief Financial Officer ATCO Ltd. and Canadian Utilities Limited
C.L. Gareau Alberta, Canada	Vice President, Finance & Treasury ATCO Ltd. and Canadian Utilities Limited
C. Gear Alberta, Canada	Corporate Secretary ATCO Ltd. and Canadian Utilities Limited
K.P. Hunt Alberta, Canada	Vice President, Internal Audit & Risk Management ATCO Ltd. and Canadian Utilities Limited
E.M. Kiefer Alberta, Canada	Senior Vice President, Human Resources & Corporate Services ATCO Ltd. and Canadian Utilities Limited
S.W. Kiefer Alberta, Canada	Chief Operating Officer, Power & Utilities ATCO Ltd. and Canadian Utilities Limited
B.G. Milne Alberta, Canada	Vice President, Internal Audit ATCO Ltd. and Canadian Utilities Limited
P.G. Moellmann Alberta, Canada	Group Vice President, Special Projects ATCO Ltd. and Canadian Utilities Limited
R.C. Neumann Alberta, Canada	Vice President, Controller ATCO Ltd. and Canadian Utilities Limited
A.M. Skiffington Alberta, Canada	Vice President & Chief Information Officer ATCO Ltd. and Canadian Utilities Limited
N.C. Southern Alberta, Canada	Chair, President & Chief Executive Officer ATCO Ltd. and Canadian Utilities Limited
P. Spruin Alberta, Canada	Vice President, Administrative Services ATCO Ltd. and Canadian Utilities Limited
R.D. Stone Alberta, Canada	Vice President, Legal & Corporate Secretarial ATCO Ltd. and Canadian Utilities Limited
T.L. Wallace Alberta, Canada	Vice President, Human Resources ATCO Ltd. and Canadian Utilities Limited
C.G. Warkentin Alberta, Canada	Vice President & Treasurer ATCO Ltd. and Canadian Utilities Limited
S.R. Werth Alberta, Canada	Senior Vice President & Chief Administration Officer ATCO Ltd. and Canadian Utilities Limited
H.G. Wilmot Alberta, Canada	Chief Operating Officer, Energy & Industrials, ATCO Ltd. and Canadian Utilities Limited and President, ATCO Structures & Logistics Ltd.

Positions Held by Officers within Preceding Five Years

All the officers have been engaged for the last five years in the indicated principal occupations, or in other capacities with the companies or firms referred to, or with their affiliates or predecessors, except for Mr. Skiffington, Mr. Stone, Ms. Wallace and Mr. Warkentin. Mr. Skiffington held several executive level roles with Fortis Alberta Inc. (an investor-owned electricity utility), including Vice President Business Services & CIO. Mr. Stone was an Associate at Bennett Jones LLP (a law firm based in Calgary, Alberta). Ms. Wallace was Talent Lead with Deloitte (a private management consulting firm) and Vice President Employee Care with Vonage Canada (a communications firm). Mr. Warkentin was Consultant to the CFO, MAXIM Power Corporation (an independent power producer) and Vice President and Treasurer, Earthfirst Canada Inc. (a developer of renewable wind energy).

Directors' and Officers' Interests in the Company

At December 31, 2013, the directors and officers of the Company, as a group, beneficially owned, or controlled or directed, directly or indirectly (via corporate holdings or otherwise), 11,505,940 (84.3%) of the issued and outstanding Class II Shares of the Company. In addition, the directors and officers of the Company, as a group, beneficially owned, or controlled or directed, directly or indirectly (via corporate holdings or otherwise), 66,607,170 (88.5%) of the issued and outstanding Class B common shares of Canadian Utilities Limited.

TRANSFER AGENT AND REGISTRAR

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

INTERESTS OF EXPERTS

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

FORWARD-LOOKING INFORMATION

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

GLOSSARY

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

AESO means the Alberta Electric System Operator.

AGP means ATCO Gas and Pipelines Ltd.

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

ATCO means ATCO Ltd.

ATCO Electric means ATCO Electric Ltd.

ATCO Energy Solutions means ATCO Energy Solutions Ltd.

ATCO Gas means the natural gas distribution division of AGP.

ATCO Group means ATCO Ltd. and its subsidiaries.

ATCO I-Tek means ATCO I-Tek Inc.

ATCO Pipelines means the natural gas transmission division of AGP.

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

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

AUC means the Alberta Utilities Commission.

Canadian Utilities means Canadian Utilities Limited.

