



ATCO Ltd.  
Management Proxy Circular | **2013**

Notice of Annual Meeting of Shareholders May 14, 2014







March 11, 2014

Dear Share Owner:

I am pleased to invite all holders of Class I Non-Voting Shares and Class II Voting Shares of ATCO Ltd. to attend the 47th annual meeting of ATCO Ltd. share owners. The meeting will be held in the Crystal Ballroom at The Fairmont Palliser, 133 – 9th Avenue S.W., Calgary, Alberta, on Wednesday, May 14, 2014, at 10:00 a.m.

In addition to the formal business of the meeting, you will hear management's review of ATCO's 2013 operational and financial performance. You will have the opportunity to ask questions and to meet with management, your directors, and fellow share owners.

Holders of Class II Voting Shares are entitled to vote on the items of business at the meeting. If you are unable to attend the meeting in person, you may vote by telephone, via the internet, or by completing your form of proxy or voting instruction form. Please refer to pages 2 to 5 of the accompanying management proxy circular for additional information about who can vote and how to vote.

A webcast of the meeting will be available at [www.atco.com](http://www.atco.com) shortly after the meeting. Please visit our website during the year for information about our company.

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

Sincerely,

[Signed by N. C. Southern]

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







## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

### **When**

Wednesday, May 14, 2014  
10:00 a.m.

### **Where**

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

### **Business of the Meeting**

1. To receive the consolidated financial statements for the year ended December 31, 2013, including the auditor's report on the statements
2. To elect the directors
3. To appoint the auditor
4. To transact such other business as may properly come before the meeting or any adjournment thereof.

Holders of Class II Voting Shares registered at the close of business on March 27, 2014 (the record date), are entitled to vote at the meeting. The attached management proxy circular includes important information about what the meeting will cover and how to vote.

By order of the Board of Directors

[Signed by C. Gear]

C. Gear  
Corporate Secretary  
Calgary, Alberta  
March 11, 2014



## MANAGEMENT PROXY CIRCULAR

This management proxy circular is provided in connection with the solicitation by ATCO management of proxies to be used at the annual meeting of shareholders for the items described in the accompanying notice. ATCO bears the cost of solicitation by management.

All information in this management proxy circular is as of March 11, 2014, unless otherwise indicated.

In this document, *you* and *your* refer to ATCO Ltd. shareholders. *We, us, our, Corporation, company* and *ATCO* refer to ATCO Ltd. and its subsidiaries, where applicable. *Canadian Utilities* and *CU* mean Canadian Utilities Limited.

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# THE ANNUAL MEETING

## Who can vote

ATCO has two classes of shares – Class I Non-Voting Shares and Class II Voting Shares. The Class II Voting Shares are the only shares entitled to be voted at the meeting. Each Class II Voting Share you own at the close of business on March 27, 2014, entitles you to one vote. The holders of the Class I Non-Voting Shares are invited to attend and participate in discussions at shareholder meetings, but are not entitled to vote.

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

**The holders of Class I Non-Voting Shares have no right to participate if a takeover bid is made for the Class II Voting Shares.** However, if

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

then the Class I Non-Voting Shares will be entitled to the same voting rights as the Class II Voting Shares.

The Class I Non-Voting Shares and Class II Voting Shares rank equally in all other respects.

## Principal Shareholder

On March 11, 2014, there were 13,640,896 Class II Voting Shares outstanding. To the knowledge of the directors and officers of the Corporation, the only person who beneficially owns, or controls or directs, directly or indirectly, 10% or more of the Class II Voting Shares is Ronald D. Southern. Mr. Southern owns 4,000 Class II Voting Shares and is the controlling shareholder of Sentgraf Enterprises Ltd., which owns 11,447,520 Class II Voting Shares. These combined shareholdings represent 83.9% of the outstanding Class II Voting Shares.

## Questions and answers on proxy voting

### Am I entitled to vote?

You are entitled to vote if you were a holder of Class II Voting Shares of ATCO at the close of business on March 27, 2014. Each Class II Voting Share entitles its holder to one vote.

### What will I be voting on?

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

- the election of 11 directors to ATCO's Board of Directors
- the appointment of the auditor.

### How will these matters be decided at the meeting?

A simple majority of the votes cast, in person or by proxy, will constitute approval of these matters.

### If I give my proxy, how will my shares be voted?

The shares represented by your proxy will be voted as you have instructed. If you properly complete and return your form of proxy but do not specify how you wish the votes cast, your shares will be voted as your proxyholder sees fit.

If neither you nor your proxyholder gives specific instructions, your shares will be voted as follows:



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



**FOR the appointment of PricewaterhouseCoopers LLP as ATCO's auditor.**

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

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

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

### **How do I contact the transfer agent?**

Questions may be directed to our transfer agent, CST Trust Company, at [www.canstockta.com](http://www.canstockta.com) or [inquiries@canstockta.com](mailto:inquiries@canstockta.com), or by telephone:

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

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

### **How do I vote if I am a registered shareholder?**

#### **1. Voting by proxy**

You are a registered shareholder if your name appears on your share certificate. If this is the case, **you have the right to appoint a person or company to represent you as proxyholder and vote your shares at the meeting. If you wish to appoint a person or company other than the person or persons named in the enclosed form of proxy, then strike out the printed names appearing on the form of proxy and insert the name of your chosen proxyholder in the space provided. Your proxyholder need not be an ATCO shareholder. Complete your voting instructions, date and sign the form, and return it to CST Trust Company as instructed.**

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

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

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

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

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



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

If you plan to attend the meeting on May 14, 2014, and vote your shares in person at the meeting, you do not need to complete and return the form of proxy. Please register with the transfer agent, CST Trust Company, upon arrival at the meeting. Your vote will be recorded and counted at the meeting.

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

You can vote by telephone by using the toll free number 1 (888) 489-5760 and following the voice prompts. You will need to enter the 13 digit control number located in the lower left-hand corner on the reverse of the enclosed form of proxy in order to enter your voting instructions. All required information must be entered before 5:00 p.m. Eastern Daylight Time on May 12, 2014. If you vote by telephone, you cannot appoint anyone other than the person or persons named on your form of proxy as your proxyholder.

**6. Can I vote online?**

Yes. Access [www.cstvotemyproxy.com](http://www.cstvotemyproxy.com) and follow the instructions provided. You will need to enter your 13 digit control number located in the lower left-hand corner on the reverse of the enclosed form of proxy in order to enter your voting instructions. All required information must be entered before 5:00 p.m. Eastern Daylight Time on May 12, 2014. You may appoint anyone as a proxyholder using this internet address.

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

Yes. Fax **both sides** of your properly completed form of proxy to CST Trust Company at 1 (866) 781-3111 (from within Canada and the U.S.) or (416) 368-2502 (from any other country). All required information must be received before 5:00 p.m. Eastern Daylight Time on May 12, 2014.

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

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

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

Please return your properly completed form of proxy to our transfer agent in the postage paid envelope provided or mail it to CST Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1. To ensure your vote is recorded, your completed form of proxy must reach the transfer agent no later than 5:00 p.m. Eastern Daylight Time on May 12, 2014.

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

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

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

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

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

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

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

### **What if I want to change my voting instructions?**

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

## **Business of the meeting**

### **Financial statements**

ATCO's consolidated financial statements for the year ended December 31, 2013, together with the auditor's report have been filed with the Canadian securities regulatory authorities and have been sent to the registered shareholders and to those beneficial shareholders who requested them. The statements are also available on our website at [www.atco.com](http://www.atco.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). The consolidated financial statements will be reviewed at the annual meeting and you will have the opportunity to discuss the results with management.

### **Election of directors**

The 11 nominees proposed for election as directors of ATCO are listed beginning on page 8.

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

### **Appointment of auditor**

The Board, on the recommendation of the Audit Committee, proposes that PricewaterhouseCoopers LLP (PwC) be appointed as auditor to hold office until the next annual meeting of shareholders. PwC and its predecessor firm, Price Waterhouse LLP, has been ATCO's auditor for 51 years.

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

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

## Position on majority voting

Some Canadian corporations have adopted a majority voting policy for uncontested director elections which typically requires that any nominee for director of a corporation who receives a greater number of votes “withheld” than “for” his election must tender his resignation for consideration by the board.

ATCO has not adopted a majority voting policy for uncontested director elections. ATCO is a controlled corporation with Ronald D. Southern in combination with his controlling interest in Sentgraf Enterprises Ltd. controlling 83.9% of the outstanding Class II Voting Shares. In the case of a controlled corporation, a majority voting policy would not be effective, as the controlling shareholder can effect the election of directors with its votes and the implementation of such a policy would not result in any meaningful change to the outcome of director elections and could create confusion or uncertainty for shareholders.

Effective June 30, 2014 the Toronto Stock Exchange (TSX) will require each director of a company listed on the TSX, other than a majority controlled company, to be elected by a majority of votes cast. Since ATCO is a controlled company it is exempt from the majority voting requirement.

At the meeting, the director nominees will be voted on individually and the voting results for each nominee will be publicly disclosed in a news release and on SEDAR ([www.sedar.com](http://www.sedar.com)).

## Director nominees

All of the nominees, with the exception of Denis M. Ellard and Roger J. Urwin, are currently directors and have been for the periods indicated. If elected, Denis M. Ellard and Roger J. Urwin will be independent directors of ATCO.

Helmut M. Neldner is currently a director of the Corporation and will be retiring from the Board on May 14, 2014. Accordingly he is not standing for re-election.

The Chair, together with members of the Board, is responsible for identifying potential candidates for nomination to the Board. The recommendation of potential Board members is undertaken with a view to ensuring overall diversity of experience, backgrounds, skills and geographic representation of Board members. The Corporate Governance – Nomination, Compensation and Succession Committee receives advice from the Board regarding individuals best suited to serve as directors, and maintains its own standing list of appropriate candidates for directorships. The Corporate Governance – Nomination, Compensation and Succession Committee has reviewed each of the nominees and determined that they have the necessary skills and experience to satisfy the Board composition requirements.

The nominee biographies on pages 8 to 18 highlight the specific experience and attributes. The biographies include the following information as at March 11, 2014:

- name
- age
- residency
- independence status
- principal occupation or employment
- business experience and directorships
- areas of skills and experience
- positions and offices held
- board and committee meeting attendance
- shareholdings and whether the minimum share ownership requirement has been met
- total compensation.

Additional detailed information on director independence, attendance, equity at risk and compensation is provided in separate tables.

Information on share ownership guidelines can be found on page 30. This requirement does not apply to new nominees.



**Robert T. Booth, QC**

Calgary, Alberta, Canada

Director since 2008

Age 61

Not independent

Mr. Booth is not independent because he is considered to have a material relationship with ATCO. He is a partner in the firm that is ATCO's legal counsel.

Mr. Booth is a partner in the law firm Bennett Jones LLP, based in Calgary, Alberta. He is a member of the Law Society of Alberta and the Canadian Bar Association. Mr. Booth is 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.

Skills and experience			
Primary industry background		Functional experience	
Energy		Governance	
Utilities		Compensation	
Legal		Regulatory	
ATCO Board/Committee memberships in 2013			
	Attendance	Percentage of meetings attended	
Board	10 of 10	100%	
Risk Review	2 of 2	100%	
Corporate Governance – Nomination, Compensation and Succession	3 of 3	100%	
Other public company boards and committee memberships			
Company	Since	Position	
Canadian Utilities Limited*	1998	Director	
Shares held			
ATCO		Canadian Utilities	
Class I Non-Voting	12,471	Class A non-voting	13,988
Class II Voting	–	Class B common	–
		Series Y 2 <sup>nd</sup> Preferred	2,000
		Series AA 2 <sup>nd</sup> Preferred	1,500
Meets minimum share ownership requirement.			
Total compensation			
\$399,566**			

\* Canadian Utilities is controlled by ATCO.

\*\* Includes fees earned as a director of ATCO and Canadian Utilities.





**Bertrand P. Collomb, PhD**

Paris, France

Director since 1999

Age 71

Independent

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 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.

Skills and experience		
Primary industry background		Functional experience
Energy		CEO experience
Industrials		Governance
		Compensation
		International business
		Finance and economics
		Government relations
ATCO Board/Committee memberships in 2013		
	Attendance	Percentage of meetings attended
Board	8 of 10	80%
Other public company boards and committee memberships		
Company	Since	Position
DuPont	2007	Director, Chairman and member of the Environmental Policy Committee and member of the Corporate Governance Committee
TOTAL S.A.	2000	Director and member of the Compensation Committee and Governance and Ethics Committee
Shares held		
ATCO		Canadian Utilities
Class I Non-Voting	18,435	Class A non-voting
Class II Voting	800	Class B common
Meets minimum share ownership requirement.		
Total compensation		
\$175,448		



**David A. Dodge, OC, LLD, PhD, FRSC**

Ottawa, Ontario, Canada

Director since 2012

Age 70

Independent

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.

Skills and experience			
Primary industry background	Functional experience		
Public service	CEO experience		
Academia	International business		
Financial services	Public policy		
	Finance and economics		
	Government relations		
ATCO Board/Committee memberships in 2013			
	Attendance	Percentage of meetings attended	
Board	9 of 10	90%	
Audit	3 of 4	75%	
Other public company boards and committee memberships			
Company	Since	Position	
Bank of Nova Scotia	2010	Director and member of the Executive and Risk Committee	
Canadian Utilities Limited*	2008	Director and Chair of the Pension Fund Committee	
Shares held			
ATCO	Canadian Utilities		
Class I Non-Voting	5,241	Class A non-voting	13,640
Class II Voting	–	Class B common	–
Meets minimum share ownership requirement.			
Total compensation			
\$385,100**			

\* Canadian Utilities is controlled by ATCO.

\*\* Includes fees earned as a director of ATCO and Canadian Utilities.



**Denis M. Ellard**

Calgary, Alberta, Canada

New Nominee

Age 67

Independent

Mr. Ellard is a Designated Audit Director for ATCO I-Tek. Prior to his retirement in 2003, Mr. Ellard was Senior Vice President Business Development, ATCO Group. Over his 35 year career, Mr. Ellard held several senior positions within the organization including Senior Vice President and General Manager, Northwestern Utilities Limited; Senior Vice President, Canadian Utilities Limited; and President, ATCO Singlepoint Ltd. Mr. Ellard has served in various capacities on several community and industry boards including the Alberta Economic Development Authority.

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

Skills and experience			
Primary industry background		Functional experience	
Energy		Regulatory	
Utilities		Finance and economics	
		Operations	
ATCO Board/Committee memberships in 2013			
	Attendance	Percentage of meetings attended	
	N/A	N/A	
Other public company boards and committee memberships			
Company	Since	Position	
Canadian Utilities Limited*	2008	Director and member of the Audit and Risk Review Committees	
Shares held			
ATCO		Canadian Utilities	
Class I Non-Voting	–	Class A non-voting	9,547
Class II Voting	200	Class B common	200
The minimum share ownership requirement does not apply to new nominees.			
Total compensation			
N/A			

\* Canadian Utilities is controlled by ATCO.



**Linda A. Heathcott**

Calgary, Alberta, Canada

Director since 2012

Age 51

Not independent

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

Ms. Heathcott is President & Chief Executive Officer of Spruce Meadows Ltd., an internationally recognized equestrian facility. A former professional equestrian rider, Ms. Heathcott was a member of the Canadian Equestrian Team for nine years and competed in the 1996 Olympic Summer Games in Atlanta, Georgia. She is 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.

