



ATCO LTD.
ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2019

February 26, 2020

This Annual Information Form (AIF) is meant to help readers understand the business and operations of ATCO Ltd. (ATCO, our, we, us, or the Company).

Unless otherwise noted, the information contained within this AIF is presented as at December 31, 2019.

The Company is controlled by Sentgraf Enterprises Ltd. and its controlling share owner, the Southern family. The Company includes controlling positions in Canadian Utilities Limited (Canadian Utilities) (52.2 per cent ownership) and ATCO Structures & Logistics Ltd. (100 per cent ownership), and ATCO Investments Ltd. (100 per cent ownership). The Company also has a non-controlling 40 per cent equity investment in Neltume Ports S.A. (Neltume Ports). Throughout this AIF, the Company's earnings attributable to Class I and Class II Shares and adjusted earnings are presented after non-controlling interests.

Terms used throughout this AIF are defined in the Glossary at the end of this document.

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CORPORATE STRUCTURE

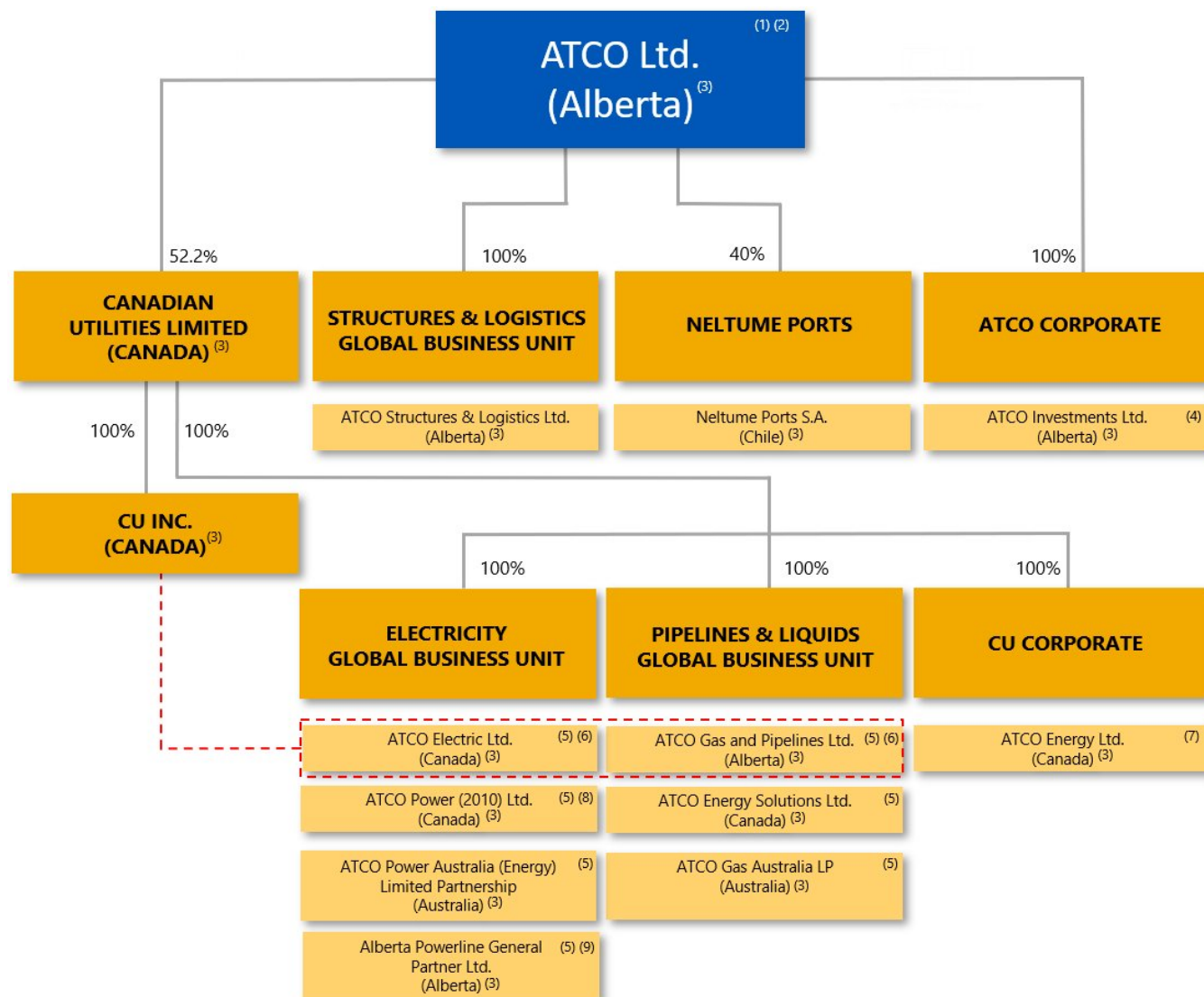
ATCO Ltd. is the successor to the business founded in 1947 by the late S.D. Southern and the late R.D. Southern. It was incorporated under The Companies Act (Alberta) by Certificate of Incorporation on August 31, 1962. The Company was continued under the Business Corporations Act (Alberta) on March 13, 1984. The address of the head office and registered office of the Company is 4th Floor, West Building, 5302 Forand Street S.W., Calgary, Alberta, T3E 8B4.

A significant change to the Company's corporate structure occurred in June 1980 when ATCO acquired a 58.1 per cent controlling interest in Canadian Utilities Limited (Canadian Utilities) from IU International Corporation of Philadelphia.

In March 1999, Canadian Utilities was reorganized to separate its Alberta-based regulated businesses from the non-regulated businesses. This reorganization was implemented by the transfer of the common shares and debt of the regulated subsidiaries from Canadian Utilities to CU Inc., in return for common shares of CU Inc. As a result of the reorganization, the Company's Alberta Utilities, which had been financed by Canadian Utilities, are now mainly financed by CU Inc.

SIMPLIFIED ORGANIZATIONAL STRUCTURE

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



- (1) At December 31, 2019, ATCO owned 90.2 per cent of the Canadian Utilities Class B common shares, which are the only voting securities outstanding, and 38.3 per cent of the Class A non-voting shares, for an aggregate ownership of 52.2 per cent.
- (2) The organizational chart does not include all of the subsidiaries of the Company. The assets and revenues of excluded subsidiaries in the aggregate did not exceed 20 per cent of the total consolidated assets or total consolidated revenues of the Company as at December 31, 2019.
- (3) Jurisdiction in which the company was incorporated.
- (4) ATCO Investments Ltd. (ATCO Investments) includes commercial real estate investments held for sale, lease or development.
- (5) ATCO Electric Ltd. includes ATCO Electric Distribution (Electricity Distribution) and ATCO Electric Transmission (Electricity Transmission). ATCO Power (2010) Ltd. is ATCO Power. ATCO Power Australia Limited Partnership is ATCO Power Australia. ATCO Gas and Pipelines Ltd. includes ATCO Gas (Natural Gas Distribution) and ATCO Pipelines (Natural Gas Transmission). ATCO Gas Australia (Energy) Limited Partnership includes ATCO Gas Australia (International Natural Gas Distribution). ATCO Energy Solutions Ltd. is ATCO Energy Solutions (Storage & Industrial Water). Regulated businesses include Natural Gas Distribution, Natural Gas Transmission, International Natural Gas Distribution, Electric Distribution, and Electric Transmission.
- (6) ATCO Gas and Pipelines Ltd. and ATCO Electric Ltd. (Alberta Utilities) are wholly owned subsidiaries of CU Inc., which is 100 per cent owned by Canadian Utilities Limited.
- (7) ATCO Energy Ltd. (ATCOenergy) was launched in early 2016 to provide retail, commercial and industrial electricity and natural gas service in Alberta.
- (8) On September 30, 2019, Canadian Utilities announced the sale of its Canadian fossil fuel-based electricity generation portfolio for aggregate proceeds of \$821 million. The sale was completed in the fourth quarter of 2019.
- (9) Alberta PowerLine General Partner Ltd., the general partner of Alberta PowerLine Limited Partnership (Alberta PowerLine or APL), was a partnership between Canadian Utilities Limited (80 per cent) and Quanta Services, Inc. (20 per cent). In December of 2019, Canadian Utilities, along with Quanta Services Inc. completed the previously announced sale of APL. Canadian Utilities received aggregate proceeds of \$222 million for its interest in APL and will remain as the operator over its 35-year contract with the Alberta Electric System Operator.

ATCO CORE VISION AND VALUES

EXCELLENCE: THE HEART & MIND OF ATCO

*"Going far beyond the call of duty. Doing more than others expect.
This is what excellence is all about. It comes from striving, maintaining the highest standards, looking after the smallest detail and going the extra mile. Excellence means caring. It means making a special effort to do more."*

R.D. Southern, Founder, ATCO

CORE VISION

Delivering inspired solutions for a better world. Always there. Anywhere.

CORE VALUES

It is ATCO's Heart and Mind that drives the Company's approach to service reliability and product quality. Our pursuit of excellence governs the way we act and make decisions.

ATCO STRATEGIES

ATCO is focused on investments that put us at the forefront of global trends. We strive to deliver growth within our portfolio with a focus on select opportunities in the essential global services of: housing, logistics and transportation, agriculture, water, real estate, energy and energy infrastructure.

Innovation, growth and financial strength provide the foundation from which we have built our Company. Our long-term success depends on our ability to continue offering our customers premier, comprehensive and integrated solutions to meet their needs and expand into new markets.

These strategic imperatives are supported by our unwavering commitment to operational excellence, our customers, our people and the communities we are privileged to serve around the world.



"Making life easier for our customers by offering integrated solutions around the world."

INNOVATION

We seek to create a work environment where employees are encouraged to take a creative and innovative approach to meeting our customers' needs. By committing to applied research and development, we are able to offer our customers unique and imaginative solutions that differentiate us from our competitors.

GROWTH

Long-term sustainable growth is paramount. We approach this strategy by: expanding geographically to meet the global needs of our customers; developing significant, value-creating greenfield projects; and fostering continuous improvement.

We pursue the acquisition and development of complementary assets and businesses that have future growth potential and provide long-term value for share owners.

FINANCIAL STRENGTH

Financial strength is fundamental to our current and future success. It ensures ATCO has the financial capacity to fund existing and future capital investments through a combination of predictable cash flows from operations, cash balances on hand, credit facilities and access to capital markets. It enables ATCO to sustain our operations and to grow through economic cycles, thereby providing long-term financial benefits.

We continuously review ATCO's holdings to evaluate opportunities to sell mature assets and recycle the proceeds into growing areas of the Company. The viability of such opportunities depends on the outlook of each business as well as general market conditions. This ongoing focus supports the optimal allocation of capital across ATCO.

OPERATIONAL EXCELLENCE

We achieve operational excellence through high service, reliability, and product quality for our customers and the communities we serve. We are uncompromising about maintaining a safe work environment for employees and contractors, promoting public safety and striving to minimize our environmental impact. We ensure the timely supply of goods and services that are critical to our customers' ability to meet their core business objectives.

COMMUNITY INVOLVEMENT

ATCO maintains a respectful and collaborative community approach, where meaningful partnerships and positive relationships are built with community leaders and groups that will enhance economic and social development. Community involvement creates the opportunity to develop partnerships with Indigenous and community groups that may be affected by projects and operations worldwide, and build ongoing, positive Indigenous relationships that contribute to economic and social development in their communities. We also engage with governing authorities, regulatory bodies, and landowners. We encourage partnerships throughout the organization. We encourage our employees to participate in community initiatives that will serve to benefit non-profit organizations through volunteer efforts, and the provision of products and services in-kind.