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

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

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

EUA means the Electric Utilities Act (Alberta).

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

MD&A means the Company’s Management’s Discussion and Analysis for the year ended December 31, 2013.

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

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

NEB means National Energy Board.

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

NGTL means NOVA Gas Transmission Ltd.

NLD means Northland Utilities (NWT) Limited.

NUY means Northland Utilities (Yellowknife) Limited.

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

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

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

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

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

U.K. means United Kingdom.

U.S. means United States of America.

WAGN means WA Gas Networks.

YECL means The Yukon Electrical Company Limited.

ADDITIONAL INFORMATION

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

Additional information, including directors' and officers' remuneration, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, is contained in the Company's most recent management proxy circular dated March 12, 2013. Additional financial information is provided in the Company's audited consolidated financial statements and the Company's MD&A for the financial year ended December 31, 2013.

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

APPENDIX 1 – DETAILS OF GENERATING PLANTS

ATCO Power Generating Plants in Canada

Name, Location & Type	Date In Service	MW [1]	Ownership *(%)*	Capacity Share	Partner(s) [2]	Customer(s) [2]	Contract Expiry Date
Battle River 3, 4 & 5 Forestburg, AB Coal-Fired Thermal	1969-1981	689	100	689	-–	ENMAX	2013, 2013 & 2020
Brighton Beach Windsor, ON Gas-Fired Combined-Cycle	2004	580	50	290	OPG	Shell Energy	2024
Cory Saskatoon, SK Gas-Fired Cogeneration/ Combined-Cycle	2003	260	50	130	SPI	SPC	2028
Joffre Red Deer, AB Gas-Fired Cogeneration	2000	480	40	192	Capital Power / NOVA	NOVA/ Merchant	2020
McMahon Taylor, BC Gas-Fired Cogeneration	1993	120	50	60	Spectra Energy	BC Hydro	2029 [3]
Muskeg River Fort McMurray, AB Gas-Fired Cogeneration	2003	170	70	119	SPI	AOSP/ Merchant	2042
Oldman River Pincher Creek, AB Hydroelectric	2003	32	75	24	Piikani First Nation	Merchant	–
Poplar Hill Grande Prairie, AB Gas-Fired Open-Cycle	1998	45	100	45	–	Merchant / TMR [4] contract	2018
Primrose Primrose, AB Gas-Fired Cogeneration	1998	85	50	42	CNRL	CNRL/ Merchant	2018
Rainbow Lake 4 & 5 Rainbow Lake, AB Gas-Fired Cogeneration/ Open-Cycle	1999	90	50	45	Husky Energy	Husky Energy/ Merchant	2020
Scotford Fort Saskatchewan, AB Gas-Fired Cogeneration	2003	170	100	170	–	AOSP/ Merchant	2043
Sheerness 1 & 2 Hanna, AB Coal-Fired Thermal	1986 & 1990	780	50	390	TransAlta	Trans Canada	2020
Valleyview 1 & 2 Valleyview, AB Gas-Fired Open-Cycle	2001 & 2008	90	100	90	–	Merchant	–
Total		**3,591**		**2,286**			

ATCO Power Generating Plants Outside Canada

Name, Location & Type	Date In Service	MW (1)	Ownership (%)	Capacity Share	Partner(s) (2)	Customer(s) (2)	Contract Expiry Date
Barking London, U.K. Gas-Fired Combined-Cycle	1995	1,000	25.5	255	SSE/EDF/ BB	Merchant	–
Total ATCO Power **(A)**		**4,591**		**2,541**			

(1) *Name plate capacity*

(2) *Full names of customers and partners:*

- *AOSP means Athabasca Oil Sands Project.*
- *BB means Balfour Beatty Pension Trust Limited.*
- *Capital Power means Capital Power (Alberta) Limited Partnership.*
- *CNRL means Canadian Natural Resources Limited.*
- *EDF means EDF Energy plc.*
- *ENMAX means Enmax Corporation.*
- *NOVA means NOVA Chemicals.*
- *OPG means Ontario Power Generation Inc.*
- *Shell Energy means Shell Energy North America (Canada) Inc.*
- *SPC means SaskPower Corporation.*
- *SPI means Saskpower International Inc.*
- *SSE means Scottish & Southern Energy.*
- *TransAlta means TransAlta Corporation.*
- *TransCanada means TransCanada Corporation.*