Skills and experience			
Primary industry background	Functional experience		
Energy	CEO experience		
Sports, recreation, and hospitality	International business		
	Marketing/sales		
	Operations		
ATCO Board/Committee memberships in 2013			
	Attendance	Percentage of meetings attended	
Board	10 of 10	100%	
Other public company boards and committee memberships			
Company	Since	Position	
AKITA Drilling Ltd.	1992	Director, Chair, and member of the Corporate Governance – Nomination, Compensation and Succession Committee and the Pension Committee	
Canadian Utilities Limited*	2000	Director and member of the Pension Fund Committee	
Shares held			
ATCO	Canadian Utilities		
Class I Non-Voting	21,003	Class A non-voting	21,434
Class II Voting	9,600	Class B common	4,000
Meets minimum share ownership requirement.			
Total compensation			
\$370,100**			

\* Canadian Utilities is controlled by ATCO.

\*\* Includes fees earned as a director of ATCO and Canadian Utilities.



**Michael R.P. Rayfield**

Toronto, Ontario, Canada

Director since 2009

Age 71

Independent

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

Skills and experience			
Primary industry background		Functional experience	
Energy		International business	
Utilities		Finance and economics	
Industrials		Marketing/sales	
Financial services			
ATCO Board/Committee memberships in 2013			
	Attendance*	Percentage of meetings attended	
Board	10 of 10	100%	
Audit	1 of 2	50%	
Risk Review	2 of 2	100%	
Other public company boards and committee memberships			
Company	Since	Position	
–	–	–	
Shares held			
ATCO		Canadian Utilities	
Class I Non-Voting	12,997	Class A non-voting	11,339
Class II Voting	–	Class B common	–
Meets minimum share ownership requirement.			
Total compensation			
\$289,894**			

\* Mr. Rayfield joined the Audit Committee on May 16, 2013. His meeting attendance has been reported from that date.

\*\* Includes fees earned as a director of ATCO and ATCO Structures & Logistics Ltd.





**Robert J. Routs, PhD**

Brunnen, Switzerland

Director since 2012

Age 67

Independent

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

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.

**Skills and experience**

Primary industry background	Functional experience
Energy	Governance
Utilities	Compensation
Industrials	Regulatory
Telecommunications	International business
Financial services	Public policy
Transportation	Finance and economics
	Government relations

**ATCO Board/Committee memberships in 2013**

	Attendance*	Percentage of meetings attended
Board	9 of 10	90%
Audit	4 of 4	100%
Risk Review	1 of 1	100%

**Other public company boards and committee memberships**

Company	Since	Position
AECOM Technology Corporation	2010	Director and member of the Audit Committee, Nominating, Governance and Risk Committee and Compensation and Organization Committee.
AEGON N.V.	2008	Director and Chair of the Supervisory Board, Chair of the Nominating Committee and member of the Compensation Committee
A.P. Møller-Maersk A/S	2010	Director
Royal DSM N.V.	2010	Director and Chair of the Supervisory Board, Chair of the Nomination Committee and member of the Remuneration Committee
Royal KPN N.V.	2009	Director and Vice Chair of the Supervisory Board, Chair of the Remuneration and Organizational Development Committee and member of the Nomination and Corporate Governance Committee

**Shares held**

ATCO	Canadian Utilities
Class I Non-Voting	Class A non-voting
3,144	3,827
Class II Voting	Class B common
–	–

The minimum share ownership requirement does not apply to the first five years as a director.

**Total compensation**

\$264,800<sup>†</sup>

\* Mr. Routs joined the Risk Review Committee on May 16, 2013. His meeting attendance has been reported from that date.

† Includes fees earned as a director of ATCO and ATCO Structures & Logistics Ltd.



## Nancy C. Southern

Calgary, Alberta, Canada

Director since 1989

Age 57

Not independent

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

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

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

Skills and experience			
Primary industry background		Functional experience	
Energy		CEO experience	
Utilities		International business	
Industrials		Public policy	
		Finance and economics	
ATCO Board/Committee memberships in 2013			
	Attendance	Percentage of meetings attended	
Board (Chair)	10 of 10	100%	
Other public company boards and committee memberships			
Company	Since	Position	
AKITA Drilling Ltd.	1992	Director	
Canadian Utilities Limited*	1990	Director and Chair	
CU Inc.*	1999	Director and Chair	
Shares held			
ATCO		Canadian Utilities	
Class I Non-Voting	225,509	Class A non-voting	146,766
Class II Voting	42,600	Class B common	–
Meets minimum share ownership requirement.			
Total compensation			
Ms. Southern does not receive any compensation as the Chair or as a director of ATCO because she is our President & Chief Executive Officer. See page 50 for information on Ms. Southern's compensation.			

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



**Ronald D. Southern, CC, CBE, LLD**

Calgary, Alberta, Canada

Director since 1963

Age 83

Not independent

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

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

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

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

Skills and experience			
Primary industry background		Functional experience	
Energy		CEO experience	
Utilities		International business	
Industrials		Public policy	
		Finance and economics	
ATCO Board/Committee memberships in 2013			
	Attendance	Percentage of meetings attended	
Board	10 of 10	100%	
Other public company boards and committee memberships			
Company	Since	Position	
AKITA Drilling Ltd.	1992	Director and Deputy Chair	
Canadian Utilities Limited*	1977	Director, Chairman Emeritus & Founder, ATCO Group	
Shares held			
ATCO		Canadian Utilities	
Class I Non-Voting	25,896,636	Class A non-voting	794,602
Class II Voting	11,451,520	Class B common	289,608
		Series Y 2 <sup>nd</sup> Preferred	120,000
		Series AA 2 <sup>nd</sup> Preferred	376,000
		Series BB 2 <sup>nd</sup> Preferred	340,000
		Series CC 2 <sup>nd</sup> Preferred	76,000
Meets minimum share ownership requirement.			
Total compensation			
\$371,700**			

\* Canadian Utilities is controlled by ATCO.

\*\* Includes fees earned as a director of ATCO, Canadian Utilities, and ATCO Structures & Logistics Ltd.



**Roger J. Urwin, PhD, CBE**

London, England

New Nominee

Age 68

Independent

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

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

Skills and experience		
Primary industry background	Functional experience	
Energy	CEO experience	
Utilities	Governance	
Telecommunications	Compensation	
	Regulatory	
	International business	
	Operations	
ATCO Board/Committee memberships in 2013		
	Attendance	Percentage of meetings attended
	N/A	N/A
Other public company boards and committee memberships		
Company	Since	Position
Utilico Investments Limited	2007	Director and Chair, Member of the Audit and Management Engagement Committees
Utilico Finance Limited	2007	Director and Chair
Canadian Utilities Limited*	2007	Director and member of the Audit Committee and the Corporate Governance – Nomination, Compensation and Succession Committee
CU Inc.*	2008	Director and Chair of the Audit Committee
Shares held		
ATCO	Canadian Utilities	
Class I Non-Voting	–	Class A non-voting 22,313
Class II Voting	–	Class B common –
The minimum share ownership requirement does not apply to new nominees.		
Total compensation		
N/A		

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



**Charles W. Wilson**

Evergreen, Colorado, USA

Director since 2002

Age 74

Independent

Mr. Wilson is Lead Director for the Boards of ATCO and ATCO Structures & Logistics Ltd. and is on the Boards of ATCO Australia Pty Ltd. and Sentgraf Enterprises 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. Prior to 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.

Skills and experience			
Primary industry background	Functional experience		
Energy	CEO experience		
Utilities	Governance		
Industrials	Compensation		
	International business		
	Operations		
ATCO Board/Committee memberships in 2013			
	Attendance	Percentage of meetings attended	
Board	10 of 10	100%	
Audit (Chair)	4 of 4	100%	
Risk Review (Chair)	2 of 2	100%	
Corporate Governance – Nomination, Compensation and Succession (Chair)	3 of 3	100%	
Other public company boards and committee memberships			
Company	Since	Position	
AKITA Drilling Ltd.	2002	Director and Chair of the Corporate Governance – Nomination, Compensation and Succession Committee	
Canadian Utilities Limited*	2000	Director and Chair of the Corporate Governance – Nomination, Compensation and Succession Committee	
Shares held			
ATCO	Canadian Utilities		
Class I Non-Voting	55,160	Class A non-voting	96,061
Class II Voting	–	Class B common	–
Meets minimum share ownership requirement.			
Total compensation			
\$591,851**			

\* Canadian Utilities is controlled by ATCO.

\*\* Includes fees earned as a director of ATCO, Canadian Utilities, ATCO Structures & Logistics Ltd. and ATCO Australia Pty Ltd. Includes Superannuation contributions as a director of ATCO Australia Pty Ltd.



## Summary of director skills and experience

The Corporate Governance – Nomination, Compensation and Succession Committee ensures that the Board includes members with a broad range of experience and expertise so that it is able to effectively carry out its mandate. The matrix below shows the experience and expertise that each director nominee brings to the Board.

Name	Primary industry background										Functional experience									
	Energy	Utilities	Industrials	Legal	Public service	Academia	Telecommunications	Financial services	Sports, recreation, and hospitality	Transportation	CEO experience	Governance	Compensation	Regulatory	International business	Public policy	Finance and economics	Government relations	Marketing/sales	Operations
Robert T. Booth	✓	✓		✓								✓	✓	✓						
Bertrand P. Collomb	✓		✓								✓	✓	✓		✓		✓	✓		
David A. Dodge					✓	✓		✓			✓				✓	✓	✓	✓		
Denis M. Ellard	✓	✓												✓			✓			✓
Linda A. Heathcott	✓								✓		✓				✓				✓	✓
Michael R.P. Rayfield	✓	✓	✓					✓							✓		✓		✓	
Robert J. Routs	✓	✓	✓				✓	✓		✓		✓	✓	✓	✓	✓	✓	✓		
Nancy C. Southern	✓	✓	✓								✓				✓	✓	✓			
Ronald D. Southern	✓	✓	✓								✓				✓	✓	✓			
Roger J. Urwin	✓	✓					✓				✓	✓	✓	✓	✓					✓
Charles W. Wilson	✓	✓	✓								✓	✓	✓		✓					✓

## Director independence

The Corporate Governance – Nomination, Compensation and Succession Committee and the Board of Directors annually review the status of each director and new nominee, to determine whether they are independent based on the criteria of the Canadian Securities Administrators as set out in *National Instrument 52-110 – Audit Committees*. A majority of ATCO directors are independent.

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

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

\* new nominees

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

- direct or indirect material relationships with ATCO which could interfere with the exercise of independent judgment
- employment by, or other relationship with, ATCO or its internal or external auditor, in which case the director will be deemed not independent until the prescribed period of three years has elapsed since the end of the service
- immediate family member relationships with ATCO or its internal or external auditor
- any payment of fees by ATCO, other than directors' fees disclosed in this management proxy circular, of more than \$75,000 during any 12-month period within the last three years to the director or to a member of his or her immediate family who is an executive officer of ATCO.

Additional factors that could reasonably be expected to interfere with a director's independent judgment are also considered.

Under ATCO's current leadership structure, the offices of the Chair and the President & Chief Executive Officer are held by Nancy Southern. The Board continues to ensure that it can function independently and objectively from management with the appointment of an independent Lead Director. In 1995 ATCO was among the first public companies to introduce the concept of a lead director. Mr. Charles W. Wilson is the current Lead Director for ATCO. He was originally appointed to this position on April 1, 2003.

The Board further ensures its independence by convening independent director-only in camera sessions (without management present) at every regularly scheduled Board meeting which are chaired by the Lead Director. Additional in camera meetings may be requested through the Lead Director at any time. In camera sessions are also held at each of the regularly scheduled meetings of the Audit and Corporate

Governance – Nomination, Compensation and Succession Committees. The in camera sessions allow the Board and its committees to have candid discussions.

Mr. Booth is a member of the Corporate Governance – Nomination, Compensation and Succession Committee and the Risk Review Committee and is not independent. These Committees conduct their business on the basis of majority approval which encourages an objective process. Should a conflict be identified, Mr. Booth would excuse himself from the meeting and abstain from voting.

## Summary of director attendance

The following table sets out the attendance of the directors at Board meetings and at meetings of the committees of which they were members during 2013. As an employee, the Chair, President & Chief Executive Officer is not a member of any committee but attends committee meetings as required. Other directors may attend meetings of committees of which they are not members at the request of the committee chair.

Director	Board of Directors		Audit Committee		Corporate Governance – Nomination, Compensation and Succession Committee		Risk Review Committee		Total
Robert T. Booth	10 of 10	100%	–	–	3 of 3	100%	2 of 2	100%	100%
Bertrand P. Collomb	8 of 10	80%	–	–	–	–	–	–	80%
David A. Dodge	9 of 10	90%	3 of 4	75%	–	–	–	–	86%
Linda A. Heathcott	10 of 10	100%	–	–	–	–	–	–	100%
Helmut M. Neldner	10 of 10	100%	4 of 4	100%	2 of 3	67%	2 of 2	100%	95%
Michael R.P. Rayfield*	10 of 10	100%	1 of 2	50%	–	–	2 of 2	100%	93%
Robert J. Routs*	9 of 10	90%	4 of 4	100%	–	–	1 of 1	100%	93%
Nancy C. Southern	10 of 10	100%	–	–	–	–	–	–	100%
Ronald D. Southern	10 of 10	100%	–	–	–	–	–	–	100%
Charles W. Wilson	10 of 10	100%	4 of 4	100%	3 of 3	100%	2 of 2	100%	100%

\* On May 16, 2013, Mr. Rayfield was appointed to the Audit Committee and Mr. Routs was appointed to the Risk Review Committee.

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

## Serving on other public company boards

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

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

Bertrand P. Collomb, David A. Dodge, Robert J. Routs and Roger J. Urwin serve on the boards and committees of other public companies. Mr. Ellard will be retiring from the Canadian Utilities Limited Board on May 7, 2014. The Board Chair and the Corporate Governance – Nomination, Compensation and Succession Committee recognize the time and diligence that these individuals devote to their duties and responsibilities, their extensive qualifications and related experience. Both the Chair and the committee believe that these individuals' other board memberships will not negatively affect their commitments or contributions to ATCO's Board.

# GOVERNANCE

The Board views effective corporate governance as an essential element for the ongoing well-being of ATCO and its shareholders. It strives to ensure that our corporate governance practices provide for effective stewardship of ATCO and evaluates its practices on an ongoing basis.