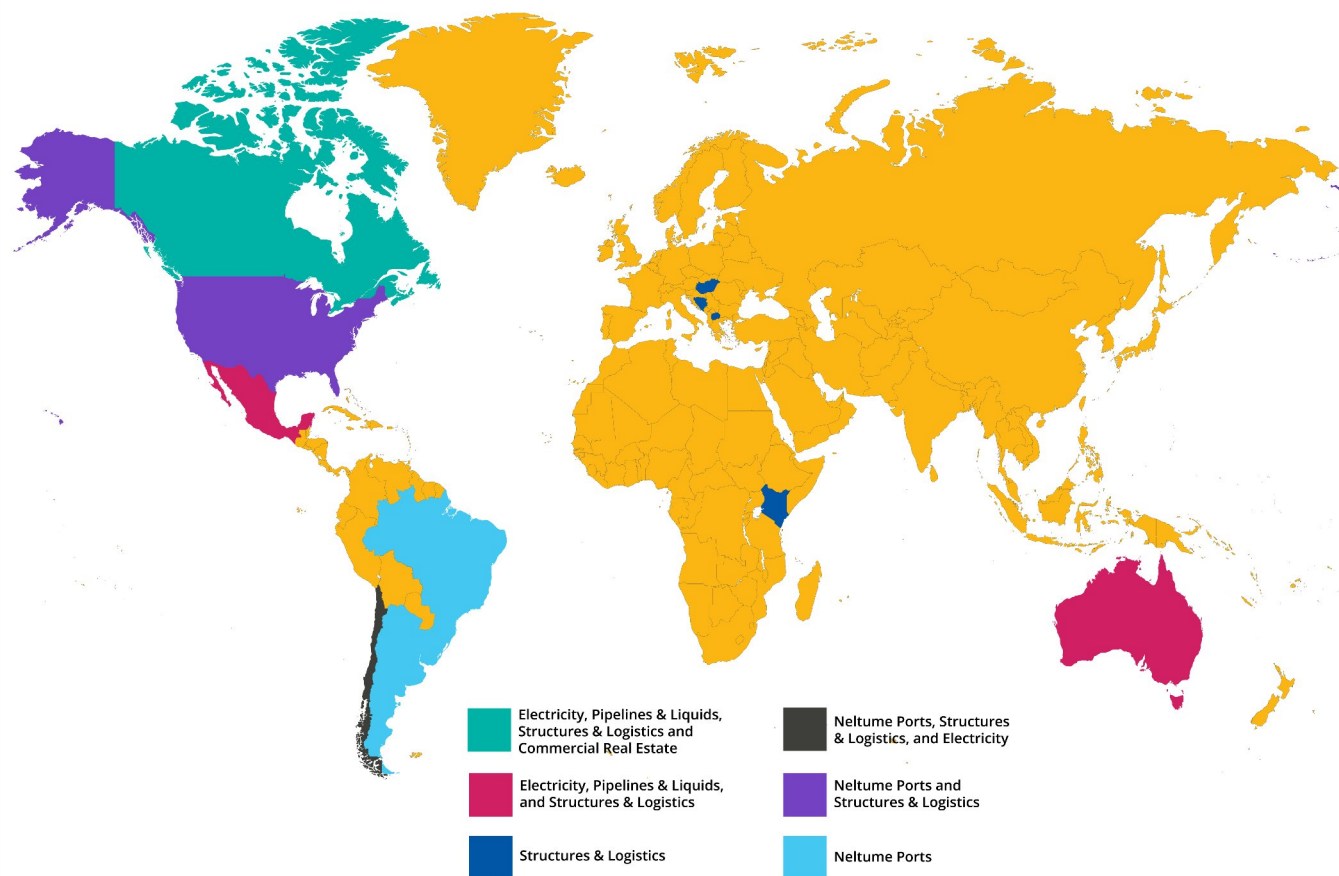
FURTHER COMMENTARY REGARDING STRATEGIES AND COMMITMENTS

ATCO's financial and operational achievements in 2019 relative to the strategies outlined above are included in the Company's 2019 MD&A, and the 2019 Consolidated Financial Statements. Further commentary regarding strategies and commitments to growth, financial strength, innovation, operational excellence, and community involvement will be provided in the forthcoming 2019 Management Proxy Circular, Year in Review, and Sustainability Report. The 2019 Management Proxy Circular also contains discussion of the Company's corporate governance practices.

ATCO's website, www.atco.com, is a valuable source for the latest news of the Company's activities. Prior years' reports are also available on this website.

BUSINESS DESCRIPTION

With approximately 6,500 employees and assets of \$22 billion, ATCO is a diversified global corporation with investments in Structures & Logistics (workforce housing, innovative modular facilities, construction, site support services, and logistics and operations management); Energy Infrastructure (electricity transmission, distribution and generation; natural gas transmission and distribution; energy storage and industrial water solutions; and electricity and natural gas retail sales); Transportation (ports and transportation logistics); and Commercial Real Estate.



We are privileged to serve more than two million customers around the world, providing integrated, forward-thinking solutions in structures, logistics, electricity, retail energy, pipelines and liquids, commercial real estate, and ports and transportation. From reliable, sustainable energy for homes and businesses to innovative temporary and permanent structures and everything in between, we build communities, energize industries and deliver customer-focused infrastructure solutions.



OVERVIEW

The Structures & Logistics Global Business Unit's activities are conducted through two complementary businesses: ATCO Structures and ATCO Frontec. Diversified by geography, product and service offerings, these businesses meet the needs of customers and communities globally. Together these businesses offer workforce and residential housing, innovative modular facilities, construction, site support services, workforce lodging services, facility operations and maintenance, defence operations services, and disaster and emergency management services.

ATCO STRUCTURES

BUSINESS STRATEGY

ATCO Structures' strategy is to continue to grow a base of stable earnings through three main business lines: space rentals, workforce housing, and permanent modular construction. These complementary business lines, combined with our geographic diversity and prudent cost management create a leading, globally competitive business that is balanced to withstand global economic cycles.



Permanent modular classroom, Victoria, Australia

MARKET OPPORTUNITIES

Our goal is to continue growing our global space rental business while streamlining our manufacturing platform to scale quickly and profitably when needed to capture workforce housing contracts. We continue to focus on customer diversification opportunities outside of the natural resource sector. Non-traditional modular markets such as public education facilities, high density urban residential housing, hotels and correctional facilities offer development opportunities. Expansion will be focused in select global markets, including Canada, Australia, Latin America and the U.S.

MARKET CHALLENGES

The global natural resource sector continues to face economic headwinds, with ongoing lower private sector capital investment. There is a high level of competition in the markets in which we operate both from traditional competitors and new product developers looking to enter or diversify into markets in which ATCO Structures operates.

ATCO FRONTTEC

BUSINESS STRATEGY

ATCO Fronttec's strategy is to be a customer service business focused on providing workforce lodging services, facility operations and maintenance services, defence operations services, and disaster and emergency management services.



Silvertip mining camp, British Columbia (BC)

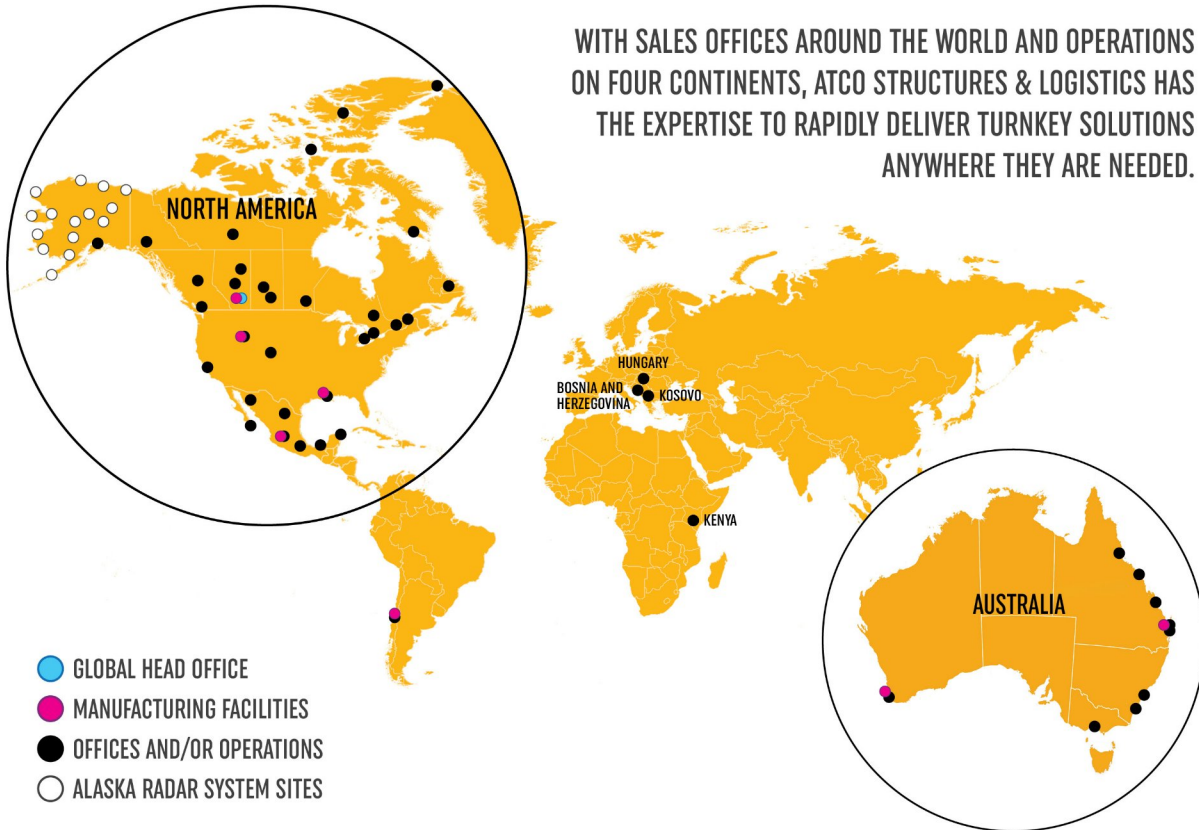
MARKET OPPORTUNITIES

Our focus in 2020 will be centered on expanding camp service offerings in new geographies and markets. ATCO Fronttec's northern operations are also focused on growth opportunities as the Arctic experiences more global attention and government contracts continue to come up for renewal. Canadian and international contract wins in 2019 in the disaster and emergency management division present an operating platform for continued growth.

MARKET CHALLENGES

Continued uncertainty in the natural resource sector in Canada will limit the demand for workforce housing and the associated camp services that ATCO Fronttec operates. ATCO Fronttec is pursuing contracts with customers whose projects remain subject to comprehensive approval processes.

Locations of facilities and operations are shown in the map below.



ATCO Structures

ATCO Structures has marketed and installed its manufactured products in over 100 countries. This division has established a reputation as a leading international supplier of re-locatable and permanent shelter solutions. The main sources of revenue are workforce housing, space rentals and sales products, permanent modular construction and related services.