(3) *In 2013, the McMahon contract was extended to 2029.*

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

ATCO Australia Generating Plants

Name, Location & Type	Date In Service	MW (1)	Ownership (%)	Capacity Share	Partner(s) (2)	Customer(s) (2)	Contract Expiry Date
Bulwer Island Queensland Australia Gas-Fired Cogeneration	2001	33	50	17	Origin Energy	BP	2021
Osborne South Australia Gas-Fired Combined-Cycle	1998	180	50	90	Origin Energy	Origin Electricity/ Penrice	2018
Karratha Western Australia Gas-Fired Open-Cycle	2010	86	100	86	–	Horizon Power	2030
Total ATCO Australia (B)		**299**		**193**			
Total ATCO (A + B)		**4,890**		**2,734**			

(1) *Name plate capacity*

(2) *Full names of Customers and Partners:*

- *BP means BP plc.*
- *Origin Electricity means Origin Energy Electricity Limited.*
- *Origin Energy means Origin Energy Limited.*
- *Penrice means Penrice Soda Holdings Limited.*

APPENDIX 2 – AUDIT COMMITTEE INFORMATION

AUDIT COMMITTEE MANDATE

Purpose

The purpose of this mandate is to establish the terms of reference of the Audit Committee (the “Committee”) of the Corporation. The Committee is appointed by the Board of Directors of the Corporation (the “Board”). The Committee is responsible for contributing to the effective stewardship of the Corporation by assisting the Board in fulfilling its oversight of:

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

Composition

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

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

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

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

Meetings

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

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

Reporting

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

Responsibilities and Authority

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

The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties, to set and pay the compensation for any advisors employed by the Committee, and to communicate directly with the internal and external auditors.

The Committee shall:

- recommend to the Board:
  - (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Corporation;
  - (b) the compensation of the external auditor; and
  - (c) the approval of the Corporation's annual Financial Statements, Annual Information Form (AIF) and annual Management's Discussion & Analysis (MD&A).
- be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by the external auditor of the Corporation ("Non-audit Services"). The Committee may delegate to one or more of its members the authority to pre-approve Non-audit Services, and each pre-approval of Non-audit Services by a member to whom such authority has been delegated must be presented in writing to the Committee at its first scheduled meeting following such pre-approval. The Committee shall adopt and periodically review policies and procedures for the engagement of Non-audit Services that are detailed as to the particular service, that do not include delegation of the Committee's responsibilities to management, and that are designed to manage the pre-approval process and comply with all applicable legal and regulatory requirements.
- review the Corporation's annual and interim Financial Statements, MD&A and earnings press releases and the AIF before the Corporation publicly discloses this information.
- if delegated by the Board, approve the interim Financial Statements, interim MD&A and interim earnings press releases before the Corporation publicly discloses this information.
- be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and periodically assess the adequacy of these procedures. This would include an annual review of the Corporation's Disclosure Policy.
- ensure that the Corporation has appropriate procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters.

- provide a means for confidential and anonymous submission by employees of the Corporation of concerns regarding accounting or auditing matters.
- be satisfied that the Corporation has implemented appropriate systems of internal control over financial reporting and that these systems are operating effectively.
- be satisfied that the internal audit function has been effectively carried out and the internal auditor has adequate resources.
- review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
- review and reassess annually the adequacy of this mandate and recommend any proposed changes to the Board for approval.
- review and approve annually the Disclosure Committee, Designated Audit Directors and Internal Audit mandates.

The members of the Committee, for the purpose of performing their duties, have the right to inspect all the books and records of the Corporation and its subsidiary entities and to discuss such books and records in any manner relating to the financial position of the Corporation and its subsidiary entities with the officers, employees and internal and external auditors of the Corporation and its subsidiary entities.

The Committee will inquire into any other matters referred to it by the Board.

Composition of the Audit Committee

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

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

Relevant Education and Experience

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

H.M. Neldner - Mr. Neldner has a Bachelor of Commerce (Finance). Mr. Neldner held various senior management positions in accounting and finance, including General Accountant, Comptroller, Vice President Finance and President & CEO with Alberta Government Telephones and TELUS Corporation.

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

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

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

Pre-Approval Policies and Procedures

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

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

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

External Auditor Service Fees

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

($ Millions)	**2013**	**2012**
Audit fees (1)	**3.3**	3.1
Audit related fees (2)	**0.1**	0.4
Tax fees (3)	**0.3**	0.7
All other fees	**0.1**	0.1
Total	**3.8**	4.3

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

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

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