## The Board of Directors and its Committees

We have developed a unique, effective system of corporate governance that has evolved from challenging requirements to provide oversight to an organization with a diverse number of distinct principal operating subsidiaries. The key elements of this system are the oversight and diligence provided by the Board, the Lead Director, and the Board's Audit, Risk Review and Corporate Governance – Nomination, Compensation and Succession Committees, summarized as follows:

1. The Board is responsible for reviewing and approving the annual business plans, material contracts, strategic transactions, financings and major capital expenditures for each principal operating subsidiary (POS).
2. The Lead Director is responsible for providing the Board with the leadership necessary to ensure that it has the ability to function independently of management, and the Board may delegate other duties and responsibilities from time to time. The Lead Director is required to be a member of the Corporate Governance – Nomination, Compensation and Succession Committee.
3. The Audit Committee oversees the accounting and financial reporting processes of the Corporation and is chaired by one of our most senior and experienced independent directors. Each committee member is independent and financially literate within the meaning of these terms as defined in *National Instrument 52-110 – Audit Committees*. Further information on the financial literacy of the Audit Committee members and its mandate is available in ATCO's annual information form.
4. Each ATCO POS has a Designated Audit Director, referred to as a DAD, who is a director of either ATCO or Canadian Utilities. This oversight program calls on the strengths and experience of directors in various industry sectors. DADs are responsible for meeting on a quarterly basis with management, meeting annually with internal and external auditors, reviewing the financial statements and operating results of their assigned POS, and reporting to the Audit Committee. The Audit Committee reviews the mandate of the DADs annually.
5. The Risk Review Committee provides oversight of ATCO's risk management and control practices and reviews risks that could materially affect its ability to achieve strategic and operating objectives. The committee is responsible for ensuring that risks that are identified as being significant to ATCO are being addressed by management and that appropriate mitigation measures are being implemented. This includes ensuring that adequate systems are in place in each POS to monitor and comply with applicable environmental legislation and conform to industry standards. The committee may seek advice from ATCO's officers who will provide the committee with expertise and support related to their specific areas of responsibility.

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

6. The Corporate Governance – Nomination, Compensation and Succession Committee is responsible for the oversight of our corporate governance and is comprised of some of our most senior and experienced directors who, in addition to assessing individual and combined directors' performances,

are responsible for succession planning, assessing compensation and performance of senior executive officers and identifying and recommending potential director candidates to the Board.

Our Board generally meets five times a year and additionally during the year as the need arises. The frequency and length of meetings and the nature of agenda items depend upon the circumstances. Meetings are generally lengthy, detailed and well attended, and are conducted in an atmosphere which encourages participation and independence. In addition to regularly scheduled Board and committee meetings, the directors annually attend a comprehensive three to four day strategy session. Round table discussion sessions and director briefings are also held throughout the year.

The mandates of the Board and its committees include working plans that allocate duties. This allows the Board and committees to plan and monitor the fulfillment of their respective mandates throughout the year. The Board mandate, attached to this proxy circular as Schedule A, outlines the roles and responsibilities of the Board. Schedule B provides reports on the activities of each Board committee.

The Board annually appoints committee members to the Audit Committee, the Corporate Governance – Nomination, Compensation and Succession Committee, and the Risk Review Committee and reviews and approves the committee mandates. The following table lists the members of each Board committee as of March 11, 2014:

Director	Audit	Corporate Governance – Nomination, Compensation and Succession	Risk Review
Robert T. Booth		✓	✓
David A. Dodge	✓		
Helmut M. Neldner	✓	✓	✓
Michael R.P. Rayfield	✓		✓
Robert J. Routs	✓		✓
Charles W. Wilson	Chair	Chair	Chair

All committee chairs provide regular reports to the Board. The committee mandates are available on the Corporation's website at [www.atco.com](http://www.atco.com). The Audit Committee mandate and other disclosure required under *National Instrument 52-110 – Audit Committees* is provided in Appendix 2 to ATCO's annual information form dated February 19, 2014.

The Board has approved written position descriptions for the Board Chair, the Lead Director, the chair of each Board committee and the President & Chief Executive Officer. These position descriptions are reviewed annually by the Corporate Governance – Nomination, Compensation and Succession Committee. These descriptions are available on our website.

## Continuing education and development

New directors attend a briefing with the Board Chair and attend comprehensive meetings at which they receive briefings on all aspects of the nature and operation of ATCO's business by senior management. New directors are also provided with information about each of the business segments, organization structure, by-laws, Board and committee mandates and corporate policies, including our Code of Ethics and Disclosure Policy. Visits to various operating sites are also arranged.

Directors, together with senior management, attend an annual strategy conference which has been held consecutively since 1968. These sessions are the beginning of the annual business planning process for ATCO. The overall strategies for growth, operationally and financially, are discussed over the course of three to four days of presentations, plenary sessions and directors' recommendations.

Management makes presentations to the Board and its committees when they are making key business decisions, on topical issues from time to time and in response to requests from directors. An electronic

resource centre is available to all directors and is updated periodically with timely and relevant information.

In addition, directors attend and participate in seminars and other continuing education programs. Robert T. Booth, Linda A. Heathcott and Michael R.P. Rayfield have obtained certification from the Director Education Program at the Institute of Corporate Directors.

Outside experts are brought in as required to provide directors with ongoing education on general and/or specific subject matters.

## **Assessment**

The Board, its committees and its individual directors are assessed at least annually. This function is facilitated by the Lead Director on behalf of the Board Chair. Board and committee performance evaluation questionnaires are distributed to each director and Board committee member. The questionnaires provide the directors with the opportunity to examine their effectiveness and identify areas for improvement. The questions address director skills and experience, preparation, attendance and availability at meetings, communication and interaction, business, company and industry knowledge and an overall assessment. The responses are conveyed to the Corporate Governance – Nomination, Compensation and Succession Committee. Each director receives a report on the Board questionnaire. Each committee member receives a report on the committee questionnaire.

Directors are encouraged not to be limited to responding only to the questions provided, but to comment broadly.

## **Director retirement**

Any director who turns 70 years of age is required to tender a letter of resignation to the Board Chair. The Board Chair together with the members of the Corporate Governance – Nomination, Compensation and Succession Committee, will then evaluate whether to accept the resignation depending on the needs of the Board and ATCO's circumstances at that time. If the resignation is not accepted, it will be kept until such time as it is accepted by the Board Chair. When the resignation is accepted it will become effective at the next annual meeting of shareholders.

## **Director selection**

The Corporate Governance – Nomination, Compensation and Succession Committee is responsible for reviewing the size and composition of the Board from time to time and, in conjunction with the Board Chair, considers potential candidates for nomination who have the desirable competencies they believe will complement the current Board.

## **Communicating with the Board**

Interested parties may communicate directly with the Board of Directors through the Board Chair by writing to:

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



## Code of Ethics

Our Board encourages and promotes a culture of ethical business conduct by expecting each director, all officers and management to act in a manner that exemplifies ethical business conduct. This expectation sets the tone for all employees of ATCO. We have adopted a written Code of Ethics (the Code), which is subject to periodic review and revision to ensure it is in line with best practices.

A copy of the Code is provided to each ATCO director, officer and employee annually. Each year they are required to sign an acknowledgement that they have read the Code and disclose any transactions or matters of potential conflict. Copies of the Code are provided to each new director, officer and employee who must similarly acknowledge that they have read the Code before commencing activities as a director, officer or employee.

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

ATCO did not file any material change reports in 2013 relating to a director's or executive officer's departure from the Code. Further, no waivers of the Code have ever been granted to any ATCO director, officer or other employee.

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

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

## Disclosure Policy

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

- financial and non-financial documents
- annual reports
- interim reports
- news releases
- letters to share owners
- presentations and speeches by senior management
- corporate websites and other communications
- documents filed with securities regulators and the Toronto Stock Exchange
- oral statements made to financial analysts and the public
- interviews with the media
- news conferences.

### Additional disclosure relating to directors

As of March 11, 2014, based upon information provided by the nominees for election to the Board of Directors, in the last 10 years no nominee has been a director or executive officer of any company that became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

# DIRECTOR COMPENSATION

The Corporate Governance – Nomination, Compensation and Succession Committee is responsible for assessing the compensation of the directors and making recommendations to the Board. This committee reviews director compensation annually using information from other corporations and published data, and from time to time retains independent compensation consultants to undertake market comparisons and provide advice on developing appropriate compensation programs. Director compensation is reviewed to determine whether such compensation is appropriate for the responsibilities, time commitment and risks assumed by the directors.

## Fees and retainers

The following table sets forth the annual retainers and attendance fees paid to the directors. There were no changes made to the directors' remuneration during 2013. The retainers for Lead Director, committee chairs and members are paid in addition to the annual director retainer of \$165,000.

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

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

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

From time to time, the Board forms ad hoc committees to undertake special initiatives. The chair and members of ad hoc committees receive fees that are determined when the committees are formed. There were no committees formed during 2013.

Directors are required to receive a minimum of \$20,000 of their annual retainer in ATCO Class I Non-Voting Shares and have the option of receiving up to 50% of their annual retainer in ATCO Class I Non-Voting Shares. Until the minimum share ownership requirement is met, directors are required to receive a minimum of \$40,000 of their annual retainer in Class I Non-Voting Shares. The Founder, ATCO Group is exempt from this requirement.

The following table summarizes the total compensation that was paid to each non-employee director for the year ended December 31, 2013. Nancy C. Southern did not receive compensation as the Chair or as a director of ATCO as she is President & Chief Executive Officer of ATCO Ltd. Her compensation is shown on page 50 of this management proxy circular.

<b>Name</b>	<b>Fees earned (\$)</b>	<b>Share-based awards (\$)</b>	<b>Option-based awards (\$)</b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation<sup>1</sup> (\$)</b>	<b>Total (\$)</b>
Robert T. Booth	399,566	–	–	–	–	–	<b>399,566</b>
Bertrand P. Collomb	175,448	–	–	–	–	–	<b>175,448</b>
David A. Dodge	385,100	–	–	–	–	–	<b>385,100</b>
Linda A. Heathcott	370,100	–	–	–	–	–	<b>370,100</b>
Helmut M. Neldner	209,300	–	–	–	–	–	<b>209,300</b>
Michael R.P. Rayfield	289,894	–	–	–	–	–	<b>289,894</b>
Robert J. Routs	264,800	–	–	–	–	–	<b>264,800</b>
Ronald D. Southern	371,700	–	–	–	–	–	<b>371,700</b>
Charles W. Wilson	585,282	–	–	–	–	6,569	<b>591,851</b>
<b>Total</b>	<b>3,051,190</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6,569</b>	<b>3,057,759</b>

<sup>1</sup> Australian Superannuation payment.

The following table provides a detailed breakdown of the fees and retainers paid to our non-employee directors for the year ended December 31, 2013. Fees and retainers are paid quarterly. **“Other fees” includes retainers and attendance fees paid to those directors who also serve on the boards and committees of Canadian Utilities, CU Inc., ATCO Structures & Logistics Ltd. and ATCO Australia Pty Ltd.** Fees are shared proportionately when meetings are held on the same day to consider group projects that require the approval of more than one of these companies. No other forms of compensation were provided to the directors for the year ended December 31, 2013.

Name	Director retainer (\$)	Committee chair retainer (\$)	Committee member retainer (\$)	Board attendance fee (\$)	Committee attendance fee (\$)	Other fees <sup>1</sup> (\$)	Total fees earned (\$)	Portion of director retainer applied to share purchase <sup>2</sup> (%)
Robert T. Booth	165,000	–	–	17,800	10,500	206,266 <sup>6</sup>	399,566	50
Bertrand P. Collomb	158,648 <sup>3</sup>	–	–	14,800	–	2,000	175,448	38
David A. Dodge	165,000	–	7,500	15,800	4,500	192,300 <sup>6</sup>	385,100	50
Linda A. Heathcott	165,000	–	–	17,800	–	187,300 <sup>6</sup>	370,100	36
Helmut M. Neldner	165,000	–	7,500	18,800	12,000	6,000	209,300	12
Michael R.P. Rayfield	165,000	–	4,698 <sup>5</sup>	16,800	6,000	97,396 <sup>7</sup>	289,894	50
Robert J. Routs	165,000	–	7,500	14,800	7,500	70,000 <sup>7</sup>	264,800	50
Ronald D. Southern	165,000	–	–	15,800	–	190,900 <sup>6,7</sup>	371,700	n/a
Charles W. Wilson	215,000 <sup>4</sup>	37,000	–	15,800	12,000	312,051 <sup>6,7,8</sup>	591,851	50
<b>Total</b>	<b>1,528,648</b>	<b>37,000</b>	<b>27,198</b>	<b>148,200</b>	<b>52,500</b>	<b>1,264,213</b>	<b>3,057,759</b>	

<sup>1</sup> Includes fees for attendance at the annual strategy conference and round table, operational overview, and business plan meetings. It also includes designated audit director retainers and meeting fees.

<sup>2</sup> A minimum of \$20,000 of a non-employee director's annual retainer is paid in ATCO Class I Non-Voting Shares. Directors have the option of receiving up to 50% of their annual director retainer in Class I Non-Voting Shares. Until the minimum share ownership requirement is met, directors are required to receive a minimum of \$40,000 of their annual retainer in Class I Non-Voting Shares. Mr. Southern, Founder, ATCO Group is exempt from this requirement.

<sup>3</sup> \$158,648 is the Canadian dollar equivalent of the U.S. \$165,000 retainer ATCO has agreed to pay Dr. Collomb.

<sup>4</sup> Includes the retainer for Lead Director.

<sup>5</sup> Mr. Rayfield was appointed to the Audit Committee on May 16, 2013.

<sup>6</sup> Mr. Booth, Dr. Dodge, Ms. Heathcott, Mr. Southern and Mr. Wilson received annual retainers and meeting attendance fees as directors of Canadian Utilities.

<sup>7</sup> Mr. Rayfield and Dr. Routs received annual retainer and meeting attendance fees as directors of ATCO Structures & Logistics Ltd. Mr. Southern and Mr. Wilson received meeting attendance fees as directors of ATCO Structures & Logistics Ltd.

<sup>8</sup> Mr. Wilson received an annual retainer, meeting attendance fees and Superannuation contributions as a director of ATCO Australia Pty Ltd.

## Retiring allowance

ATCO provides certain non-employee directors with a one-time allowance when they retire as an ATCO director. This program was discontinued in November 2003 with the grandfathering of the following participants: Bertrand P. Collomb, Helmut M. Neldner and Charles W. Wilson. The retirement allowance is equal to \$110,000 multiplied by the applicable multiple in the table below.

Years of service	Multiple of annual retainer
0 to 5	1
6 to 10	2
11 to 15	3
16 to 20	4
21 to 25	5
26 to 30	6
31 to 35	7
36 to 40	8
41 to 45	9

## Director share ownership

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

The following table sets out each director's equity ownership in ATCO at March 12, 2013, and any change in the ownership interest up to March 11, 2014.

Name	Equity ownership as at March 12, 2013 <sup>1</sup>		Equity ownership as at March 11, 2014		Net change in ownership		Equity at risk <sup>2</sup>	
	Class II Voting Shares	Class I Non-Voting Shares	Class II Voting Shares	Class I Non-Voting Shares	Class II Voting Shares	Class I Non-Voting Shares	Value (\$)	Multiple of annual director retainer
Robert T. Booth	–	10,518	–	12,471	–	1,953	647,744	3.9
Bertrand P. Collomb	800	17,012	800	18,435	–	1,423	998,914	6.1
David A. Dodge	–	3,412	–	5,241	–	1,829	272,218	1.7
Linda A. Heathcott	9,600	19,672	9,600	21,003	–	1,331	1,587,696	9.6
Helmut M. Neldner	–	46,042	–	46,580	–	538	2,419,365	14.7
Michael R.P. Rayfield	–	11,048	–	12,997	–	1,949	675,064	4.1
Robert J. Routs	–	1,326	–	3,144	–	1,818	163,299	1.0
Nancy C. Southern <sup>3</sup>	42,600	208,522	42,600	225,509	–	16,987	13,917,487	79.5
Ronald D. Southern <sup>4</sup>	11,451,520	25,896,636	11,451,520	25,896,636	–	–	1,937,687,434	11,743.6
Charles W. Wilson	–	53,172	–	55,160	–	1,988	2,865,010	17.4
<b>Total</b>	<b>11,504,520</b>	<b>26,267,360</b>	<b>11,504,520</b>	<b>26,297,176</b>	<b>–</b>	<b>29,816</b>	<b>1,961,234,231</b>	

<sup>1</sup> Figures have been adjusted to reflect the two for one share split by way of a share dividend on June 14, 2013.