Workforce Housing

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

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

Space Rentals and Sales

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

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

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

The following table compares ATCO Structures' rental fleet by geographic area for 2019 and 2018. In 2019, the number of workforce housing units increased primarily due to securing a large workforce rental project in Western Australia, partially offset by used fleet sales of non-utilized units in Canada, the U.S., and Australia. The increase in space rental units in 2019 was mainly due to the strategic expansion of the space rental fleet in the United States, central Canada, British Columbia, Mexico and Chile.

Number of Units in Lease Fleet

	2019		2018	
	Workforce Housing	Space Rentals	Workforce Housing	Space Rentals
Canada	1,322	4,995	1,448	4,525
Australia	474	8,188	374	8,267
United States	1,064	398	936	117
Chile ⁽¹⁾	6	1,411	16	1,123
Mexico ⁽²⁾	-	1,361	-	1,289
Total	2,866	16,353	2,774	15,321

(1) Due to 50 per cent ownership, the number of lease fleet units noted represents 50 per cent of the total number of workforce housing and space rental units available at ATCO-Sabinco S.A.

(2) ATCO Structures acquired a 70 per cent ownership interest in ATCO Espaciomovil in 2018.

Manufacturing

ATCO Structures manufactures products at facilities in Canada, the U.S., Australia, Mexico and Chile.

Location	sq. ft.	Ownership
Canada		
Calgary	275,000	100%
United States		
Pocatello, Idaho	200,000	100%
Diboll, Texas	90,000	Lease
Australia		
Perth, Western Australia	199,000	100%
Brisbane, Queensland	330,000	Lease
Mexico		
Guadalajara	182,000	Lease
Chile		
Santiago	118,000	50%

Permanent Modular Construction

Emerging permanent modular construction markets within the health, education, justice and commercial sectors offer development opportunities outside of the traditional natural resource sector. Over the last several years, ATCO Structures has been developing a customer base in these new market sectors.

Permanent modular construction projects include classrooms, community centres, hotels, independent apartment complexes, and health and correctional facilities.

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

ATCO Structures will continue to pursue these diversification opportunities going forward.

ATCO FRONTEC

ATCO Frontec provides workforce lodging and support services, facility operations and maintenance services, defence operations services, and disaster and emergency management services.

Principal contracts as of December 31, 2019 are shown in the table below.

Contract	Customer	Start Date	Completion Date
FACILITY OPERATIONS AND MAINTENANCE CONTRACTS			
Alaska Radar System	U.S. Department of the Air Force (USDAF)	Oct 2016	Oct 2026
Iqaluit Fuel	Government of Nunavut	Dec 2007	Nov 2020
National Research Council	National Research Council (NRC) of Canada	Mar 2018	Feb 2023
NATO Fire Protection	NATO Support and Procurement Agency (NSPA)	Jan 2015	Dec 2024
NATO Flying Training	CAE Military Aviation Training Inc.	Jun 2000	Nov 2020
NATO HQ CIS Support	NATO Support and Procurement Agency (NSPA)	Sep 2003	Dec 2020
Papa Air Base Facilities Management	NATO Airlift Management Programme (NAMP)	May 2016	Apr 2021
Real Property North	Defence Construction Canada (DCC)	Mar 2018	Feb 2023
WORKFORCE LODGING & SUPPORT CONTRACTS			
Coastal GasLink	Coastal GasLink Pipeline Limited Partnership	Apr 2019	Aug 2022
Coeur Mining O&M Services	Coeur Mining Inc.	Dec 2018	Jun 2020
Elkford Lodge	Teck Coal Limited	May 2019	Oct 2021
Site C Two Rivers Lodge	BC Hydro	Feb 2016	Dec 2022
Solar Plant Construction Camp, Kenya	Voltalia	Mar 2020	Feb 2021
Tuscan Ridge	ECC Constructors, LLC	Apr 2019	Jan 2020

Alaska Radar System

ARCTEC Alaska, a joint-venture between ATCO Frontec and ASRC Federal Primus, was awarded a contract with the USDAF to provide operations and maintenance services to 15 strategic radar sites that form the Alaska Radar System. The 10-year contract, which commenced in October 2016, continues a successful 19-year relationship with the USDAF.



USDAF Alaska Radar System, Alaska, U.S.

Iqaluit Fuel

In June 2007, the Government of Nunavut awarded UQSUQ, a joint venture between ATCO Frontec and Nunavut Petroleum Corporation, a contract for bulk fuel delivery services in Iqaluit, Nunavut. The contract commenced in December 2007 and expired in November 2018. UQSUQ successfully negotiated a new two-year contract with the

Government of Nunavut from December 1, 2018 to November 30, 2020 with two, one-year customer extension options to extend the contract to November 30, 2022.

National Research Council

In the fourth quarter of 2017, ATCO Frontec was selected by the National Research Council of Canada to continue to provide facility maintenance, renovation and capital construction services to its buildings in the Ottawa region. This was a competitive rebid to offer the same services that ATCO Frontec has provided during the past 13 years as the incumbent service provider. The new 5-year contract started in March 2018 with a customer option to renew for up to five additional years.

NATO Fire Protection

In January 2015, ATCO Frontec started a five-year contract to provide the NATO Support and Procurement Agency around-the-clock fire protection services to NATO troops, known as Kosovo Force, at the 1,000-person Camp Novo Selo near Pristina, Kosovo. With approximately 20 firefighters, ATCO Frontec provides structural fire protection and emergency services to the base. In October 2019, this contract was rebid and awarded for a further five-year period (including option years) to December 2024.

NATO Flying Training

ATCO Frontec manages, operates and maintains facilities to support NATO flying Training in Canada (NFTC) located at 15 Wing Moose Jaw. This contract has been held by the Company since 2000 and may be extended at the option of the customer to 2021.

NFTC trains approximately 140 pilots per year from various NATO countries and ATCO Frontec provides the following services:

- facility O&M services to 58 buildings;
- crash fire rescue services, HAZMAT first response, operations and maintenance on fire suppression systems and first response for environment spills;
- roads and grounds services to 428 hectares requiring grounds maintenance;
- control, including general pest control and pest (bird and mammal) control, to limit bird air strike hazard for operating aircraft; and
- snow and ice control for airside operating surfaces (to a "bare and dry" standard) and ground side roads, parking lots and sidewalks.



NFTC - Refueling an Aircraft

NATO Headquarters Communications and Information Services Support

For over 15 years, ATCO Frontec has held a contract to provide NSPA communication and information systems support to the NATO headquarters at the 820-person Camp Butmir near Sarajevo, Bosnia. With a staff of approximately 20 specialists, ATCO Frontec provides system administration; automated data processing maintenance; help desk services; database and configuration management services; network control desk, integrated digital network exchange including video teleconferencing and NATO cryptography; and line team support functions. In November 2019, this contract was extended to December 2020.

Papa Air Base Facilities Management

ATCO Frontec has a five-year contract that started in May 2016 to provide facilities management to the NSPA Strategic Airlift Capability (SAC) at Papa Airbase Hungary. The SAC is a consortium of 12 partner nations to pool resources in order

to operate Boeing C-17 Globe master III aircraft for joint strategic airlift purposes. The building area of approximately 25,000 square metres includes a state of the art hangar which can fully service a Boeing C-17 aircraft in a controlled environment. With approximately 40 staff in total, ATCO Frontec provides all maintenance and cleaning services for the facilities.

Real Property North

In March 2018, ATCO Frontec commenced a five-year contract with Defence Construction Canada (DCC) to provide facility maintenance and support services at Canadian Armed Forces (CAF) sites across the Canadian North. ATCO Frontec provides facility inspection, maintenance and repair, new construction and upgrades, trade services and environmental services to CAF sites in Yellowknife, Whitehorse, Inuvik, Rankin Inlet and Iqaluit. The five-year contract has a customer option to renew for up to five additional years.

Coastal GasLink

In December 2018, Structures & Logistics and its joint venture partner, the Haisla Nation, were chosen to provide workforce housing and operational support services for the three camps in the Haisla territory to support the construction of the Coastal GasLink pipeline in British Columbia. The contract is expected to continue until August 2022.

Coeur Mining O&M Services

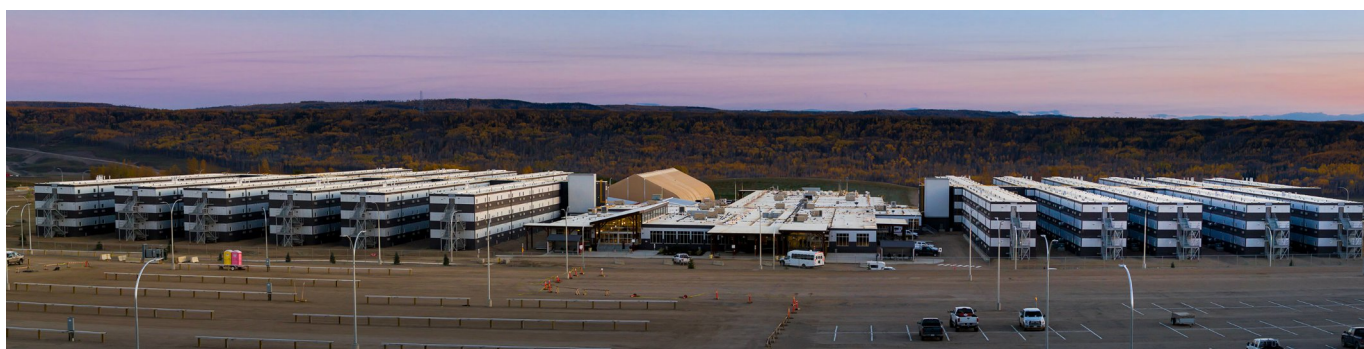
In December 2018, ATCO Frontec successfully secured a contract to provide camp support services to Coeur Mining Inc.'s Silvertip mine in northern British Columbia, approximately 8-km south of the Yukon border. As part of the contract, ATCO Frontec provides food services and commissary, housekeeping and janitorial, maintenance and front desk management for the 300-person facility. In an effort to provide employment and training opportunities to local Indigenous Peoples, ATCO Frontec has partnered with Lyon Kechika Contracting Ltd. of the Daylu Dena Council and members of the Kaska First Nation to assist in the operation of the contract.

Elkford Lodge

In May 2019, ATCO Frontec was awarded a \$10 million contract by Teck Coal Limited for camp maintenance including food services, housekeeping, and janitorial services for the 500-person Elkford Lodge in British Columbia. The contract will continue until October 2021.

Site C Two Rivers Lodge

In 2016, ATCO Frontec commenced a workforce lodging and support contract at the Site C Energy Project located near Fort St. John, British Columbia. Structures & Logistics is providing a full suite of lodge-related services including catering, janitorial, maintenance, medical and fire protection until late 2022 for 1,750 workers.



BC Hydro Site C Two Rivers Lodge, Near Fort St. John, British Columbia

Solar Plant Construction Camp Kenya

In 2018, ATCO Frontec registered a company in Kenya, ATCO Frontec Pty Limited, with the aim of establishing a strong ATCO presence in East Africa. In December 2019, ATCO Frontec was awarded a one-year contract to provide a 50-person camp rental to Voltaia, a producer of renewable electricity. The camp will become operational in March, 2020 and will be located in Eldoret, Kenya.

Tuscan Ridge

In April 2019, ATCO Frontec was awarded a contract for camp maintenance including food services, housekeeping, and janitorial services for the 1,500- person camp being supplied by ATCO Structures for fire disaster relief in Chico, California. The contract began in April 2019 and continued until the end of January 2020.



OVERVIEW

Neltume Ports, a subsidiary of Ultramar, is a port operator and developer with a diversified portfolio of 16 multipurpose, bulk cargo and container port facilities and three port operations services. The business is located primarily in Chile, with smaller operations in Uruguay, Argentina, and Brazil.

On September 12, 2018, ATCO invested in a 40 per cent interest in Neltume Ports for approximately \$450 million. Neltume Ports employs approximately 6,100 people and its portfolio is highly diversified across both cargo types and volume mix. In 2019, it handled nearly 46 million tonnes of product, including copper, forestry products, consumer goods and agricultural products. This is 2 million tonnes higher than the 44 million tonnes of product handled in 2018.

ATCO funded its investment in Neltume Ports with a combination of cash on-hand and funds from committed credit facilities, and refinanced a portion through a capital markets transaction in the form of a \$200 million hybrid debt instrument in 2018. Funds from ATCO's investment will be used by Neltume Ports to finance opportunities for growth.

TGU Ownership Interest Increase

In October 2018, Neltume Ports acquired an additional 21 per cent ownership in Terminales Graneleras Uruguayas (TGU), bringing its total ownership in TGU to 54 per cent. This has allowed Neltume Ports to exercise operational control, strengthening its port operator role in the concession. TGU is a bulk port that stores and transfers mainly soy, wheat and corn and is located in the port of Nueva Palmira, north of Montevideo, Uruguay. The transaction was contemplated in ATCO's original equity investment in Neltume Ports.

TPA Ownership Interest Increase

In February 2019, Neltume Ports acquired an additional 15 per cent ownership in Terminal Puerto Arica S.A. (TPA), bringing the total ownership to 50 per cent. This acquisition gave Neltume Ports operational control of TPA, strengthening its port operator role in the concession. TPA is a container port located in northern Chile with a diversified cargo mix mainly servicing Bolivian trade. ATCO paid \$9 million for its equity share of this investment.

TGN Contract

In July 2019, Terminal Graneles del Norte (TGN), a Neltume port, was awarded an important 25-year copper concentrate loading contract. This contract aligns with our growth strategy to secure a significant share of Chilean mining related activity, triggers the development of a new copper concentrate loading terminal, and extends the existing TGN concession arrangement for another 15 years, from 2026 to 2041.

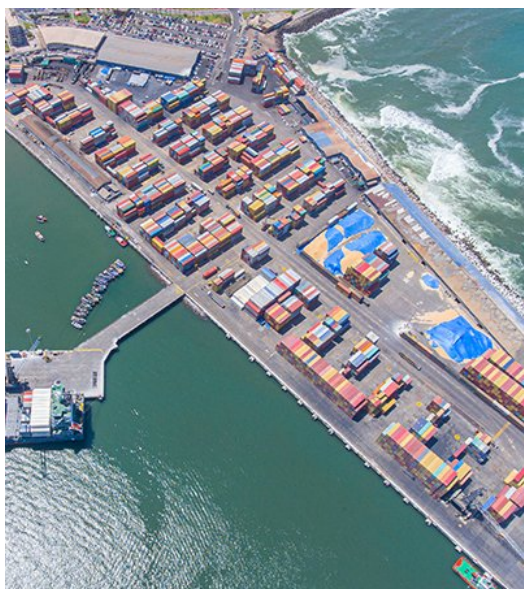
New Port - AutoMobile International Terminal

In January 2020, Neltume Ports entered into a 50/50 joint venture (JV) partnership with Terminal Zarate to build and operate a roll-on roll-off (RoRo) terminal in Mobile, Alabama. The JV will invest 30 per cent of the construction costs. Neltume Ports' portion of the investment will be approximately US\$9 million and will be funded with existing cash reserves. The Alabama State Port Authority will provide the remaining capital funding. The JV will operate the terminal beginning in 2021 under a 10-year concession agreement with two consecutive 10-year extensions at the JV's election for a total of up to 30 years. The port will primarily support the import and export needs of the growing local automotive sector in the region.

Neltume Ports' partner, Terminal Zarate, a member company of Grupo Murchison, provides port operations services, integrated logistics, warehousing and other related business activities in Argentina and Uruguay. Terminal Zarate operates the largest RoRo terminal in Latin America.

BUSINESS STRATEGY

Neltume Ports' strategy is to grow its businesses through: increasing volumes at existing ports, increasing ownership in existing ports, and investing in port opportunities across the Americas. International growth opportunities allow Neltume Ports to further diversify its cargo type and customer base. Most of the ports are secured by long-term contracts or concessions and are strategically located near major resource or agriculture hubs, as well as high density areas of economic importance. The business environment is also supported by key partnerships with shipping lines and cargo owners.



Container port operations, Arica, Chile

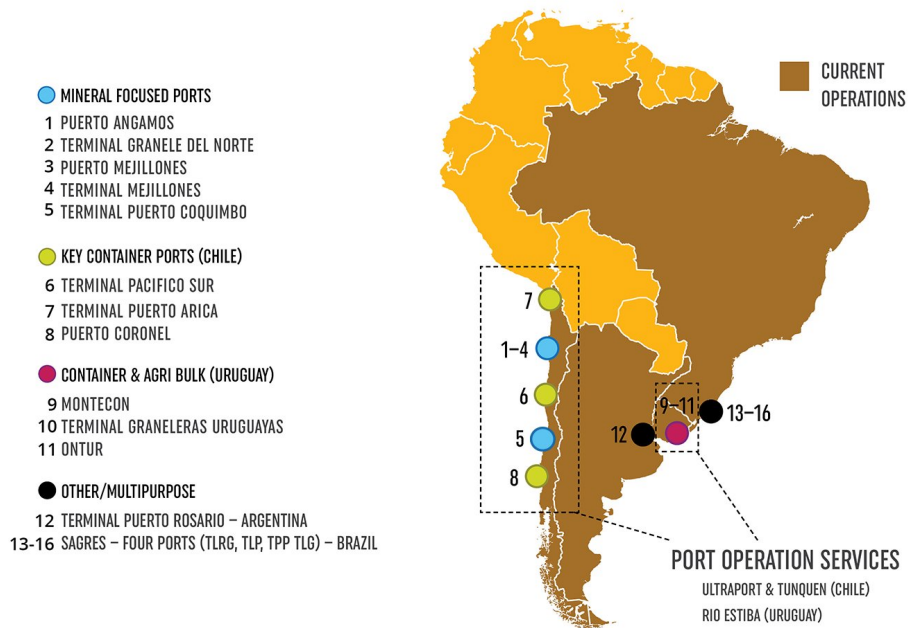
MARKET OPPORTUNITIES

Through Neltume Ports' exposure to global trade and transportation, the business is able to capitalize on increasing demand for resources, agriculture and forestry products, as well as growing macroeconomic factors. Latin American Gross Domestic Product (GDP) growth is expected to slow its pace. Neltume Ports' positioning provides some geographic mitigation for slowing global trade and its container and bulk shipments are expected to remain stable.

MARKET CHALLENGES

Potential changes in macroeconomic conditions could slow the growth trajectory of the business. There is exposure to certain countries with a higher possibility of political unrest and economic volatility.

Locations of ports and port operation services businesses are shown in the map below.



Port Name	Ownership (%)	Country	Terminal Type	Key Cargo	Concession End	Concession Extension Option
Terminal Puerto Arica	50	Chile	Container	Mixed	2034	N/A
Terminal Puerto Angamos	40	Chile	Multi	Copper	2033	2043
Terminal Graneles del Norte	40	Chile	Dry Bulk	Coal/Copper	2041	N/A
Puerto Mejillones	50	Chile	Dry Bulk	Coal/Copper	Private	N/A
Terminal Mejillones	50	Chile	Liquid Bulk	Sulfuric Acid	Private	N/A
Terminal Puerto Coquimbo	70	Chile	Multi	Copper	2032	2042
Terminal Pacifico Sur	60	Chile	Container	Fruit/Wine	2029	N/A
Puerto Coronel	17	Chile	Multi	Pulp/Wood	Private	N/A
Terminal Puerto Rosario	50	Argentina	Multi	Mixed	2032	N/A
Montecon	100	Uruguay	Container	Mixed	Public	N/A
Terminales Graneleras Uruguayas	54	Uruguay	Dry Bulk	Soy Beans	2029	N/A
Terminal Ontur	20	Uruguay	Multi	Agriculture/ Pulp	Private	N/A
Sagres - Four Ports (TLRG, TLP, TPP, TLG)	86	Brazil	Multi	Pulp/Wood	Private	N/A



ATCO Corporate & Other contains ATCO Investments which is a commercial real estate business that holds investments for sale, lease or development. ATCO Corporate & Other also includes the global corporate head office in Calgary, Canada, ATCO licensing fees received, and financing expenses associated with the Neltume Ports investment.

REAL ESTATE

Established in 2017, ATCO Investments generates revenue from commercial real estate activities. Earnings from this business may come from three avenues: sales of commercial and industrial properties including land, leasing real estate to third parties to generate steady revenue, and, in the longer term, potentially developing high-return projects.

Our current portfolio includes 15 commercial real estate properties, including 417,000 square feet of office property, 90,000 square feet of industrial property and 180 acres of land.



Canadian Utilities is a diversified global energy infrastructure corporation delivering service excellence and innovative business solutions in Electricity (electricity transmission, distribution and generation); Pipelines & Liquids (natural gas transmission and distribution, energy storage, and industrial water solutions); and Retail Energy (electricity and natural gas retail sales).

ELECTRICITY GLOBAL BUSINESS UNIT

OVERVIEW

The Electricity Global Business Unit's activities are conducted through two regulated businesses: electricity distribution and electricity transmission, and non-regulated electricity generation and transmission. Together these businesses provide electricity distribution, transmission, generation, and related infrastructure services.

BUSINESS STRATEGY

Electricity's strategy is to grow its businesses through: investing in regulated electricity distribution and transmission, capitalizing on opportunities to provide long-term contracted electricity transmission services and renewable and natural gas-fired electricity generation.



Electricity transmission towers, Alberta

MARKET OPPORTUNITIES

The electricity regulated businesses expect to see continued investment opportunities based on customer growth and system replacements. Expansion will be focused in select global markets, including Canada, Australia, Latin America and the U.S.