<sup>2</sup> Equity at risk is shown as at March 11, 2014, and is the market value determined by reference to the closing price of Class I Non-Voting Shares (\$51.94) and Class II Voting Shares (\$51.75) on the Toronto Stock Exchange. Options are excluded.

<sup>3</sup> The requirement to own shares having a value exceeding a multiple of the annual board retainer applies to non-employee directors only. Ms. Southern does not receive a retainer as a director or Chair. Her shareholdings and values are provided for information purposes only.

<sup>4</sup> Mr. Southern owns 4,000 Class II Voting Shares and 235,000 Class I Non-Voting Shares and is the controlling shareholder of Sentgraf Enterprises Ltd., which owns 11,447,520 Class II Voting Shares and 25,661,636 Class I Non-Voting Shares.

Effective August 1, 2008, non-employee directors were no longer eligible to receive options. The following table lists all outstanding options held by the non-employee directors at December 31, 2013. These options were granted to David A. Dodge, Michael R.P. Rayfield and Robert J. Routs at the time they joined the Board of Canadian Utilities.

Name	Number of securities underlying unexercised options <sup>1</sup> (#)	Date granted	Expiry date	Grant price <sup>1</sup> (\$)	Vested options at December 31, 2013	
					Number <sup>1</sup> (#)	Value of unexercised in-the-money options <sup>2</sup> (\$)
David A. Dodge						
ATCO Canadian Utilities	— 4,000	— July 1, 2008	— July 1, 2018	— 22.01	— 4,000	— 54,640
<b>Total</b>	<b>4,000</b>				<b>4,000</b>	<b>54,640</b>
Michael R.P. Rayfield						
ATCO Canadian Utilities	— 4,000	— Dec. 1, 2005	— Dec. 1, 2015	— 21.75	— 4,000	— 55,700
<b>Total</b>	<b>4,000</b>				<b>4,000</b>	<b>55,700</b>
Robert J. Routs						
ATCO Canadian Utilities	— 4,000	— May 7, 2008	— May 7, 2018	— 22.67	— 4,000	— 52,000
<b>Total</b>	<b>4,000</b>				<b>4,000</b>	<b>52,000</b>

<sup>1</sup> Figures have been adjusted to reflect the two-for-one share split by way of a share dividend on June 14, 2013.

<sup>2</sup> The difference between the market value of Canadian Utilities Class A non-voting shares on December 31, 2013, of \$35.67, and the grant price of the options, multiplied by the number of vested in-the-money options at December 31, 2013.

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

There were no options exercised during 2013 by directors who were not employees of ATCO Ltd.

# COMPENSATION DISCUSSION & ANALYSIS

## Overview

ATCO is a diversified, Canadian-based, international group of companies with approximately \$16 billion in assets and more than 9,800 employees.

We have five operating segments.

- **Utilities:** transports and distributes natural gas and electricity in Alberta and northern Canada
- **Energy:** owns and operates regulated and non-regulated generating plants in Canada and the U.K., and is involved in non-regulated natural gas gathering, processing, storage and natural gas liquids extraction
- **ATCO Australia:** consists of regulated natural gas distribution utility, non-regulated power generation and information technology businesses in Australia
- **Structures & Logistics:** provides workforce lodging and support services, infrastructure, site support and logistics to customers worldwide
- **Technologies:** develops, operates and supports information systems and technologies, and provides billing, payment processing, and call centre services.

This Compensation Discussion and Analysis (CD&A) discusses our executive compensation program, how it is structured, governed, and designed to support the corporate business objectives.

It discloses compensation of the Chief Executive Officer, Chief Financial Officer and the next three executives that received the highest pay as of December 31, 2013 (our named executives):

- Nancy C. Southern, Chair, President & Chief Executive Officer (CEO)
- Brian R. Bale, Senior Vice President & Chief Financial Officer
- Siegfried W. Kiefer, Chief Operating Officer, Power & Utilities
- Susan R. Werth, Senior Vice President & Chief Administration Officer
- Henry G. Wilmot, Chief Operating Officer, Energy & Industrials and President, ATCO Structures & Logistics.

**All of the named executives (except Henry G. Wilmot) have a dual role – for ATCO and for Canadian Utilities, our subsidiary. The compensation we report here is the total compensation they receive from both companies.**

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

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

	Amount paid by ATCO	Amount paid by Canadian Utilities	Combined total reported in ATCO proxy circular
2013	9.6%	90.4%	100%
2012	8.8%	91.2%	100%
2011	7.3%	92.7%	100%

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

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Mr. Wilmot's compensation expense is shared 75% by ATCO and 25% by Canadian Utilities since July 1, 2009.



## Governance

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

The Committee has three members, all of whom have experience in compensation and business:

Charles W. Wilson (Chair)	<ul style="list-style-type: none"><li>• CEO of a large corporation for seven years</li><li>• substantial experience recommending total executive compensation and dealing with other compensation issues</li><li>• several years serving on compensation committees</li></ul>
Robert T. Booth	<ul style="list-style-type: none"><li>• a partner at Bennett Jones LLP, ATCO's legal counsel</li><li>• extensive background in energy and natural resources law, and legal and regulatory aspects of compensation and corporate governance</li><li>• several years serving on compensation committees</li></ul>
Helmut M. Neldner	<ul style="list-style-type: none"><li>• President/CEO of a large corporation for 10 years</li><li>• direct experience working with compensation advisors about executive performance and compensation issues</li><li>• more than five years serving on compensation committees</li></ul>

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

### Compensation

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

### Succession planning for executives

- review and approve potential successors to the CEO and other senior executive positions
- review and help with succession and professional development plans.

See page 69 for more information about the Committee and a summary of its activities in 2013.

The Committee is also responsible for compensation of the directors on ATCO's Board. You can read about their approach starting on page 27.

## Compensation approach

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

The approach includes three principles:

- pay competitively
- pay for performance
- manage risk.

### Pay competitively

The Committee believes that competitive compensation is essential to attract and retain talented executives, particularly in a highly competitive business environment.

Compensation is targeted at the median of a comparator group of companies established for each business unit. The Committee uses several consultant sources, including the Towers Watson

Compensation Database, the Towers Watson Energy Survey, the Mercer Benchmark Database, and the Mercer Total Compensation Survey for the Petroleum Industry, to ensure the comparator groups are appropriate.

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

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

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

<b>Industries</b>	Oil and gas, utilities, energy, general industry, technology, manufacturing & logistics and capital intensive organizations	
<b>Locations</b>	Alberta, national and global	
<b>Relevance</b>	<p>Companies are selected based on their comparability to our operations. A comparator group is established for each business unit based on:</p> <ul style="list-style-type: none"> <li>• industry revenue</li> <li>• number of employees</li> <li>• market capitalization.</li> </ul> <p>When necessary, the data is adjusted to reflect the appropriate size and scope using linear regression analysis.</p>	
<p><b>2013 comparator companies</b></p> <p>Towers Watson used several companies including those in this list to create a customized comparator group for each business unit.</p> <p>For a full list of all comparator companies used, please refer to Schedule C.</p>	<p>Agrium Inc. Alberta Electric Systems Operator Alliance Pipeline ARC Resources Ltd. British Columbia Hydro and Power Authority Bruce Power Limited Partnership Canadian Natural Resources Ltd. Canadian Oil Sands Limited Canadian Pacific Railway Ltd. Capital Power Corporation Cenovus Energy Inc. Enbridge Inc. EnCana Corporation ENMAX Corporation EPCOR Utilities Inc. Husky Energy Inc. Hydro-Québec</p>	<p>Imperial Oil Limited MEG Energy Ontario Power Generation Inc. Pembina Pipeline Corporation Penn West Exploration Powerex Corp. Precision Drilling Corporation Saskatchewan Power Corporation Spectra Energy Transmission Suncor Energy Inc. Talisman Energy Inc. Toronto Hydro Corporation TransAlta Corporation TransCanada Corp. United Farmers of Alberta Cooperative Limited URS Oil &amp; Gas Division WestJet Airlines</p>

## Pay for performance

Executive compensation is linked to the achievement of goals that create sustained shareholder value:

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

## Manage risk

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

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

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

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

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

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

Executives have a stake in the company:

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

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

The Committee is satisfied that:

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

## Operate independently

When making compensation decisions, the Committee operates independently from management. All of the members of the Committee are independent except Mr. Booth, who is a partner at Bennett Jones LLP, ATCO's legal counsel.

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

### Independent advice

The Committee hires independent consultants for advice on:

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

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

### Executive compensation advisory services in 2013

The Committee approved the use of two independent consultants in 2013 for information and advice on compensation matters.

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

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

Mercer provided the following services:

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

	Fees in 2013 (\$)	Fees in 2012 (\$)
<b>Towers Watson</b>		
Executive compensation-related fees	175,492	177,365
Other	602,769	314,948
<b>Mercer</b>		
Executive compensation-related fees	—	—
Other	1,109,229	674,913

## Decision-making process

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



### 1. Review compensation plan

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

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

The Committee will make any changes it feels are necessary to ensure the compensation plan:

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

### 2. Set incentive plan targets and performance criteria

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

### 3. Set individual and operational goals and objectives

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

### 4. Assess corporate and business unit performance

The Committee assesses ATCO and individual business unit performance against specified targets and, taking into consideration the performance of our peers, market and other factors, approves overall short-term incentive pool funding.

### 5. Determine individual awards

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

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

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

## Components

Our executive compensation program includes direct and indirect compensation. Direct compensation is made up of:

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

Indirect compensation includes a pension plan and other benefits, which are described on page 41.

### Direct compensation

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

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

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

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

## Fixed compensation

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

## Variable compensation

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

### Corporate performance

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

### Business unit performance

Business unit performance has a direct impact on the amount allocated from the short-term incentive pool to the business unit's incentive pool, and for some senior executives is one of the performance criteria for mid-term incentive plan payouts.

### Individual performance

We determine an individual performance rating for each senior executive that is:

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

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

<b>1. Individual</b>	Objectives are specific to each individual
<b>2. Operational</b>	Objectives normally include: <ul style="list-style-type: none"> <li>• health and safety</li> <li>• service quality</li> <li>• management controls</li> <li>• environmental stewardship</li> </ul>
<b>3. People leadership</b>	Objectives normally include: <ul style="list-style-type: none"> <li>• succession planning</li> <li>• leadership development</li> <li>• attraction and retention</li> </ul>
<b>4. Long-term sustainable growth</b>	Objectives normally include: <ul style="list-style-type: none"> <li>• long-term growth strategies at each subsidiary</li> <li>• strategic planning and integration of long-term growth across all ATCO businesses</li> </ul>

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

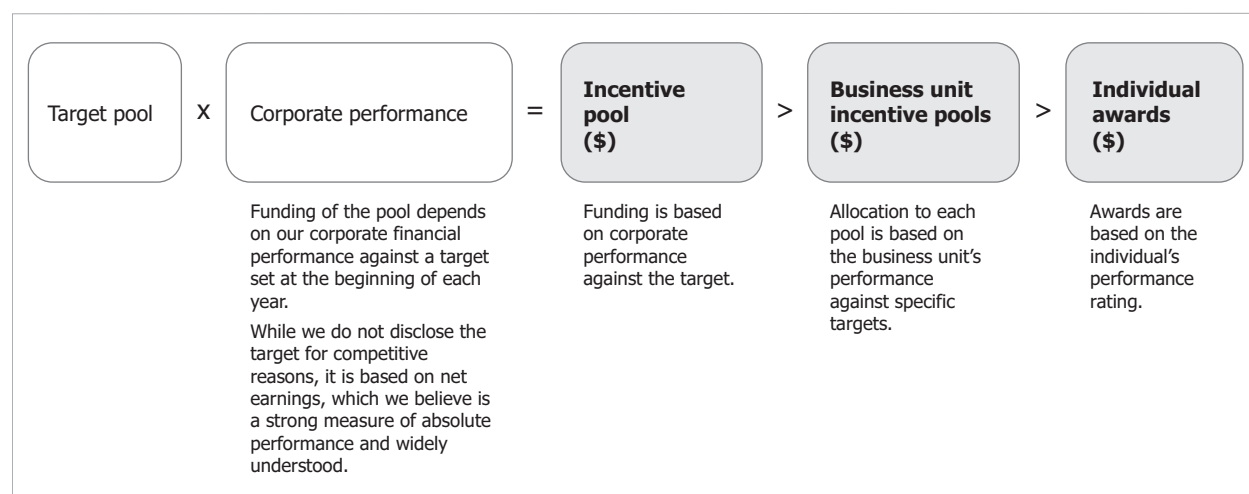
The Committee also has broad discretion to not pay when, for example, a senior executive:

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

## Short-term incentive

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

The size of the individual award is determined first by the size of the overall incentive pool, next by the amount allocated to the business unit from the incentive pool, then by the executive's individual performance rating, and finally by comparing the individual's total direct compensation relative to his or her peer group.





## Mid-term incentive

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

### Form of award

Time-vesting ATCO Class I Non-Voting Shares, Canadian Utilities Class A non-voting shares, or both.

Both classes of shares earn dividends.

### Performance criteria

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

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

## Long-term incentive

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

### Form of award

Stock options or share appreciation rights for ATCO Class I Non-Voting Shares, Canadian Utilities Class A non-voting shares, or both.

### Performance criteria

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

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

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

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

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

## Indirect compensation

### Perquisites

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

### Employee share purchase plan

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

### Pension plan

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

All senior executives participate in the defined benefit component.

How it works:

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

How we calculate the pension benefit:

$$\left( \left( 1.4\% \times \begin{array}{l} \text{average Year's Maximum} \\ \text{Pensionable Earnings} \\ (\$48,600 \text{ in } 2013) \end{array} \right) + \left( 2\% \times \begin{array}{l} \text{average salary (highest five consecutive} \\ \text{years of base salary, not including} \\ \text{short-term incentive) minus} \\ \$48,600 \end{array} \right) \right) \times \begin{array}{c} \text{years of} \\ \text{service} \end{array}$$

Mr. Wilmot also has defined benefit entitlements for service before August 1, 1990, when he participated in a pension plan sponsored by ATCO Structures & Logistics Ltd. (the AS&L plan). The retirement benefits under the defined benefit components of the two plans are substantially the same.

### Supplemental pension benefits

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

How it works:

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

Ms. Southern's supplemental pension benefit is part of her employment agreement with ATCO (see page 50). Her benefits are calculated as a percentage of the average of the highest five years of cash compensation (salary and short-term incentives) during her last 10 years before retirement. The percentage depends on her age when she retires:

Age at retirement	Percentage
57	74%
58	76%
59	78%
60 and older	80%

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

## 2013 performance and awards

### Performance in 2013

ATCO had a record year with adjusted earnings\* of \$390 million, a 5% increase over last year.

Key accomplishments included the following:

- ATCO Structures & Logistics won significant contracts in 2013, including one in Western Australia and another in Alberta's oil sands region.
- ATCO Electric completed the \$650 million Hanna Region Transmission Development project on time and \$60 million under budget. A significant portion of the Eastern Alberta Transmission Line project was also completed.