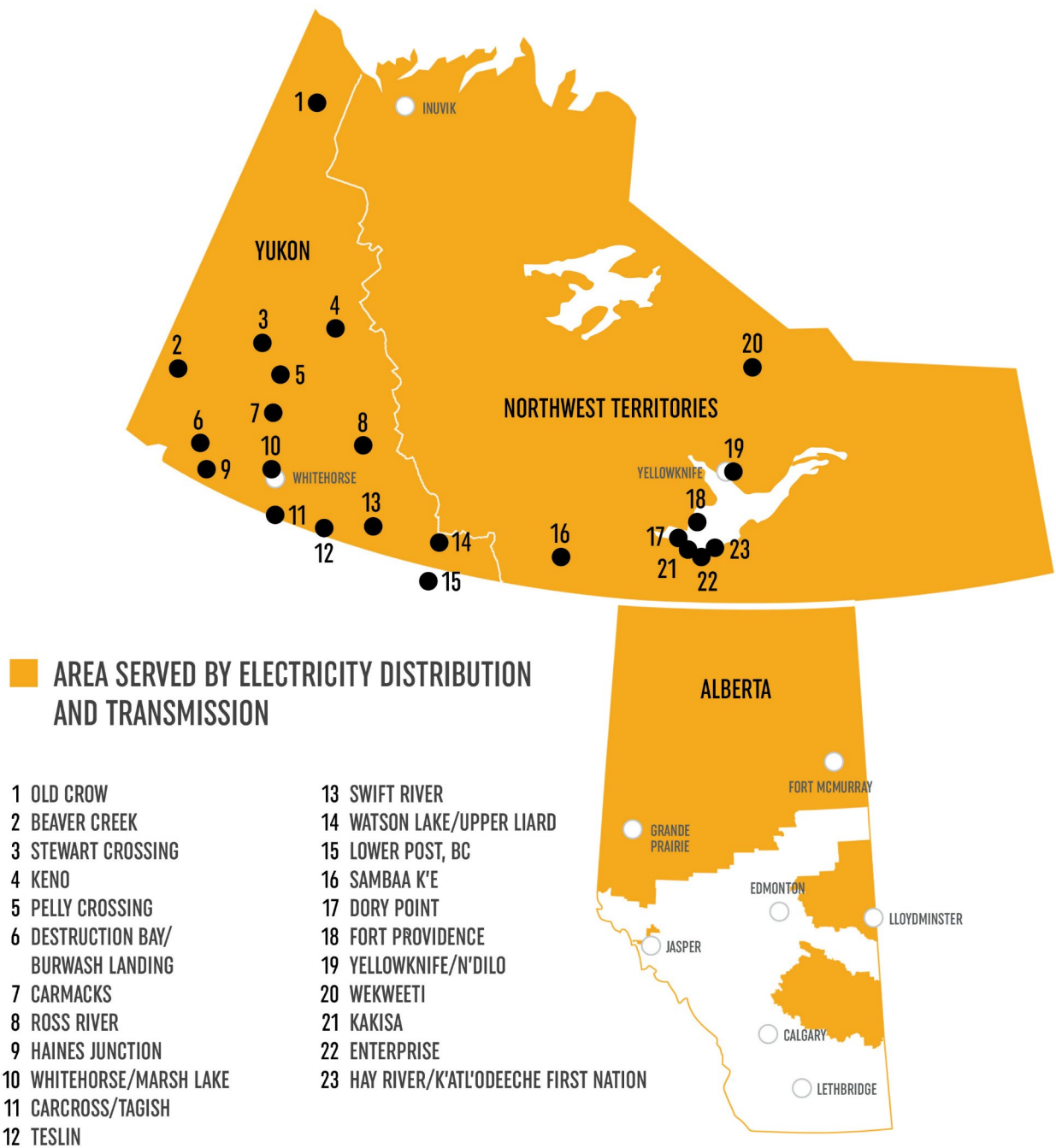
Electricity targets select markets with stable regulatory environments and rule of law, excellent long-term growth potential, and strategic fit with our existing asset base and complementary skills.

MARKET CHALLENGES

Potential changes in macroeconomic conditions or government policy could slow the growth trajectory of these businesses.

ELECTRICITY DISTRIBUTION AND TRANSMISSION

The activity areas in which electricity distribution and electricity transmission operate in Western and Northern Canada are shown in the map below.



Electricity distribution and transmission transmit and deliver electricity to 242 communities and rural areas in east-central and Northern Alberta. Among those served are the communities of Drumheller, Lloydminster, Grande Prairie, and Fort McMurray as well as the oil sands areas near Fort McMurray and the heavy oil areas near Cold Lake and Peace River.

Electricity distribution and transmission is headquartered in Edmonton and has 38 offices throughout its service area. Electric utility service is also provided to three communities in Saskatchewan. ATCO Electric Yukon (AEY) serves 19 communities in the Yukon, including the capital city of Whitehorse, and one community in British Columbia. Northland Utilities is a partnership between ATCO Ltd. and Denendeh Investments Incorporated, which represents the 27 Dene First Nations of the Northwest Territories. Northland Utilities has two operating divisions: Northland Utilities (NWT) Limited and Northland Utilities (Yellowknife) Limited (NUY). NUY and NWT serve nine communities in the Northwest Territories, including the capital city of Yellowknife.

Approximately 662,000 people live in the principal markets for electric utility service by electricity distribution and transmission and its subsidiaries NUY, NWT and AEY. Service is provided to approximately 260,000 customers. Electricity distribution and transmission has been assigned approximately 65 per cent of the designated service area within Alberta. This service area contains approximately 14 per cent of the provincial electrical load and 13 per cent of the population.

The numbers of customers served by electricity distribution and transmission, NUY, NWT and AEY at the end of 2019 and 2018 are shown below.

	2019		2018	
	Number	%	Number	%
Industrial	10,295	4	10,455	4
Commercial	34,686	14	34,532	14
Residential	182,726	70	181,373	70
Rural, REA and other	32,042	12	31,911	12
Total	259,749	100	258,271	100

Electricity distributed to the various classes of customers in 2019 and 2018 is shown below.

	2019		2018	
	GWh	%	GWh	%
Industrial	8,392	66	8,586	66
Commercial	2,395	19	2,438	19
Residential	1,321	10	1,342	10
Rural, REA and other	556	5	562	5
Total	12,664	100	12,928	100

Electricity distribution and transmission, NUY, NWT and AEY own and operate extensive electricity transmission and distribution systems. The systems consist of approximately 11,000 km of transmission lines and 60,000 km of distribution lines. In addition, electricity distribution and transmission delivers power to and operates approximately 4,000 km of distribution lines owned by Rural Electrification Associations (REA).

Electricity distribution and transmission, NUY, NWT and AEY own and operate 23 diesel and hydro-generating plants, with an aggregate nameplate capacity of 40-MW in Alberta, the Yukon and Northwest Territories. The maximum peak load demand for these plants during 2019 was 19-MW.

Electricity distribution and transmission, AEY, NUY and NWT distribute electricity to incorporated communities under the authority of franchises or by-laws. In rural areas, electricity is distributed by approvals, permits or orders under applicable statutes.

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

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

Under the Electric Utilities Act (Alberta) (EUA), wholesale tariffs for electricity transmission must be approved by the Alberta Utilities Commission (AUC). Transmission tariffs allow any owner of a generating unit to access the Alberta

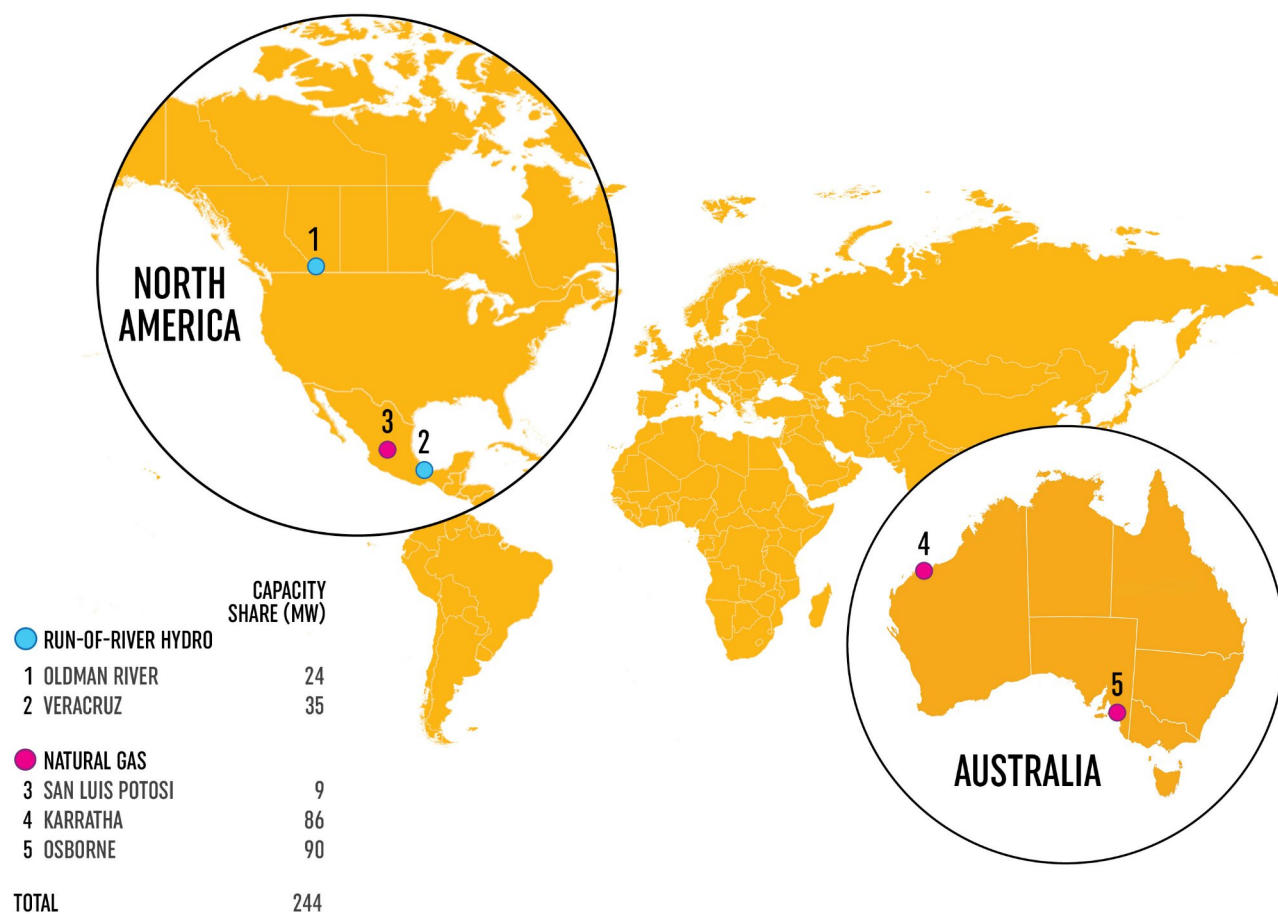
transmission system and thus facilitate the sale of its power. The same transmission tariff is charged to each distribution utility or customer directly connected to the transmission system, regardless of location.

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

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

ELECTRICITY GENERATION

Map of Electricity Generation Post September 30, 2019 Sale



Canada

In the fourth quarter of 2019, Canadian Utilities finalized the sale of its 2,276-MW Canadian fossil fuel-based electricity generation portfolio (12 coal-fired and natural gas-fired electricity generation assets) in a series of transactions for aggregate proceeds of \$821 million. Following the close of the transaction, Canadian Utilities continues to own 244-MW of electricity generation assets in Canada, Mexico and Australia.

Name & Location	Type	Date In Service	MW ⁽¹⁾	Ownership (%)	Capacity Share (MW)	Contracted Capacity (MW)	Partner(s) ⁽²⁾	Customer(s)	Contract Expiry Date
CANADA									
Oldman River Pincher Creek, AB	Hydroelectric	2003	32	75	24	-	Piikani Nation	Merchant	-

(1) Name plate capacity

(2) Piikani Nation means Piikani Resource Development Inc.

Mexico

Canadian Utilities owns Electricidad del Golfo, a long-term contracted, 35-MW hydroelectric power station based in the state of Veracruz, Mexico.

Canadian Utilities and its Mexican partner, Grupo Ranman, own 11-MW of distributed generation at a distributed generation facility located in the World Trade Centre industrial park in San Luis Potosí, Mexico.

Name & Location	Type	Date In Service	MW ⁽¹⁾	Ownership (%)	Capacity Share (MW)	Contracted Capacity (MW)	Partner(s) ⁽²⁾	Customer(s) ⁽²⁾	Contract Expiry Date
MEXICO									
Distributed Generation San Luis Potosí	Gas-Fired	2016	11	80	9	9	Grupo Ranman	Various	2026
Electricidad del Golfo Veracruz	Hydroelectric	2014	35	100	35	35	-	Various	2028
Total - Mexico			46		44	44			

(1) Name plate capacity

(2) Grupo Ranman means RANMAN Energy Inc.

Australia

Canadian Utilities maintains ownership in and currently operates two generation plants: Karratha in the Pilbara region of Western Australia, and Osborne in Adelaide, South Australia. These facilities collectively generate 266-MW of power and provide energy for thousands of public sector, domestic, industrial and commercial clients. They have secured off-take arrangements with credible counterparties for 100 per cent of the capacity.

Karratha Power Station

Commissioned in 2010, the 86-MW Karratha Power Station is one of the most efficient and environmentally friendly electricity generation facilities in the North West Interconnected System in the Pilbara region of Western Australia. The facility generates electricity to supply residential and business consumers under a long-term (20-year) tolling power off-take contract with Horizon Power. The facility consists of two open cycle, dry low-emissions natural gas turbines and meets all performance guarantee requirements, including output, heat rate, noise and nitrous oxide emissions.

Osborne

Osborne is a 50/50 joint venture between ATCO Power Australia and Origin Energy that commenced commercial operation on December 7, 1998. The 180-MW Osborne facility, operated by ATCO Power Australia, is located near Adelaide, South Australia, and is designed to accommodate operation in both cogeneration and combined cycle modes. Prior to July 2015, Osborne sold its electrical output under a long-term (20-year) PPA to Origin Energy. In July 2015, the PPA was amended to a tolling agreement whereby Origin Energy Electricity Limited (as the electricity off-taker) supplies the natural gas at its own cost and in turn, utilizes the facility for its required electricity output.

In 2018, Canadian Utilities negotiated a five-year extension to the Power Purchase Agreement with Origin Energy Electricity Limited for Osborne to December 31, 2023.

Name & Location	Type	Date In Service	MW ⁽¹⁾	Ownership (%)	Capacity Share (MW)	Contracted Capacity (MW)	Partner(s) ⁽²⁾	Customer(s) ⁽²⁾	Contract Expiry Date
AUSTRALIA									
Osborne South Australia	Gas-Fired Combined- Cycle	1998	180	50	90	90	Origin Energy	Origin Electricity	2023
Karratha Western Australia	Gas-Fired Open-Cycle	2010	86	100	86	86	-	Horizon Power	2030
Total - Australia			266		176	176			

(1) Name plate capacity

(2) Full names of customers and partners:

- Origin Electricity means Origin Energy Electricity Limited
- Origin Energy means Origin Energy Limited

Chile

Distribution-Connected Solar Generation Facility

In the fourth quarter of 2019, Canadian Utilities entered into a partnership with Impulso Capital, a Chilean developer, to build and operate the 18-MW Cabrero Solar project. This project, located in southern Chile, will provide clean solar energy to the Chilean electricity grid. The first 3-MW is under construction, and is expected to be operational in 2020. The remaining 15-MW is scheduled for completion in 2021. The total investment in this project is expected to be approximately \$24 million.

NON REGULATED ELECTRICITY TRANSMISSION

Canadian Utilities operates five non-regulated electricity transmission assets in Alberta, including Scotford transmission line and substation, Muskeg River transmission line and substation, Grand Rapids substation, Husky Rainbow substation, and Air Products transmission line.

ALBERTA POWERLINE

In March 2019, APL energized the Fort McMurray West 500-kV Transmission Line, three months ahead of schedule, on-budget and with an impeccable safety record.

In the second quarter of 2019, Canadian Utilities and Quanta Services Inc. entered into agreements to sell APL. Canadian Utilities offered an opportunity for Indigenous communities along the electricity transmission line route to obtain up to a 40 per cent equity interest.

With the completion of the sale in December 2019, seven Indigenous communities in Alberta have a combined 40 per cent equity ownership in this essential Canadian energy infrastructure project: Athabasca Chipewyan First Nation, Bigstone Cree Nation, Gunn Metis Local 55, Mikisew Cree First Nation, by way of its business arm, the Mikisew Group of Companies, Paul First Nation, Sawridge First Nation and Sucker Creek First Nation.

The remaining 60 per cent of APL was acquired by a consortium including TD Asset Management Inc., for and on behalf of TD Greystone Infrastructure Fund (Global Master) L.P., and IST3 Investment Foundation acting on behalf of its investment group IST3 Infrastruktur Global. The sale transaction also included the assumption of \$1.4 billion of APL debt.

Canadian Utilities received aggregate proceeds of \$222 million for its interest in APL and will remain as the operator of APL over its 35-year contract with the Alberta Electric System Operator.

PIPELINES & LIQUIDS GLOBAL BUSINESS UNIT

OVERVIEW

The Pipelines & Liquids Global Business Unit's activities are conducted through three regulated businesses: natural gas distribution, natural gas transmission, and international natural gas distribution, and one non-regulated business: storage & industrial water. These businesses offer complementary products and services that enable them to deliver comprehensive natural gas distribution and transmission services, energy storage, and industrial water solutions to existing and new customers.

BUSINESS STRATEGY

Pipelines & Liquids' strategy is to grow its businesses through investing in regulated natural gas distribution and transmission, and becoming a premier hydrocarbon liquids storage and industrial water infrastructure provider.



Natural gas transmission control station,
Drayton Valley, Alberta

MARKET OPPORTUNITIES

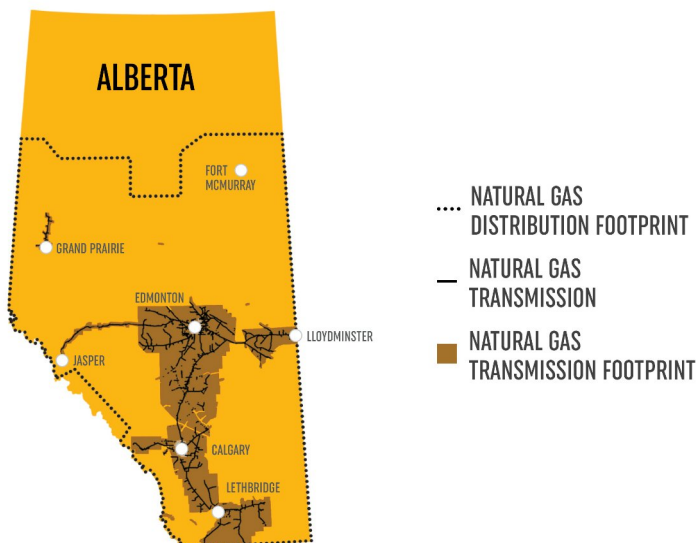
The pipelines and liquids regulated businesses expect to see continued growth based on forecasted customer growth and system replacements. Expansion of pipelines in Alberta is expected to increase the need for energy storage to manage supply and demand. Expansion will be focused in select global markets, including Canada, Australia, Latin America, and the U.S.

Pipelines & Liquids targets select markets with stable regulatory environments and rule of law, excellent long-term growth potential, and strategic fit with our existing asset base and complementary skills.

MARKET CHALLENGES

Potential changes in macroeconomic conditions or government policy could slow the growth trajectory of these businesses.

The following map shows the areas served by natural gas distribution and natural gas transmission in Alberta.



NATURAL GAS DISTRIBUTION

Natural gas distribution delivers natural gas throughout Alberta and in the Lloydminster area of Saskatchewan and serves approximately 1.2 million customers in nearly 300 Alberta communities.

Natural gas distribution's principal markets for distributing natural gas are in Edmonton, Calgary, Airdrie, Fort McMurray, Grande Prairie, Lethbridge, Lloydminster, Red Deer, Spruce Grove, St. Albert and Sherwood Park. These communities have a combined population of approximately 2.9 million. Approximately 76 per cent of natural gas distribution's customers were located in these 11 communities in 2019. Also served are 279 smaller communities as well as rural areas with a combined population of approximately 770,000.

The number of customers served by natural gas distribution at the end of 2019 and 2018 is shown below.

	2019		2018	
	Number	%	Number	%
Residential	1,131,342	92	1,117,109	92
Commercial	100,698	8	99,363	8
Industrial	346	-	344	-
Other	7	-	3	-
Total	1,232,393	100	1,216,819	100

The quantity of natural gas distributed by natural gas distribution in 2019 and 2018 is shown below.

	2019		2018	
	PJ	%	PJ	%
Residential	133.3	47	129.5	48
Commercial	137.3	48	133.3	47
Industrial	13.7	5	13.9	5
Other	0.3	-	0.3	-
Total	284.6	100	277.0	100

Natural gas distribution owns and operates approximately 41,000 km of distribution mains. It also owns service and maintenance facilities in major centres in Alberta.

Natural gas distribution delivers natural gas in incorporated communities under the authority of franchises or by-laws and in rural areas under approvals, permits or orders issued through applicable statutes. It currently has 168 franchise agreements with communities throughout Alberta. These franchise agreements detail the rights granted to natural gas distribution and its obligations to deliver natural gas services to consumers in the municipality.

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

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

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

NATURAL GAS TRANSMISSION

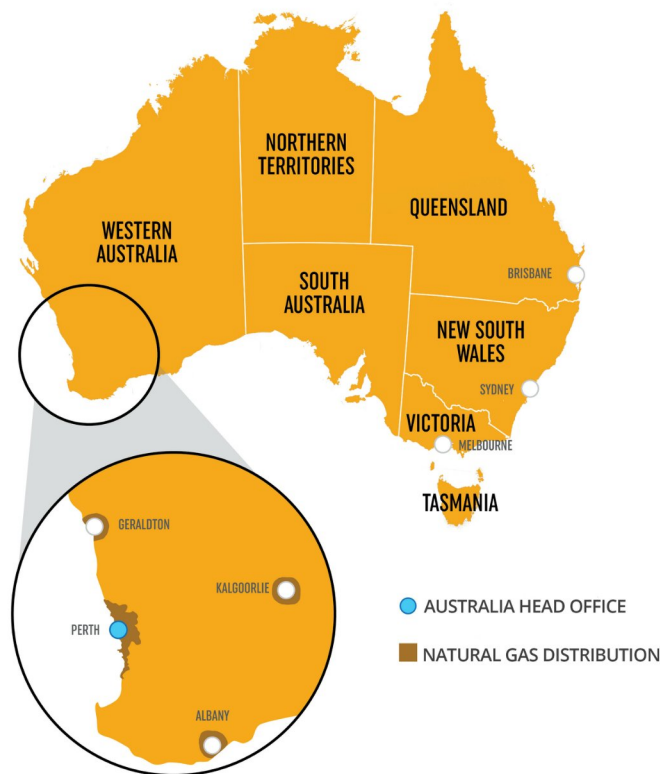
Natural gas transmission owns and operates natural gas transmission pipelines and facilities in Alberta. The business receives natural gas on its pipeline system from various gas processing plants as well as from connections with other natural gas transmission systems, and transports the gas to end users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

Natural gas transmission owns and operates an extensive natural gas transmission system. The system currently consists of approximately 9,100 km of pipelines, 16 compressor sites, approximately 3,700 receipt and delivery points, and a salt

cavern natural gas storage peaking facility near Fort Saskatchewan, Alberta. The system has 179 producer receipt points, one interconnection with Alliance Pipeline, and one interconnection with Many Islands Pipelines. Peak delivery capability of the natural gas transmission system is 3.9 billion cubic feet per day.