As a result of our growth, ATCO declared a first quarter dividend for 2014 of 21.5 cents per share, a 15% increase. ATCO's dividend per share has increased for 21 consecutive years.

These and many other accomplishments are discussed below.

### Consolidated financial performance

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

*Results:*

Adjusted earnings of \$390 million for the year ended December 31, 2013.

### Operational excellence

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

*Results:*

ATCO continued to uphold the importance of employee, contractor and public safety by achieving workplace milestones and through a number of programs:

- In 2013, ATCO Pipelines achieved 11 consecutive years without a lost-time incident. The company has a goal of zero personal injuries and vehicle collisions. To encourage safe practices and reward safety excellence, internal safety programs are in place for both field and office staff.
- ATCO Power's Sheerness power station achieved more than one million worker hours of safe operation with no lost-time incidents by staff and contractors. The company's gas turbine fleet in Alberta celebrated more than 10 years with no employee lost-time injuries.

\* Adjusted earnings as reported in the consolidated financial statements for the year ended December 31, 2013, 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 a result of day-to-day operations.

- ATCO Power put into effect several continuous improvement activities during the year including a new Contractor Prequalification Process, Job Hazard and Risk Assessment Standardization, Alcohol & Drug program, and Training Content Standardization.
- ATCO Gas Australia, in conjunction with ATCO I-Tek Australia, developed Field Mobility, an electronic paperless system. Using tablets, Field Mobility makes safety documentation easily accessible, provides improved access to data when performing maintenance activities and improves the efficiency and accuracy of data collection relating to asset performance and health.
- The ATCO Electric Transmission Division introduced a new Health, Safety and Environment (HSE) management system to better manage incidents. The system gives every Transmission employee the ability to record HSE incidents and view reports, resulting in more accountability and visibility to the division's safety record.

ATCO companies also continued to support public safety programs:

- The ATCO Electric Distribution Division continued its support of the Joint Utility Safety Team, a consortium of electricity distributors that share the goal of raising awareness of power line safety.
- ATCO Gas continued its public safety efforts through its annual carbon monoxide awareness campaign and promotion of safe digging practices around natural gas pipelines, providing more than 282,000 locates.
- ATCO Energy Theatre continued to teach young students important safety lessons about natural gas and electricity. It performed to more than 18,000 students in 2013 and has reached more than 97,000 students since it began in 2007.
- The ATCO Energy Education Mobile, an interactive classroom on wheels, continued to teach students and the public about Alberta's energy resources and how to use them wisely. Since its inception in 2010, the ATCO Energy Education Mobile has visited 170 Alberta communities and engaged more than 59,000 participants.

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

#### *Results:*

With its joint-venture partner, the Fort McKay First Nation, ATCO Structures & Logistics completed a retrofit of the Barge Landing Lodge near Fort McKay, Alberta. The upgraded complex now features all management-style rooms and Arctic corridors and received the ISO 9001:2008 certification, an international standard for quality management. ATCO's Creeburn Lake and Barge Landing lodges are the only ones in North America to achieve this standard.

In 2013, ATCO Electric's Transmission Division invested \$1.4 billion in new facilities and upgrades to meet Alberta's growing demand for electricity and replace aging infrastructure. The investment required not only adherence to stringent procurement and cost-monitoring practices, but also unprecedented consultation with landowners, First Nations and other affected Albertans.

- The \$600 million North East Transmission Development project was completed. Work included the installation of one of Alberta's first Phase Shifting Transformers (PST) at Livock, near Fort McMurray. The PST relieves constraints on the existing transmission system and ensures a secure and reliable supply of electricity.
- ATCO Electric's Distribution Division invested \$386 million in new infrastructure and upgrades to reinforce system reliability and meet customer demand.

ATCO Pipelines' preventative inspection and maintenance program included pipeline relocations and replacements throughout the province. In 2013, integrity-related projects accounted for approximately one third of the company's \$147 million capital program to ensure continued reliability and service levels for customers.

In 2013, ATCO Gas's automated meter reading project was completed. The program resulted in 1.1 million natural gas meters being retrofitted or replaced with encoder receiver transmitter devices to wirelessly transmit usage data to mobile collectors, allowing ATCO Gas to read gas meters without entering customers' homes, yards or businesses, improving billing accuracy, employee safety and customer convenience.

ATCO Gas invested almost \$53 million in the replacement of aging natural gas infrastructure to ensure the safety and reliability of its pipeline network.

ATCO Gas Australia's customer service division was acknowledged at the 2013 National Customer Service Excellence Awards. The call centre received a silver medal for excellence for its outstanding response time, quality of service, staff satisfaction, innovation and reporting.

ATCO Power's generating assets had a very good availability rate of 94%.

ATCO Structures & Logistics received an Award of Distinction, garnering first place in the permanent modular commercial housing category, from the Modular Building Institute for its design and construction of MEG Energy's workforce housing facility, located near Conklin, Alberta. Built to create the feel of a high-end ski lodge, the 150-bed lodge is equipped with a pre-engineered gymnasium with full basketball court, theatre and world-class kitchen. A skywalk system protects workers from extreme weather.

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

*Results:*

Testing conducted in 2013 revealed no significant or reportable weaknesses in internal control over financial reporting.

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

*Results:*

ATCO Emissions Management was awarded a contract to supply an acoustic powerhouse building and seven auxiliary buildings to the Hess Newark Energy Center in Newark, New Jersey. ATCO also continues its work with the Calgary Airport Authority in Alberta to provide acoustic buildings for the airport's expansion.

ATCO Electric enhanced its Crop Protection Plan practices and added six new mobile cleaning stations to its fleet to be used in the field to wash and sterilize vehicles and equipment to help curb the spread of club root and other soil-borne diseases.

ATCO Gas and ATCO Electric built new energy efficient operations facilities in 2013:

- ATCO Electric Distribution Division opened new energy-efficient service centres in Stettler and Grande Prairie. The buildings reduce energy and water consumption by 55% and 30%, respectively.
- ATCO Gas opened a new energy-efficient operations centre in Okotoks, using combined heat and power technology to generate 25 kilowatt hours of electricity as well as deliver exhaust heat to the building's boiler heating system.

As part of the ATCO Electric Hanna Region Transmission Development (HRTD) project Archeological Resources Protection Plan, 145 historical resources were discovered and reported to Alberta Culture, including building foundations, ceremonial relics, stone tools, farm sites and fossils. Prior to the construction of the HRTD project, Alberta Culture had only five historical resources on record for the region. This work was recognized with two awards for increasing public awareness and implementing best practices in preserving Alberta's historical resources: the Archaeological Society's Richard G. Forbis award and the Association of Professional Planners Institute Award of Merit.

ATCO Electric completed its first community-wide light-emitting diode (LED) streetlight conversion project. In support of the Regional Municipality of Wood Buffalo's sustainability efforts, it converted 4,200 streetlights in Fort McMurray to LED, reducing energy consumption by 55% and greenhouse gas emissions by more than 350 pounds per fixture per year.

ATCO Gas introduced a Combined Heat and Power technology program to help commercial and institutional customers increase energy efficiency, lower facility operating costs and reduce greenhouse gas emissions.

ATCO Gas was involved in the development of the Drake Landing Solar Community in Okotoks in 2007, and has been managing partner and facility operator since that time. In 2013, Drake Landing received the prestigious 2013 International Energy Agency's Solar Heating and Cooling Programme Solar Award, which recognizes significant achievements in solar thermal market development and reductions in market barriers.

ATCO Structures & Logistics received an honourable mention from the Modular Building Institute commending the company for its environmentally efficient, durable and visually appealing new office south of Calgary.

As part of ATCO's Avian Protection Program, Yukon Electrical provided a permanent base for a nest belonging to two bald eagles, along with a webcam to give the community a bird's eye view of the eagles in the nest. The webcam received more than one million views from around the world as viewers witnessed the hatching of three eaglets and watched them grow into fledglings.

### **People leadership**

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

#### *Results:*

ATCO successfully negotiated three balanced collective agreements in 2013. The unions involved were the Canadian Energy Workers' Association (CEWA), the Natural Gas Employees' Association (NGEA) and the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (CEPU). As well in 2013, two additional ATCO companies were engaged in collective bargaining with CEWA, and those proceedings continue to progress toward resolution.

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

#### *Results:*

We continued to enhance and improve our HR processes and systems, including implementing a learning management system, building on significant investments ATCO has made over the past several years to provide ATCO employees with an integrated set of tools they can use to manage and progress their careers at ATCO. These systems also provide our leaders with greater insight into our employee talent pool and will help us to leverage the strength of ATCO's diversified businesses and geographies, not only to maximize development and career opportunities for our employees, but also to enable ATCO to build a workforce capable of executing on our growth strategies and to plan for succession of key leadership positions.

In 2013, leadership development courses were attended by 760 employees, a 21% increase over 2012. In addition, three new courses were added to ATCO's suite of programming: Behavioural Interviewing, Performance Management, and Change Management for Managers.



## Long-term sustainable growth

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

### *Results:*

ATCO Structures & Logistics won significant contracts in Western Australia and North America in 2013:

- Awarded a contract estimated at AUD\$100 million to design, manufacture, transport and install 357 modular units for the Chevron-operated Wheatstone Project, one of the largest energy projects in Australia. The contract was awarded by Bechtel, Chevron's engineering, procurement, construction and commissioning contractor.
- Diversified its business in Australia with a contract to design and supply modular offshore processing facilities for the Australian Department of Immigration and Citizenship, including client and staff accommodation and central facilities. Later in the year, ATCO was awarded a contract to provide 800-person modular accommodations for the initial stage of the Manus Island processing facility, expected to be completed by May 2014.
- Awarded a contract to manufacture, install and operate a 1,200-person workforce housing facility for the Shell Carmon Creek Project near Peace River in northern Alberta. In addition to lodge operation, ATCO will construct a 200-person open plan office complex as part of the bundled solution. To service the site, ATCO will also build and maintain a 1,500-person wastewater treatment plant.
- Completed a 330-person lodge for Pengrowth Energy Corporation, located near Bonnyville, Alberta. The full-service accommodations will be operated by ATCO and include catering, janitorial and maintenance services.
- In partnership with the Haisla First Nation, ATCO installed a 600-person early works facility for the Chevron/Apache-owned Kitimat LNG project.
- Completed the first phase of the 2,586-person Jansen Lodge, a housing complex to support the construction of the world's largest potash mine, located north of Regina, Saskatchewan. The first phase of the facility included the turnover of 500 rooms and the beginning of lodge operations.
- Awarded a five-year facilities and operations management contract with Defence Construction Canada to provide construction contract management and related infrastructure services to the Department of National Defence (DND). ATCO will provide site services to 45 DND sites located in southwestern and northern Ontario, as well as the Greater Toronto Area.
- Awarded a two-year extension for the current facilities maintenance contract with the National Research Council of Canada. The contract is to provide building systems servicing and annual certifications, repairs and project capital work at five different campuses, comprising 109 buildings.
- Signed a Memorandum of Understanding with the Denesoline Corporation, the economic development arm of the Lutsel K'e Dene First Nation, located on the south shore of Great Slave Lake, Northwest Territories. The two organizations will jointly pursue commercial and industrial projects, including infrastructure construction within the traditional territory of the First Nation.

The robust Western Australia and North America economies prompted ATCO Structures & Logistics to expand and upgrade its facilities to support new business opportunities and focus on new geographic markets globally:

- Opened a new 150,000 sq. ft. facility, located in the city of Kwinana, near Perth, Western Australia. The new facility is expected to supply approximately 60 per cent of the required units for the Chevron-operated Wheatstone project.
- In a joint venture with the Fort McKay First Nation, ATCO completed a retrofit of the Barge Landing Lodge near Fort McKay, Alta. The upgraded complex now features all management-style rooms and Arctic corridors and received the ISO 9001:2008 certification, an international standard for the quality management of businesses.



- Sold its 50% ownership interest in Tecno Fast ATCO to its joint-venture partner, Tecno Fast, headquartered in Santiago, Chile, for approximately CAD \$124 million.
- Established a presence in Johannesburg, South Africa, to evaluate business opportunities.

In its second year of operation, ATCO Sustainable Communities achieved geographic expansion across Canada, developed key partnerships and won a number of contracts:

- Established a partnership to pursue business opportunities with the Chief Peguis Investment Corp., the economic development arm of the largest First Nation in Manitoba.
- A contract to build a 15,000 sq. ft. community centre in Nain, Newfoundland, for the Nunatsiavut Government.
- A contract to build an office building and storage facility in Nova Scotia for the Millbrook First Nation's commercial fishing operation.
- Completed a new multi-purpose recreation centre for the Halalt First Nation in Chemainus, Vancouver Island, and a 6,600 sq. ft. multi-purpose gymnasium and community centre for the Swan River First Nation in Slave Lake, Alberta.
- Completed a child and family services administration facility for the Tsuu T'ina near Calgary, fire stations for the Attawapiskat in Ontario and the Peerless Trout First Nation in Alberta, and a retail store for the George Gordon First Nation in Saskatchewan.

Continued population growth in Alberta, and industrial customer requirements fuelled by growth largely in the oil sands region, prompted the need for new transmission infrastructure in the province. ATCO Electric made progress on a number of projects, including two large-scale transmission initiatives:

- Work continued on the \$1.8-billion Eastern Alberta Transmission Line, a 485 km, 500-kilovolt direct current line between the Gibbons-Redwater area and Brooks. By the end of 2013, more than 55% of the project's nearly 1,400 towers were assembled and more than 277 were erected.
- The \$650 million Hanna Region Transmission Development project was completed on time in July 2013 and \$60 million under budget.
- ATCO Electric renewed franchise agreements with 28 communities, securing the company as the electricity distributor for the next 10 years.
- ATCO Electric welcomed 4,100 new farm customers after the sale of the Manning, Elk Point and Peace Country Rural Electrification Associations (REAs) were approved by the Alberta Utilities Commission and the Rural Utility Division. The sale of the Delburne West REA was approved in early 2014, following a vote by its members in June 2013.

ATCO Gas experienced another year of strong growth, adding almost 23,000 new customer connections.

In early 2014, ATCO Pipelines received Alberta Utilities Commission approval of its proposal to relocate its high-pressure natural gas pipelines out of densely populated areas in Calgary and Edmonton and into transportation utility corridors that surround each city and are designated to accommodate utility infrastructure. The project will be constructed in phases and is expected to be completed over the next five years.

## Compensation in 2013

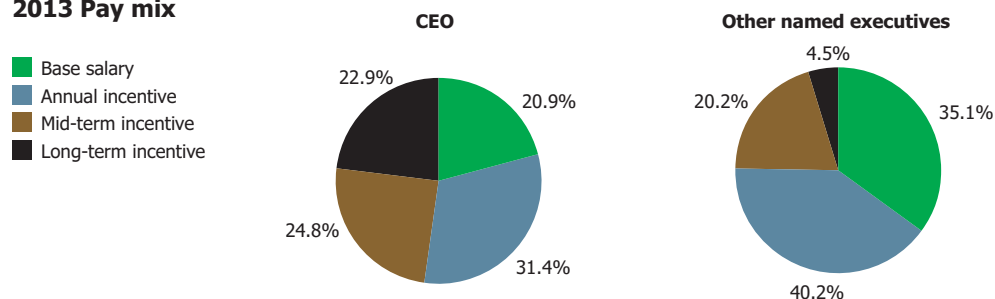
The table below is a summary of total direct compensation awarded to the named executives in 2013.

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

Please see page 55 for the summary compensation table, which shows total compensation for the past three years, and the assumptions we used for the mid- and long-term incentive values.

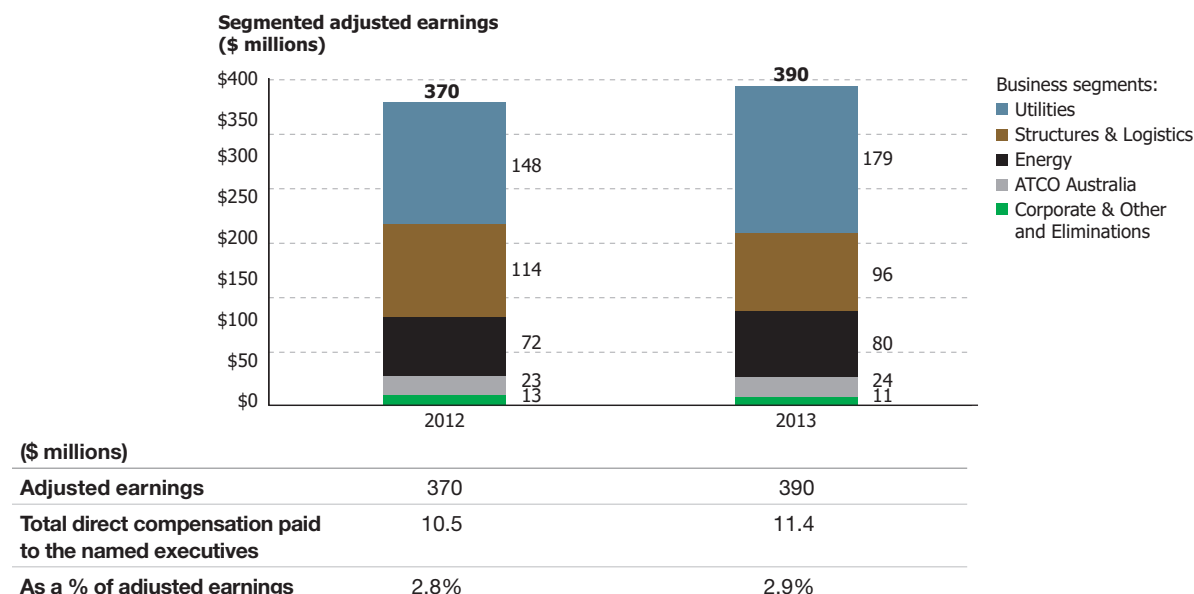
	Total cash compensation received from <i>both</i> companies (\$)			Equity (\$)	Total direct compensation (\$)
	Salary	Short-term incentive	Mid-term incentive	Long-term incentive	
Nancy C. Southern	1,000,000	1,500,000	1,186,707	1,092,000	4,778,707
Brian R. Bale	512,500	700,000	350,923	54,600	1,618,023
Siegfried W. Kiefer	716,250	600,000	582,497	182,000	2,080,747
Susan R. Werth	498,750	650,000	193,707	28,636	1,371,093
Henry G. Wilmot	581,250	700,000	200,589	28,636	1,510,475

### 2013 Pay mix



### Compensation linked to financial performance

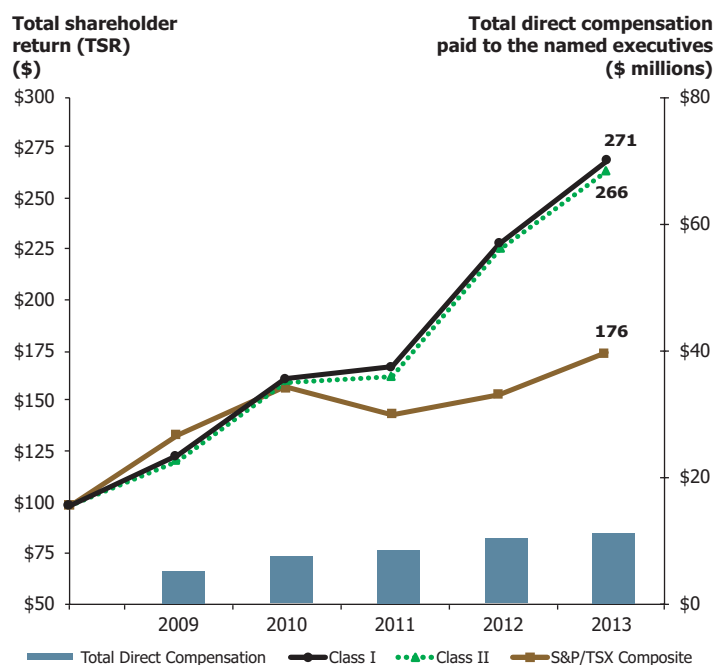
The graph below shows adjusted earnings for each of the past two years (total and by business unit), compared with total direct compensation paid to the named executives in each year.



## Compensation linked to shareholder return

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

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



Total direct compensation includes:

- base salary
- short-term incentive bonus
- grant date value of mid-term incentives
- grant date value of long-term incentives.

**Nancy C. Southern**

Chair, President &amp; Chief Executive Officer

Age: 57

Location: Calgary, Canada

Years of service: 24

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

Under Ms. Southern's guidance earnings have increased from \$131 million in 2003 to adjusted earnings of \$390 million in 2013 (an increase of 198%). ATCO's total assets have grown from approximately \$7 billion in 2003 to \$16 billion in 2013.

**Compensation**

Ms. Southern's compensation this year reflects ATCO's performance, as well as her overall performance and contribution to the company.

The Committee approved the following compensation for Ms. Southern.

	2013 (\$)	2012 (\$)	2011 (\$)
<b>Cash</b>			
Base salary	1,000,000	1,000,000	1,000,000
Short-term incentive	1,500,000	1,500,000	1,600,000
<b>Total cash compensation from both ATCO and Canadian Utilities</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>2,600,000</b>
<b>Equity</b>			
Mid-term incentive	1,186,707	969,470	743,820
Long-term incentive			
Stock options	546,000	309,750	146,000
Share appreciation rights	546,000	309,750	146,000
<b>Total equity</b>	<b>2,278,707</b>	<b>1,588,970</b>	<b>1,035,820</b>
<b>Total direct compensation from both ATCO and Canadian Utilities</b>	<b>4,778,707</b>	<b>4,088,970</b>	<b>3,635,820</b>

**Employment agreement**

Ms. Southern has an employment agreement with ATCO that expires on February 28, 2015, and continues from year to year thereafter. The agreement includes insurance benefits if Ms. Southern dies or becomes disabled before she retires or employment is terminated. The amount is based on her salary, using formulas that take into account the amounts payable to her under ATCO's group life insurance policies and disability income programs. It also includes supplemental pension benefits, which are described on page 41.



**Brian R. Bale**

Senior Vice President & Chief Financial Officer

Age: 59

Location: Calgary, Canada

Years of service: 32

Mr. Bale is Senior Vice President & Chief Financial Officer of ATCO and Canadian Utilities and is responsible for Finance, Accounting, Treasury, Taxation, Risk Management, Regulatory Affairs, Office of the Chief Information Officer and the administration of Internal Audit.

He joined ATCO Gas in 1981, and has held progressively senior roles in Canadian Utilities. He was appointed to his current role on December 1, 2009.

**Compensation**

Mr. Bale's compensation this year reflects ATCO's performance, as well as his overall performance and contribution to the company.

The Committee approved the following compensation for Mr. Bale.

	2013 (\$)	2012 (\$)	2011 (\$)
<b>Cash</b>			
Base salary	512,500	468,750	422,083
Short-term incentive	700,000	700,000	550,000
<b>Total cash compensation from both ATCO and Canadian Utilities</b>	<b>1,212,500</b>	<b>1,168,750</b>	<b>972,083</b>
<b>Equity</b>			
Mid-term incentive	350,923	242,368	151,514
Long-term incentive			
Stock options	27,300	30,975	29,200
Share appreciation rights	27,300	30,975	29,200
<b>Total equity</b>	<b>405,523</b>	<b>304,318</b>	<b>209,914</b>
<b>Total direct compensation from both ATCO and Canadian Utilities</b>	<b>1,618,023</b>	<b>1,473,068</b>	<b>1,181,997</b>



**Siegfried W. Kiefer**

Chief Operating Officer, Power & Utilities

Age: 55

Location: Calgary, Canada

Years of service: 31

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

**Compensation**

Mr. Kiefer's compensation this year reflects ATCO's performance, the performance of the Utilities, Power and Technologies businesses, and his overall performance and contribution to the company.

The Committee approved the following compensation for Mr. Kiefer.

	2013 (\$)	2012 (\$)	2011 (\$)
<b>Cash</b>			
Base salary	716,250	656,250	554,167
Short-term incentive	600,000	650,000	600,000
<b>Total cash compensation from both ATCO and Canadian Utilities</b>	<b>1,316,250</b>	<b>1,306,250</b>	<b>1,154,167</b>
<b>Equity</b>			
Mid-term incentive	582,497	472,349	187,330
Long-term incentive			
Stock options	91,000	46,463	29,200
Share appreciation rights	91,000	46,463	29,200
<b>Total equity</b>	<b>764,497</b>	<b>565,275</b>	<b>245,730</b>
<b>Total direct compensation from both ATCO and Canadian Utilities</b>	<b>2,080,747</b>	<b>1,871,525</b>	<b>1,399,897</b>



**Susan R. Werth**

Senior Vice President & Chief Administration Officer

Age: 57

Location: Calgary, Canada

Years of service: 33

Ms. Werth is Senior Vice President & Chief Administration Officer, ATCO and Canadian Utilities, responsible for Human Resources, Corporate Secretarial, Marketing and Communications, Security, Real Estate, Aviation and Administration. She is Chair of ATCO Group's Disclosure, Management Pension, Crisis Management, and Donation & Sponsorship Committees. She was Vice President, Administration, ATCO Group from 1995 to 2000.

**Compensation**

Ms. Werth's compensation this year reflects ATCO's performance and her overall performance and contribution to the company.

The Committee approved the following compensation for Ms. Werth.

	2013 (\$)	2012 (\$)	2011 (\$)
<b>Cash</b>			
Base salary	498,750	458,750	418,333
Short-term incentive	650,000	650,000	475,000
<b>Total cash compensation from both ATCO and Canadian Utilities</b>	<b>1,148,750</b>	<b>1,108,750</b>	<b>893,333</b>
<b>Equity</b>			
Mid-term incentive	193,707	243,744	187,330
Long-term incentive			
Stock options	14,318	30,975	29,200
Share appreciation rights	14,318	30,975	29,200
<b>Total equity</b>	<b>222,343</b>	<b>305,694</b>	<b>245,730</b>
<b>Total direct compensation from both ATCO and Canadian Utilities</b>	<b>1,371,093</b>	<b>1,414,444</b>	<b>1,139,063</b>





### Henry G. Wilmot

Chief Operating Officer, Energy & Industrials and President, ATCO Structures & Logistics Ltd.

Age: 60

Location: Calgary, Canada

Years of service: 38

Mr. Wilmot is Chief Operating Officer, Energy & Industrials, ATCO and Canadian Utilities. In addition Mr. Wilmot is President of ATCO Structures & Logistics Ltd. He has held progressively senior positions since he joined ATCO in 1975. He was appointed to his current role of Chief Operating Officer, Energy & Industrials in 2013.

### Compensation

Mr. Wilmot's compensation this year reflects ATCO's performance, the performance of ATCO Structures & Logistics Ltd. and the Energy business, and his overall performance and contribution to the company.

The Committee approved the following compensation for Mr. Wilmot.

	2013 (\$)	2012 (\$)	2011 (\$)
<b>Cash</b>			
Base salary	581,250	493,750	453,333
Short-term incentive	700,000	700,000	500,000
<b>Total cash compensation from both ATCO and Canadian Utilities</b>	<b>1,281,250</b>	<b>1,193,750</b>	<b>953,333</b>
<b>Equity</b>			
Mid-term incentive	200,589	480,043	384,680
Long-term incentive			
Stock options	14,318	–	–
Share appreciation rights	14,318	–	–
<b>Total equity</b>	<b>229,225</b>	<b>480,043</b>	<b>384,680</b>
<b>Total direct compensation from both ATCO and Canadian Utilities</b>	<b>1,510,475</b>	<b>1,673,793</b>	<b>1,338,013</b>

## 2013 Compensation details

### Summary compensation table

The table below summarizes the total compensation of each of the named executives received or awarded for the years ended December 31, 2011, 2012 and 2013.

	Salary <sup>1</sup>	Share based awards <sup>2</sup>	Option based awards <sup>3,4</sup>	Non-equity incentive plan compensation <sup>1</sup>		Pension value <sup>5</sup>	All other compensation <sup>6</sup>	Total compensation
				Annual incentive plans	Long term incentive plans			
Nancy C. Southern								
2013	1,000,000	1,186,707	1,092,000	1,500,000	–	877,632	35,000	5,691,339
2012	1,000,000	969,470	619,500	1,500,000	–	235,271	15,000	4,339,241
2011	1,000,000	743,820	292,000	1,600,000	–	301,436	15,000	3,952,256
Brian R. Bale								
2013	512,500	350,923	54,600	700,000	–	213,249	17,938	1,849,210
2012	468,750	242,368	61,950	700,000	–	247,532	7,031	1,727,631
2011	422,083	151,514	58,400	550,000	–	806,202	6,331	1,994,530
Siegfried W. Kiefer								
2013	716,250	582,497	182,000	600,000	–	584,025	25,069	2,689,841
2012	656,250	472,349	92,926	650,000	–	922,784	9,844	2,804,153
2011	554,167	187,330	58,400	600,000	–	440,281	8,313	1,848,491
Susan R. Werth								
2013	498,750	193,707	28,636	650,000	–	233,005	17,456	1,621,554
2012	458,750	243,744	61,950	650,000	–	246,508	6,881	1,667,833
2011	418,333	187,330	58,400	475,000	–	181,270	6,275	1,326,608
Henry G. Wilmot								
2013	581,250	200,589	28,636	700,000	–	169,172	8,138	1,687,785
2012	493,750	480,043	–	700,000	–	22,453	2,963	1,699,209
2011	453,333	384,680	–	500,000	–	387,509	2,720	1,728,242

<sup>1</sup> Total cash compensation received from both ATCO and Canadian Utilities for all executives. Except for Mr. Wilmot, this was shared as follows:

	Amount paid by ATCO	Amount paid by Canadian Utilities	Combined total reported in ATCO proxy circular
2013	9.6%	90.4%	100%
2012	8.8%	91.2%	100%
2011	7.3%	92.7%	100%

Mr. Wilmot's compensation expense is shared 75% by ATCO and 25% by Canadian Utilities.

<sup>2</sup> For Ms. Southern, Mr. Bale and Mr. Kiefer, the grant date fair value for MTIP granted in 2013, 2012 and 2011 was \$28.963, \$23.037 and \$18.634, respectively, for ATCO and \$25.284, \$21.694 and \$16.149, respectively, for CU as determined in consultation with our independent advisors. The accounting fair values are \$44.558, \$35.441 and \$28.668, respectively, for ATCO and \$38.898, \$33.375 and \$24.845, respectively, for CU. The difference is because the accounting fair value is based on the full value share price at the time of grant and the grant date fair value used for compensation benchmarking purposes reflects a discount applied to account for performance hurdles that have to be met in order for the MTIP to vest.