INTERNATIONAL NATURAL GAS DISTRIBUTION

International natural gas distribution's operations are shown in the following map.



International natural gas distribution provides natural gas distribution services in Western Australia and serves approximately 771,000 customers in 18 communities, including metropolitan Perth and surrounding regions such as Geraldton, Bunbury, Busselton, Kalgoorlie, Harvey, Pinjarra, Brunswick Junction and Capel. International natural gas distribution owns and operates approximately 14,000 km of natural gas pipelines and associated infrastructure and also distributes liquefied petroleum gas (LPG) to the community of Albany.

The number of customers served by international natural gas distribution at the end of 2019 and 2018 is shown below.

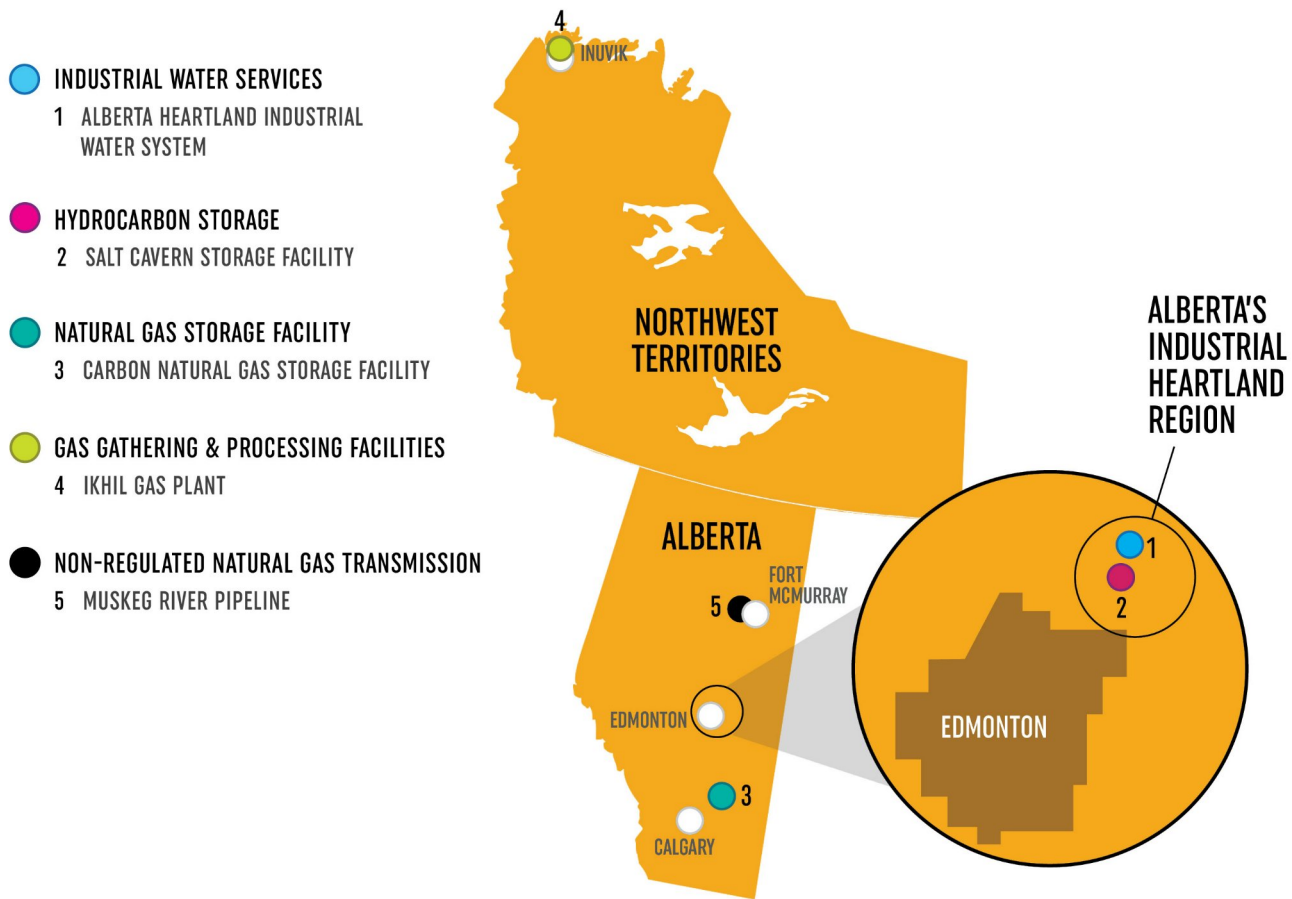
	2019		2018	
	Number	%	Number	%
Residential	756,342	98	747,424	98
Commercial	14,063	2	13,699	2
Industrial	182	-	180	-
Total	770,587	100	761,303	100

The quantity of gas delivered by international natural gas distribution in 2019 and 2018 is shown below.

	2019		2018	
	PJ	%	PJ	%
Residential	10.0	38	10.3	38
Commercial	3.4	13	3.5	13
Industrial	12.8	49	13.0	49
Total	26.2	100	26.8	100

STORAGE & INDUSTRIAL WATER

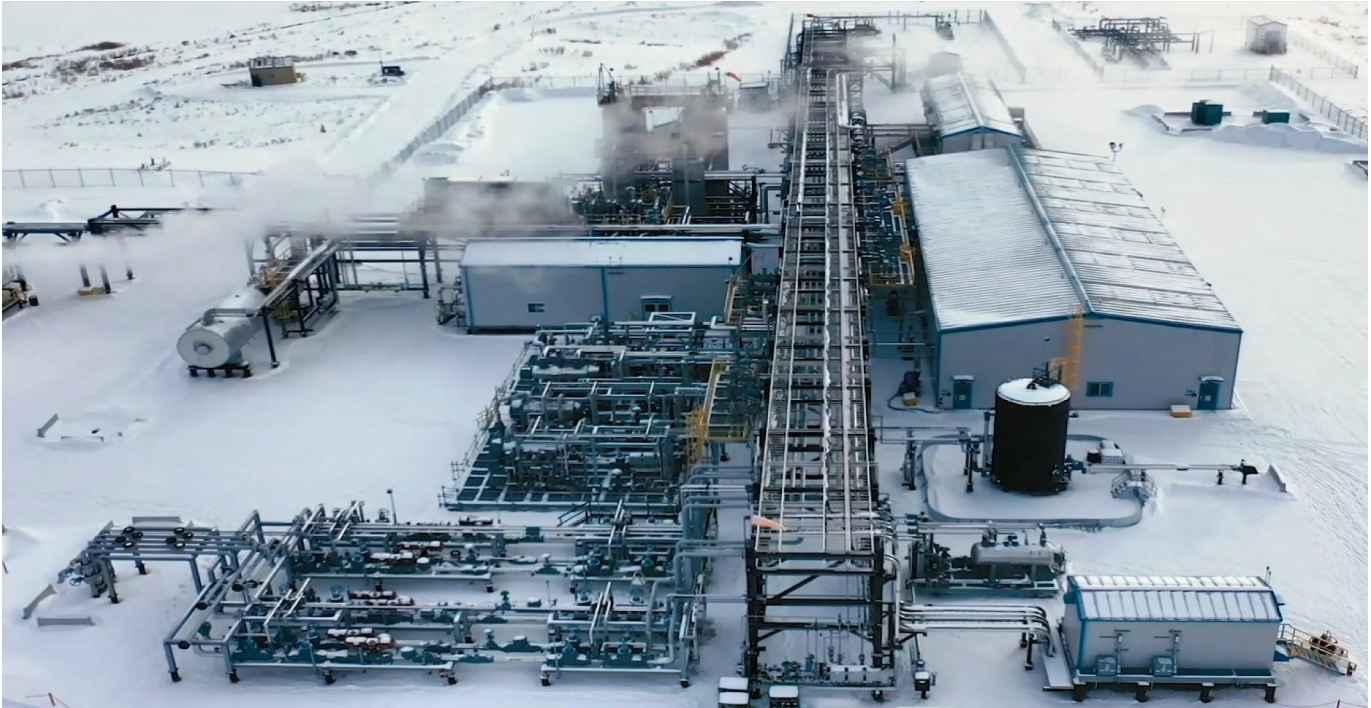
Storage & industrial water builds, owns and operates non-regulated industrial water, natural gas storage, hydrocarbon storage, and natural gas related infrastructure to serve the midstream sector of Western Canada's energy industry. It operates and owns a one-third interest in a regulated natural gas distribution system in the Northwest Territories. Storage & industrial water also provides natural gas procurement and load balancing services for other Business Units.



Hydrocarbon Storage

The ATCO Heartland Energy Centre near Fort Saskatchewan, Alberta includes assets held in a partnership between storage & industrial water (60 per cent ownership share) and Petrogas Energy Corp (40 per cent ownership share) focused on supporting customers through natural gas liquids storage and related infrastructure. The facility consists of four storage caverns under long-term contract, which have a combined hydrocarbon storage capacity of 400,000 cubic metres. The first two caverns have been in service since the fourth quarter of 2016, and two additional caverns began contributing earnings in the second quarter of 2018.

In the fourth quarter of 2019, storage & industrial water secured long-term contracts for a fifth salt cavern storage facility at the ATCO Heartland Energy Centre. As well, we secured long-term contracts for the construction and operation of a pipeline connecting the new salt cavern facility to existing pipelines in the area for receipt and delivery of hydrocarbon products. Construction began in the fourth quarter of 2019, with full operation targeted for late 2021.



ATCO Heartland hydrocarbon storage facility, Fort Saskatchewan, Alberta

Natural Gas Storage

Storage & industrial water owns and operates a natural gas storage facility at Carbon, Alberta. The facility is a natural gas reservoir with a seasonal storage cycle capacity of 52 petajoules, a maximum injection rate of 360 terajoules per day, and a maximum withdrawal rate of 550 terajoules per day. The facility is connected to multiple transmission pipeline systems and has been in service more than 45 years.

Storage & industrial water also provides flexible storage, natural gas procurement and transportation services tailored to customers' specific needs. Services range from daily to multi-year terms and are offered to financial institutions, marketing companies, pipeline operators, retail energy providers and producers.

Industrial Water

Storage & industrial water's multi-user water system is connected to the North Saskatchewan River through our industrial water system. We provide integrated water services including pipeline transportation, storage, water treatment, recycling and disposal to a number of our industrial customers. This industrial water system also supplies water for the development of salt caverns for our hydrocarbon storage facilities in the region. The river intake system and modern pump station facility have the capacity to withdraw 3,550 cubic metres per hour, with a current deliverability of 1,300 cubic metres per hour.

Natural Gas Gathering and Processing

Storage & industrial water has a non-operating 33.3 per cent ownership interest in one natural gas gathering and processing facility, the Ikhil gas plant.