For Ms. Werth and Mr. Wilmot, the grant date fair value for MTIP granted in 2013, 2012 and 2011 was \$30.228, \$23.037 and \$18.634, respectively, for ATCO and \$26.397, \$21.694 and \$16.149, respectively, for CU as determined in consultation with our independent advisors. The accounting fair values are \$46.505, \$35.441 and \$28.668, respectively, for ATCO and \$40.61, \$33.375 and \$24.845, respectively, for CU. The difference is because the accounting fair value is based on the full value share price at the time of grant and the grant date fair value used for compensation benchmarking purposes reflects a discount applied to account for performance hurdles that have to be met in order for the MTIP to vest.

<sup>3</sup> For Ms. Southern, Mr. Bale and Mr. Kiefer, the option and SAR values shown for 2013, 2012 and 2011 are the grant date fair values determined using the Black-Scholes method, the same method used for determining the accounting fair values. The assumptions used were as follows – for ATCO options and SARs for 2013, 2012, and 2011: risk-free rate of 1.355%, 1.67% and 2.71%, respectively; dividend yield of 1.67%, 1.87% and 2.01%, respectively; volatility of 14.28%, 12.95% and 14.43%, respectively; and an expected life of 6.09 years, 6.10 years and 6.13 years, respectively. For CU options and SARs for 2013, 2012, and 2011: risk-free rate of 1.355%, 1.67% and 2.67%, respectively; dividend yield of 2.48%,

2.67%, and 3.25%, respectively; volatility of 14.25%, 11.18% and 10.71%, respectively; and an expected life of 6.02 years, 6.05 years and 6.06 years, respectively.

For Ms. Werth and Mr. Wilmot, the option and SAR values shown for 2013, 2012 and 2011 are the grant date fair values determined using the Black-Scholes method, the same method used for determining the accounting fair values. The assumptions used were as follows – for ATCO options and SARs for 2013, 2012, 2011: risk-free rate of 1.157%, 1.67%, and 2.71%, respectively, dividend yield of 1.61%, 1.87%, and 2.01%, respectively, volatility of 14.80%, 12.95%, and 14.43%, respectively, and an expected life of 6.09 years, 6.10 years and 6.13 years, respectively. For CU options and SARs for 2013, 2012, 2011: risk-free rate of 1.157%, 1.67%, and 2.67%, respectively, dividend yield of 2.39%, 2.67%, and 3.25%, respectively, volatility of 14.51%, 11.18%, and 10.71%, respectively, and an expected life of 6.01 years, 6.05 years, and 6.06 years, respectively.

<sup>4</sup> Total ATCO and Canadian Utilities stock options and share appreciation rights.

<sup>5</sup> Estimated using a prescribed formula based on several assumptions. Also includes other compensatory related items.

<sup>6</sup> Employer contribution to the Employee Share Purchase Plan.

## Incentive plan awards

Plan details	ATCO	Canadian Utilities
Maximum number of shares that can be issued:	Stock option plan 10,200,000 ATCO Class I Non-Voting Shares (8.9% of outstanding ATCO Class I Non-Voting and Class II Voting Shares as of December 31, 2013)	Stock option plan 12,800,000 Canadian Utilities Class A non-voting shares (4.9% of outstanding Canadian Utilities Class A non-voting and Class B common shares as of December 31, 2013)

## Outstanding option-based and share-based awards

The table below shows each named executive's outstanding incentive plan awards as of December 31, 2013.

	Option-based awards <sup>1</sup>								
	Number of securities underlying unexercised options (#)				Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>6</sup> (\$)		
	ATCO		Canadian Utilities		ATCO	Canadian Utilities	ATCO	Canadian Utilities	
	Options <sup>2</sup>	SARs <sup>3</sup>	Options <sup>4</sup>	SARs <sup>5</sup>					
Nancy C. Southern									
2013	60,000	60,000	60,000	60,000	44.97	39.035	15/03/23	202,800	0
2012	50,000	50,000	50,000	50,000	35.115	33.18	15/03/22	1,154,500	249,000
2011	25,000	25,000	25,000	25,000	28.315	24.735	15/03/21	917,200	546,750
2010	75,000	75,000	75,000	75,000	25.35	23.645	15/03/20	3,196,500	1,803,750
2008	100,000	100,000	100,000	100,000	22.94	22.17	15/03/18	4,744,000	2,700,000
2007	80,000	80,000	40,000	40,000	24.885	23.92	02/01/17	3,484,000	940,000
2006	100,000	–	100,000	–	20.17	21.78	02/01/16	2,649,000	1,389,000
2005	130,000	–	130,000	–	14.54	15.1225	01/01/15	4,175,600	2,671,175
Brian R. Bale									
2013	3,000	3,000	3,000	3,000	44.97	39.035	15/03/23	10,140	0
2012	5,000	5,000	5,000	5,000	35.115	33.18	15/03/22	115,450	24,900
2011	5,000	5,000	5,000	5,000	28.315	24.735	15/03/21	183,450	109,350
2010	5,000	5,000	5,000	5,000	25.35	23.645	15/03/20	213,100	120,250
2008	2,000	2,000	4,000	4,000	22.94	22.17	15/03/18	94,880	108,000
2007	–	–	6,000	6,000	–	23.92	02/01/17	–	141,000
Siegfried W. Kiefer									
2013	10,000	10,000	10,000	10,000	44.97	39.035	15/03/23	33,800	0
2012	7,500	7,500	7,500	7,500	35.115	33.18	15/03/22	173,175	37,350
2011	5,000	5,000	5,000	5,000	28.315	24.735	15/03/21	183,450	109,350
2010	5,000	5,000	5,000	5,000	25.35	23.645	15/03/20	213,100	120,250
2008	10,000	10,000	20,000	20,000	22.94	22.17	15/03/18	474,400	540,000
2007	12,000	12,000	28,000	28,000	24.885	23.92	02/01/17	522,600	658,000
2006	16,600	10,000	20,000	10,000	20.17	21.78	02/01/16	704,634	416,700
Susan R. Werth									
2013	1,500	1,500	1,500	1,500	46.505	40.61	30/04/23	465	0
2012	5,000	5,000	5,000	5,000	35.115	33.18	15/03/22	115,400	24,900
2011	5,000	5,000	5,000	5,000	28.315	24.735	15/03/21	183,450	109,350
2010	5,000	5,000	5,000	5,000	25.35	23.645	15/03/20	213,100	120,250
2008	5,000	–	5,000	–	22.94	22.17	15/03/18	118,600	67,500
2006	–	–	5,000	–	–	21.78	02/01/16	–	69,450
Henry G. Wilmot									
2013	1,500	1,500	1,500	1,500	46.505	40.61	30/04/23	465	0
2012	–	–	–	–	–	–	–	–	–
2011	–	–	–	–	–	–	–	–	–
2008	–	–	4,000	4,000	22.94	22.17	15/03/18	–	108,000
2007	–	–	–	10,000	–	23.92	02/01/17	–	117,500

Plan details	ATCO	Canadian Utilities
Activity in 2013:	Stock option plan <ul style="list-style-type: none"> <li>• 97,250 options were granted</li> <li>• 168,800 ATCO Class I Non-Voting Shares were issued on the exercise of options</li> <li>• 3,200 options were cancelled</li> </ul>	Stock option plan <ul style="list-style-type: none"> <li>• 114,250 options were granted</li> <li>• 189,600 Canadian Utilities Class A non-voting shares were issued on the exercise of options</li> <li>• 7,400 options were cancelled</li> </ul>

		Share-based awards <sup>1</sup>			
Number of shares that have not vested (#)		Market or payout value of share-based awards that have not vested <sup>7</sup> (\$)		Market or payout value of vested share-based awards not paid out or distributed (\$)	
ATCO MTIP	Canadian Utilities MTIP	ATCO	Canadian Utilities	ATCO	Canadian Utilities
20,000	20,000	933,200	713,400	—	—
20,000	20,000	933,200	713,400	—	—
20,000	20,000	933,200	713,400	—	—
6,000	6,000	279,960	214,020	—	—
5,000	5,000	233,300	178,350	—	—
4,000	4,000	186,640	142,680	—	—
10,000	10,000	466,600	356,700	—	—
10,000	10,000	466,600	356,700	—	—
5,000	5,000	233,300	178,350	—	—
3,000	3,000	139,980	107,010	—	—
5,000	5,000	233,300	178,350	—	—
5,000	5,000	233,300	178,350	—	—
3,000	3,000	139,980	107,010	—	—
20,000	—	933,200	—	—	—
10,000	—	466,600	—	—	—

<sup>1</sup> Figures have been adjusted to reflect the two for one share splits by way of share dividends on September 15, 2005 and June 14, 2013.

<sup>2</sup> Options to buy ATCO Class I Non-Voting Shares.

<sup>3</sup> Share appreciation rights based on ATCO Class I Non-Voting Shares.

<sup>4</sup> Options to buy Canadian Utilities Class A non-voting shares.

<sup>5</sup> Share appreciation rights based on Canadian Utilities Class A non-voting shares.

<sup>6</sup> The difference between the market value as at December 31, 2013, of ATCO Class I Non-Voting Shares (\$46.66) and Canadian Utilities Class A non-voting shares (\$35.67) underlying the option-based awards and the exercise price of the option-based awards.

<sup>7</sup> Based on the market value as at December 31, 2013 of ATCO Class I Non-Voting Shares (\$46.66) and Canadian Utilities Class A non-voting shares (\$35.67).

The table below shows the total holdings and value of options and SARs held by the named executives at the end of the year, and the options and SARs they exercised in 2013.

	Aggregate holdings and value of options and SARs held on December 31, 2013				Options and SARs exercised in 2013	
	Number of unexercised options/SARs (#)		Value of unexercised in-the-money options/SARs (\$)		Securities acquired on exercise (#)	Aggregate value realized (\$)
	Exercisable	Unexercisable	Exercisable	Unexercisable		
<b>Nancy C. Southern</b>						
In 2013, Ms. Southern exercised:						
<ul style="list-style-type: none"> <li>• 130,000 options on ATCO Class I Non-Voting Shares</li> <li>• 130,000 options on Canadian Utilities Class A non-voting shares</li> </ul>						
ATCO Class I Non-Voting						
Options	475,000	145,000	12,196,450	1,477,675	130,000	3,850,600
SARs	245,000	145,000	5,371,850	1,477,675	–	–
Canadian Utilities Class A non-voting						
Options	435,000	145,000	6,555,550	624,375	130,000	2,675,106
SARs	205,000	145,000	2,495,375	624,375	–	–
<b>Brian R. Bale</b>						
Mr. Bale did not exercise any options or SARs in 2013						
ATCO Class I Non-Voting						
Options	8,000	12,000	159,605	148,905	–	–
SARs	8,000	12,000	159,605	148,905	–	–
Canadian Utilities Class A non-voting						
Options	16,000	12,000	184,935	66,815	–	–
SARs	16,000	12,000	184,935	66,815	–	–
<b>Siegfried W. Kiefer</b>						
Mr. Kiefer did not exercise any options or SARs in 2013						
ATCO Class I Non-Voting						
Options	45,100	21,000	1,056,172	183,825	–	–
SARs	38,500	21,000	881,338	183,825	–	–
Canadian Utilities Class A non-voting						
Options	74,500	21,000	938,480	71,795	–	–
SARs	64,500	21,000	799,580	71,795	–	–
<b>Susan R. Werth</b>						
In 2013, Ms. Werth exercised:						
<ul style="list-style-type: none"> <li>• 16,000 options and 21,000 SARs on ATCO Class I Non-Voting Shares</li> <li>• 19,000 options and 29,000 SARs on Canadian Utilities Class A non-voting shares</li> </ul>						
ATCO Class I Non-Voting						
Options	11,000	10,500	230,765	144,068	16,000	394,618
SARs	6,000	10,500	112,165	144,068	–	520,130
Canadian Utilities Class A non-voting						
Options	16,000	10,500	197,385	66,815	19,000	281,970
SARs	6,000	10,500	60,435	66,815	–	458,265
<b>Henry G. Wilmot</b>						
In 2013, Mr. Wilmot exercised:						
<ul style="list-style-type: none"> <li>• 800 options and 800 SARs on ATCO Class I Non-Voting Shares</li> <li>• 10,000 options and 10,000 SARs on Canadian Utilities Class A non-voting shares</li> </ul>						
ATCO Class I Non-Voting						
Options	–	1,500	–	233	800	17,300
SARs	–	1,500	–	233	–	16,932
Canadian Utilities Class A non-voting						
Options	4,000	1,500	54,000	0	10,000	151,828
SARs	14,000	1,500	171,500	0	–	175,700

## Incentive plan awards – value vested or earned during the year

The table below shows incentive plan awards that have vested or were earned for each named executive during 2013.

Year ended December 31, 2013	Option-based awards				Share-based awards		Non-equity incentive plan compensation
	Amount vested during the year (\$)				Value vested during the year (\$)		Value earned during the year (\$)
	ATCO		Canadian Utilities				
	Options <sup>1</sup>	SARs <sup>2</sup>	Options <sup>3</sup>	SARs <sup>4</sup>	ATCO	Canadian Utilities	
Nancy C. Southern	873,475	873,475	671,450	671,450	925,675	828,200	1,500,000
Brian R. Bale	52,001	52,001	47,004	47,004	275,524	245,550	700,000
Siegfried W. Kiefer	90,360	90,360	101,920	101,920	281,381	254,280	600,000
Susan R. Werth	64,700	64,700	50,270	50,270	275,125	244,337	650,000
Henry G. Wilmot	16,932	16,932	13,064	13,064	734,213	2,182	700,000

<sup>1</sup> Options to buy ATCO Class I Non-Voting Shares.

<sup>2</sup> Share appreciation rights based on ATCO Class I Non-Voting Shares.

<sup>3</sup> Options to buy Canadian Utilities Class A non-voting shares.

<sup>4</sup> Share appreciation rights based on Canadian Utilities Class A non-voting shares.

## Equity compensation plan information

	Non-voting shares to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Non-voting shares remaining available for future issuance under equity compensation plans (not including outstanding options)	Total number of outstanding non-voting shares	Non-voting shares to be issued upon exercise of outstanding options (as a % of total outstanding non-voting shares)	Non-voting shares available for future issuance (as a % of total outstanding non-voting shares)
At December 31, 2013						
ATCO	844,500	\$25.97	2,954,900	101,472,932	0.8%	2.9%
Canadian Utilities	1,061,500	\$24.62	5,629,300	185,736,837	0.6%	3.0%
At March 11, 2014						
ATCO	836,500	\$25.99	2,954,900	101,491,232	0.8%	2.9%
Canadian Utilities	1,061,100	\$24.62	5,629,300	186,764,813	0.6%	3.0%



## Pension and retirement benefits

### Defined benefit

The table below shows the pension benefits and accrued obligations under all registered pension plans and supplemental arrangements for each of the named executives. See pages 41 and 42 for more information about our pension plans.

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

	Number of years credited service (#)	Annual benefits payable (\$)		Opening <sup>1</sup> present value of defined benefit obligation (\$)	Compensatory change (\$)	Non-compensatory change (\$)	Closing present value of defined benefit obligation (\$)
		At Year end	At Age 65				
Nancy C. Southern	18.00	1,702,000	1,840,000	15,842,351	877,632	(1,455,996)	15,263,987
Brian R. Bale	32.00	231,309	252,994	4,529,052	213,249	(116,695)	4,625,606
Siegfried W. Kiefer	30.00	222,594	399,527	7,426,057	584,025	(332,297)	7,677,785
Susan R. Werth	32.67	272,660	292,136	5,486,323	233,005	(185,309)	5,534,019
Henry G. Wilmot	37.33	264,394	264,394	4,233,576	169,172	745,595	5,148,343

<sup>1</sup> The opening present value of defined benefit obligation has been revised from the disclosed 2012 closing value due to revised figures from the plan actuary.

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

*Annual benefits payable at year end* is based on the defined benefit credited service and actual average pensionable earnings at December 31, 2013. The benefits are reduced if a named executive is eligible for early retirement.

*Annual benefits payable at age 65* is based on actual average pensionable earnings at December 31, 2013, and their projected service at age 65, to a maximum of 35 years.

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

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

The *non-compensatory change* includes interest on the obligation and the impact of assumption changes. See Note 31, *Retirement Benefits*, in our 2013 annual consolidated financial statements for more information about the methods and assumptions used to calculate accrued obligations.

## Termination and change of control

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

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

We have an employment agreement with Ms. Southern, our Chair, President & Chief Executive Officer. See page 50 for more information.

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

The table below shows the incremental amounts that would be paid to the named executives if their employment had been terminated on December 31, 2013, because of retirement, resignation, termination or a change of control.

	Incremental amounts	Retirement (\$)	Resignation (\$)	Termination (\$)	Change of control (\$)
<b>Nancy C. Southern</b>					
	Cash payment	–	–	–	–
	Share-based awards	–	–	–	9,143,900
	Pension	–	–	–	–
	Benefits	–	–	–	–
	Perquisites	–	–	–	–
	<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9,143,900</b>
<b>Brian R. Bale</b>					
	Cash payment	–	–	–	–
	Share-based awards	–	–	–	1,666,390
	Pension	–	–	–	–
	Benefits	–	–	–	–
	Perquisites	–	–	–	–
	<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,666,390</b>
<b>Siegfried W. Kiefer</b>					
	Cash payment	–	–	–	–
	Share-based awards	–	–	–	2,569,490
	Pension	–	–	–	–
	Benefits	–	–	–	–
	Perquisites	–	–	–	–
	<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,569,490</b>
<b>Susan R. Werth</b>					
	Cash payment	–	–	–	–
	Share-based awards	–	–	–	1,492,055
	Pension	–	–	–	–
	Benefits	–	–	–	–
	Perquisites	–	–	–	–
	<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,492,055</b>
<b>Henry G. Wilmot</b>					
	Cash payment	–	–	–	–
	Share-based awards	–	–	–	1,647,255
	Pension	–	–	–	–
	Benefits	–	–	–	–
	Perquisites	–	–	–	–
	<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,647,255</b>

## OTHER INFORMATION

### **Directors and officers liability insurance**

ATCO and its subsidiaries have purchased insurance with an annual aggregate limit of \$200,000,000. Coverage for the directors and officers is \$200,000,000, with coverage for ATCO and its subsidiaries limited to \$175,000,000. ATCO paid a premium of \$578,259 in the financial year ended December 31, 2013. No part of the premium was paid by a director or officer. ATCO is responsible for the first \$1,000,000 of any securities claim and for the first \$500,000 for any other loss. There is no deductible in respect of claims against any director or officer.

### **Loans to directors and officers**

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

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

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

### **For more information**

Additional information about ATCO is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com). Information about ATCO's business is provided in its annual information form dated February 19, 2014. Financial information is provided in ATCO's financial statements and the management's discussion and analysis for the year ended December 31, 2013. Copies of these documents, ATCO's interim financial statements and additional copies of this management proxy circular may be obtained upon request from Investor Relations at 1500, 909 - 11th Avenue S.W., Calgary, Alberta T2R 1N6.

Corporate information, including our privacy commitment, is also available on ATCO's website: [www.atco.com](http://www.atco.com).

# SCHEDULE A – BOARD OF DIRECTORS MANDATE

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

## **Composition and Operation**

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

## **Responsibilities**

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

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

## **Specific Duties**

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

### **1. Legal Requirements**

- (a) The Board has oversight responsibility for the Corporation's satisfaction of its legal obligations and for properly preparing, approving and maintaining the Corporation's documents and records.
- (b) The Board has the statutory obligation to
  - (i) manage or supervise the management of the business and affairs of the Corporation,
  - (ii) act honestly and in good faith with a view to the best interests of the Corporation,

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

## 2. Independence

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

## 3. Strategic Planning

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

## 4. Risk Management

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

## 5. Appointment, Training and Monitoring of Senior Management

The Board is responsible for

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

## 6. Reporting and Communication

The Board is responsible for

- (a) verifying that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other interested parties and the public generally,
- (b) verifying that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis,

- (c) verifying that the Corporation's financial results are reported fairly and in accordance with generally accepted accounting principles,
- (d) verifying the timely reporting of any other developments that have a significant and material effect on the value of the Corporation, and
- (e) reporting annually to shareholders on the Board's stewardship of the affairs of the Corporation for the preceding year.

#### 7. Monitoring and Acting

The Board is responsible for

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

#### 8. Other

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



# SCHEDULE B – BOARD COMMITTEE REPORTS

The following are reports of each Board committee as at December 31, 2013. These reports provide details on the activities of each committee.

## Audit Committee

Members: Charles W. Wilson (Chair), David A. Dodge, Helmut M. Neldner, Michael R.P. Rayfield and Robert J. Routs

During 2013, the Audit Committee held four meetings and, in accordance with its mandate, achieved the following:

### Financial Reports

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

### Internal Controls

- reviewed reports on the design and effectiveness of disclosure controls and procedures and internal control over financial reporting
- reviewed the procedures for the review and disclosure of financial information
- reviewed the mandate of the Disclosure Committee and the Disclosure Policy
- received confirmation of Chief Executive Officer/Chief Financial Officer certifications on a quarterly basis.

### External Auditor

- recommended for shareholder approval the appointment of the external auditor
- reviewed and approved the external auditor's plan for quarterly reviews and the annual audit
- reviewed and recommended for Board approval the external auditor's compensation
- reviewed and approved non-audit services by the external auditor
- reviewed the external auditor's report on its internal quality control procedures
- reviewed and assessed the external auditor's independence
- received reports from the external auditor on the quarterly consolidated financial statements and management's discussion and analysis
- received reports from the external auditor on the annual consolidated financial statements, management's discussion and analysis, and annual information form
- met quarterly with the external auditor without the presence of management
- reviewed the External Auditor Services and Recruitment of External Auditor policies.

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

For the year ended December 31	2013	2012
Audit	3.3	3.1
Audit related	0.1	0.4
Tax	0.3	0.7
Other	0.1	0.1
Total	3.8	4.3

### **Internal Audit**

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

The committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2013.

### **Corporate Governance – Nomination, Compensation and Succession Committee**

Members: Charles W. Wilson (Chair), Robert T. Booth and Helmut M. Neldner

The committee held three meetings in 2013 with one of the meetings more than one day in length. During those meetings the committee reviewed and made recommendations regarding the following:

- the Chief Executive Officer's performance, base salary, annual incentive award, and awards under the mid-term and long-term incentive plans
- the Chief Executive Officer's review of senior executive officers' performances and recommendations for base salary, annual incentive awards, and awards under the mid-term and long-term incentive plans
- the Chief Executive Officer's goals and objectives and the corporate targets
- amendments to compensation plans
- succession plans for the Chief Executive Officer and senior executive officers
- senior executive officer appointments
- senior executive officers' supplemental pension plan and perquisites
- corporate governance disclosure
- Board committee, Board and individual director evaluation processes
- directors' compensation.

The committee continues to spend a significant amount of time on Board succession and recruitment. In addition, the committee receives updates from legal counsel on recent developments in corporate governance and disclosure.

The committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2013.

### **Risk Review Committee**

Members: Charles W. Wilson (Chair), Robert T. Booth, Helmut M. Neldner, Michael R.P. Rayfield, and Robert J. Routs

The committee held two meetings in 2013 during which the following matters were reviewed:

- potential risks associated with future performance, growth and lost opportunities
- reports from subsidiary Risk Management Committee meetings
- Risk Management and Control Policy
- Risk Management Committee mandate
- Crisis Management Committee report and mandate
- cyber/information security
- environmental policy and reporting

- aboriginal relations
- insurance coverage.

A comprehensive inventory of risks and mitigation plans is tabled at each meeting with discussion following on items of particular interest.

The committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2013.

# SCHEDULE C – 2013 COMPARATOR COMPANIES

## General Industry

ACCEO Solutions  
 Agriculture Financial Services Corporation  
 Agrium Inc.  
 Aimia  
 Air Canada  
 Alberta Blue Cross  
 Alberta Electric Systems Operator  
 Alberta Health Services  
 Alberta Investment Management Corporation  
 Alberta Teachers' Retirement Fund  
 Alberta Tubular Products Ltd.  
 Algonquin Power  
 Alliance Pipeline  
 ARC Resources Ltd.  
 Atos It Services and Solutions, Inc.  
 Bank of Montreal  
 Bank of Nova Scotia  
 Barrick Gold Corporation  
 Bell Aliant Regional Communications  
 Bell Canada Inc.  
 Bombardier Inc.  
 Bonavista Energy Corporation  
 British Columbia Hydro and Power Authority  
 British Columbia Investment Management Corp.  
 British Columbia Lottery Corporation  
 British Columbia Medical Association  
 British Columbia Securities Commission  
 Brown Economic Consulting Inc.  
 Bruce Power Limited Partnership  
 BlueDirect  
 Business Development Bank of Canada  
 Caisse de dépôt et placement du Québec  
 Calgary Airport Authority  
 Calgary Co-operative Association Limited  
 Canada Colors and Chemicals Limited  
 Canada Post  
 Canada-Nova Scotia Offshore Petroleum Board  
 Canadian Blood Services  
 Canadian Broadcasting Corporation  
 Canadian Dental Association  
 Canadian Depository for Securities Ltd.  
 Canadian Medical Protective Association  
 Canadian National Railway Company  
 Canadian Natural Resources Ltd.  
 Canadian Oil Sands Limited  
 Canadian Pacific Railway Ltd.  
 Canadian Tire Corporation Limited  
 Canadian Western Bank Group  
 Canexus Corporation

Capital Power Corporation  
 Catalyst Paper Corporation  
 CDSPI  
 CEDA International Group  
 Celestica Inc.  
 Cenovus Energy Inc.  
 Central 1 Credit Union  
 Chartwell Seniors Housing REIT  
 City of Edmonton  
 City of Medicine Hat  
 Cogeco Inc.  
 Commission de la santé  
 Compton Petroleum Corporation  
 Concentra Financial  
 Concordia University  
 Covenant Health  
 Credit Union Central Alberta Limited  
 Credit Union Central of Manitoba  
 CSL Group Inc.  
 Davis + Henderson Corporation  
 Deluxe  
 Dessau Inc.  
 Domtar  
 Enbridge Inc.  
 EnCana Corporation  
 Energy Resources Conservation Board  
 ENMAX Corporation  
 EPCOR Utilities Inc.  
 Evonik Degussa Canada Inc.  
 Expocrete Concrete Products Ltd.  
 Export Development Canada  
 Federated Co-operatives Limited  
 Finning International Inc.  
 First Calgary Financial  
 FPI Fireplace Products International Ltd.  
 Fraser Valley Real Estate B  
 Gateway Casinos & Entertainment  
 Gaz Metro  
 Gildan Activewear Inc.  
 GLV Inc.  
 Goldcorp Inc  
 Government of Alberta  
 Graham Group Ltd.  
 Great Canadian Gaming Corporation  
 Greystone Managed Investments Inc.  
 H.W. Siebens Charitable Foundation  
 Hammond Power Solutions Inc.  
 Healthcare of Ontario Pension Plan  
 Homes By Avi Canada Inc.

Husky Energy Inc.  
 Hydro-Québec  
 IAMGOLD Corporation  
 Impark  
 Imperial Oil Limited  
 IMRIS  
 Institut National d'Optique (INO)  
 Insurance Corporation of British Columbia  
 Insurance Institute of Canada  
 Intact Financial Corporation  
 International Forest Products  
 Irving Oil Limited  
 Kinross Gold Corporation  
 Kruger Inc.  
 La Coop fédérée  
 Ledcor Group of Companies  
 Lifelabs  
 Loto-Québec  
 MacDonald, Dettwiler and Associates Ltd.  
 Manulife Financial Corporation  
 Maple Leaf Foods Inc.  
 MCAP Commercial LP  
 McCain Foods Limited  
 McLean & Partners Wealth Management Ltd.  
 Medical Council of Canada  
 MEG Energy  
 Metro Inc.  
 Montreal Urban Community Police  
 Montrusco Bolton Investments Inc.  
 MTS Allstream Inc.  
 Mustang Survival  
 NAV CANADA  
 New Brunswick Power Holding Corporation  
 New Flyer Industries  
 New Gold Inc.  
 Nexen Inc.  
 Niko Resources  
 Northwest Territories Power Corporation  
 OMERS  
 Ontario Pension Board  
 Ontario Power Authority  
 Ontario Power Generation Inc.  
 Ontario Teachers' Pension Plan  
 OPESU Pension Trust  
 Osler, Hoskin & Harcourt LLP  
 PCL Constructors Inc.  
 Penn West Exploration  
 Power Corporation du Canada  
 Precision Drilling Corporation  
 PSP INVESTMENTS  
 Quebecor Inc.  
 Research In Motion Ltd.

Resolute FP Canada Inc.  
 Revera Inc.  
 RGO Office Products  
 Ritchie Bros. Auctioneers  
 Rogers Communications Inc.  
 Saskatchewan Blue Cross  
 Saskatchewan Power Corporation  
 SGI Canada  
 ShawCor Ltd.  
 Shoppers Drug Mart/Pharmaprix  
 Silverbirch Hotels & Resorts  
 SNC-Lavalin Group  
 Spectra Energy Transmission  
 STARS – Shock Trauma Air Rescue Society  
 Sun Life Financial  
 Suncor Energy Inc.  
 Synacor  
 Talisman Energy Inc.  
 Taron Warranty Corporation  
 Teck Resources Limited  
 Teknion Corporation  
 TELUS Corporation  
 Tembec Inc.  
 The Brick Ltd.  
 The Co-operators General Insurance Co.  
 The Equitable Trust Company  
 The Great-West Life Assurance Company  
 The Shaw Group Ltd  
 Theratechnologies Inc.  
 TMX GROUP INC.  
 Toromont Industries Ltd  
 Toronto Hydro Corporation  
 Toronto Real Estate Board  
 TransAlta Corporation  
 Transat A.T. Inc.  
 TransCanada Corp  
 United Farmers of Alberta Co-operative Ltd.  
 University of Saskatchewan  
 Uranium One Inc  
 Vancity  
 Vancouver International Airport Authority  
 VIA Rail Canada Inc.  
 Webtech Wireless Inc.  
 Western Canada Lottery Corporation  
 WestJet Airlines  
 Westminster Savings Credit Union  
 Woodbridge Group, The  
 Workers' Compensation Board – Alberta  
 Workplace Safety & Insurance Board  
 WorkSafeBC  
 Yellow Pages Income Fund









# **ATCO**

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G R O U P

700, 909-11th Avenue SW, Calgary, Alberta T2R 1N6

Telephone (403) 292-7500

[www.atco.com](http://www.atco.com)

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