Natural Gas Liquids Extraction

Storage & industrial water has an interest in one natural gas liquids (NGL) extraction facility as at December 31, 2019. The Empress Gas Liquids Straddle Plant is currently undergoing reclamation and remediation.

Non-regulated Natural Gas Pipeline

Storage & industrial water owns the 116-km Muskeg River non-regulated natural gas pipeline that provides natural gas transportation service under a long-term commercial agreement to meet the needs of the Muskeg River Mine facilities and other facilities in the Fort McMurray area. Service on the pipeline commenced in June 2002 under a long-term commercial agreement with Canadian Natural Upgrading Limited and other joint venture participants.

CANADIAN UTILITIES CORPORATE & OTHER

Canadian Utilities Corporate & Other segment includes Retail Energy through ATCOenergy, launched in 2016 to provide retail electricity and natural gas services in Alberta. Corporate & Other also includes the global corporate head office in Calgary, Canada, the Australia corporate head office in Perth, Australia and the Mexico corporate head office in Mexico City, Mexico. Canadian Utilities Corporate & Other includes CU Inc. and Canadian Utilities preferred share dividend and debt expenses.

RETAIL ENERGY

As part of the Company's continued growth strategy, ATCOenergy was launched in early 2016, selling electricity and natural gas to residential and commercial customers through flexible plans offering real savings and exceptional customer service.

BLUE FLAME KITCHEN

The ATCO Blue Flame Kitchen (BFK) in Alberta was integrated with ATCOenergy in 2016. BFK is a cherished Alberta brand, trusted by Albertans for more than eight decades. Bringing the two teams together creates a compelling retail offering beyond the commodity.

BFK had its start with simple natural gas appliance demonstrations and small cooking schools for homemakers and has since evolved into a comprehensive global resource for adults and kids alike. Today the BFK provides recipes and "how-to" guides, an answer line staffed by professional Home Economists, as well as school programs, cooking classes and events hosted at our state-of-the-art learning centres in Calgary, Edmonton and Jandakot, Western Australia.

THREE YEAR HISTORY

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

FINANCIAL RESULTS SUMMARY

Each Global Business Unit's contribution to the Company's consolidated revenues and adjusted earnings is shown in the charts below.

Revenues ⁽¹⁾	2019		2018		2017	
	(\$ millions)	%	(\$ millions)	%	(\$ millions)	%
Structures & Logistics	803	17	511	10	516	11
Neltume Ports ⁽²⁾	-	-	-	-	-	-
ATCO Corporate & Other	(2)	-	-	-	(1)	-
Canadian Utilities Limited						
Electricity	2,155	46	2,858	59	2,460	53
Pipelines & Liquids	1,649	35	1,470	30	1,630	36
Canadian Utilities Corporate & Other	101	2	49	1	(5)	-
Total	4,706	100	4,888	100	4,600	100

(1) The above data has been extracted from Note 4 ("Segmented Information") of the 2019 Consolidated Financial Statements which are prepared in accordance with International Financial Reporting Standards (IFRS). The reporting currency is the Canadian dollar.

(2) Neltume Ports is accounted for as an investment in equity interest in associate company. Additional detail is discussed in Note 28 of the 2019 Consolidated Financial Statements.

Revenues in 2018 were \$4,888 million, \$288 million higher than in 2017. Higher revenues in 2018 were mainly due to revenue recorded at Canadian Utilities for construction activities at APL, improved power market conditions for the Independent Power Plants, and Thermal PPA revenue recorded for the termination of the Battle River unit 5 PPA.

Revenues in 2019 were \$4,706 million, \$182 million lower than in 2018. Lower revenues were mainly due to the completion of construction activity at APL in the first quarter of 2019 and forgone revenue following the sale of the Canadian fossil fuel-based electricity generation portfolio in the third quarter of 2019. Lower revenues were partially offset by higher revenues in ATCO Structures due to the LNG Canada Cedar Valley Lodge contract and higher flow-through revenues in natural gas distribution for third party franchise and transmission fees, and growth in the regulated rate base.

Adjusted Earnings ⁽¹⁾⁽²⁾	2019		2018		2017	
	(\$ millions)	%	(\$ millions)	%	(\$ millions)	%
Structures & Logistics	37	10	15	4	6	1
Neltume Ports ⁽³⁾	15	4	4	1	-	-
ATCO Corporate & Other	(6)	(2)	17	5	10	3
Canadian Utilities Limited						
Electricity	221	61	228	64	210	63
Pipelines & Liquids	137	38	130	37	144	43
Canadian Utilities Corporate & Other	(39)	(11)	(39)	(11)	(35)	(10)
Total	365	100	355	100	335	100

(1) The above data has been extracted from Note 4 ("Segmented Information") of the 2019 Consolidated Financial Statements which are prepared in accordance with International Financial Reporting Standards (IFRS). The reporting currency is the Canadian dollar.

(2) Adjusted earnings are earnings attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses associated with rate-regulated activities and unrealized gains or losses on mark-to-market forward and swap commodity contracts. 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.

(3) Neltume Ports is accounted for as an investment in equity interest in associate company. Additional detail is discussed in Note 28 of the 2019 Consolidated Financial Statements.

Adjusted earnings in 2018 of \$355 million were \$20 million higher than 2017. Higher earnings were driven by improved results in the non-regulated businesses mainly due to improved profit margins and demand for Structures & Logistics' space rentals and permanent modular construction activity, strong results in electricity generation, Alberta PowerLine and commercial real estate, and earnings additions from an investment in Neltume Ports. Continued rate base growth and operational cost improvements in Canadian Utilities' regulated businesses partially offset the adverse earnings impact of rate re-basing in several of our Alberta Utilities.

Adjusted earnings in 2019 of \$365 million were \$10 million higher than 2018. Higher earnings from Structures & Logistics were mainly due to continued work on the LNG Canada Cedar Valley Lodge contract. Higher earnings from Neltume Ports was due to a full year of earnings contributions following ATCO's acquisition of a 40 per cent ownership interest of Neltume Ports in September 2018. Canadian Utilities earnings in 2019 were comparable to 2018.

STRUCTURES & LOGISTICS GLOBAL BUSINESS UNIT

Earnings from the Structures & Logistics Global Business Unit are significantly influenced by capital spending cycles in the natural resource, defence and construction sectors.

ATCO STRUCTURES

In 2018, earnings were higher compared to 2017 mainly due to higher space rentals activity and profit margins in Canada, Australia, Mexico and Chile, and higher trade sales, particularly in permanent modular construction in Canada and Australia. Higher earnings were partially offset by lower workforce housing rental earnings in the U.S., mainly due to the ramping down of the LNG Canada Cedar Valley Lodge contract.

In 2019, earnings were higher compared to 2018 mainly due to work on the LNG Canada Cedar Valley Lodge contract, higher space rental activity in Canada, and higher workforce housing sale and rental activity in the United States and Australia.

ATCO Structures was awarded a number of significant contracts to manufacture and install workforce housing accommodation in North America and Australia during the previous three years. Earnings contributions from these major workforce housing projects in the last three years have been supplemented by improved rental earnings from a growing space rentals fleet and expanding into new business opportunities in permanent modular construction.

ATCO FRONTEC

ATCO Frontec earnings between 2017 and 2019 have trended upwards due to higher lodging occupancy at the BC Site C workforce housing camp and incremental earnings from new North American workforce lodging and support service contracts such as the Tuscan Ridge contract in Chico, California, the Silvertip mining contract in northern BC, the Coastal GasLink Pipeline support project in BC, and the Elkford Lodge Teck Coal contract in BC.

NELTUME PORTS

On September 12, 2018, ATCO invested in a 40 per cent interest in Neltume Ports, a leading port operator and developer in South America, for approximately \$450 million. Neltume Ports, a subsidiary of Ultramar, operates 16 port facilities and three port operation services businesses located in Chile, Uruguay, Argentina, and Brazil. Neltume Ports' portfolio is highly diversified across both cargo types and volume mix. Neltume Ports employs approximately 6,100 people. In 2019, it handled nearly 46 million tonnes of product, including copper, forestry products, consumer goods and agricultural products.

ATCO funded its investment in Neltume Ports with a combination of cash on-hand and funds from committed credit facilities, and refinanced a portion through a capital markets transaction in the form of a \$200 million hybrid debt instrument. Approximately half of the funds from ATCO's investment will be used by Neltume Ports to finance opportunities for growth.

Neltume Ports recorded adjusted earnings of \$15 million in 2019. Adjusted earnings were \$11 million higher than in 2018. ATCO's first full year of ownership in Neltume Ports was 2019.

Neltume Ports has completed two acquisitions since the September 2018 acquisition. In October 2018, Neltume Ports acquired an additional 21 per cent ownership in Terminales Graneleras Uruguayas (TGU) bringing the total ownership to 54 per cent. This acquisition gave Neltume Ports operational control of TGU, strengthening its port operator role in the concession. The transaction was contemplated in ATCO's original equity investment in Neltume Ports.

In February 2019, Neltume Ports acquired an additional 15 per cent ownership in Terminal Puerto Arica S.A. (TPA), bringing the total ownership to 50 per cent. This acquisition gave Neltume Ports operational control of TPA, strengthening its port operator role in the concession. ATCO paid \$9 million for its equity share of this investment.

ATCO CORPORATE & OTHER

ATCO Corporate & Other contains ATCO Investments which is a commercial real estate business that holds investments for sale, lease or development. ATCO Corporate & Other also includes the global corporate head office in Calgary, Canada, ATCO licensing fees received, and financing expenses associated with the Neltume Ports investment.

REAL ESTATE

Established in 2017, ATCO Investments derives revenue from commercial real estate activities. Earnings from this business are generated through the sale of commercial and industrial properties including land, leasing real estate to third parties and, in the longer term, potentially developing high-return projects.

Our current portfolio includes 15 commercial real estate properties, including 417,000 square feet of office property, 90,000 square feet of industrial property and 180 acres of land.

Commercial Real Estate Transactions

On July 31, 2018, ATCO Investments sold two Calgary properties in its commercial real estate portfolio for a total of \$10 million of adjusted earnings.

On September 30, 2018, ATCO Investments sold two Edmonton land parcels in its commercial real estate portfolio for a total of \$3 million of adjusted earnings.

CANADIAN UTILITIES

ELECTRICITY GLOBAL BUSINESS UNIT

CAPITAL INVESTMENT

Total capital investments for Electricity in the last three years is provided in the table below.

		Year Ended December 31		
(\$ millions)	Total	2019	2018	2017
Electricity Distribution	678	224	227	227
Electricity Transmission	616	165	240	211
Electricity Generation ⁽¹⁾	239	59	156	24
Alberta PowerLine	1,215	95	664	456
Total	2,748	543	1,287	918

(1) Includes International Electricity Generation capital expenditures in joint ventures of \$2 million (2018 - \$14 million and 2017 - \$8 million) for the year ended December 31, 2019.

Electricity's total capital investment over the last three years amounted to \$2.7 billion. The largest contributor to this total was the Alberta PowerLine Fort McMurray West 500-kV Project.

The Fort McMurray West 500-kV Project was accounted for as a service concession arrangement under IFRS. Under this arrangement, revenues and costs relating to the design, planning and construction phases of the project were recognized based on a percentage of completion, and revenues and costs relating to the operating phase are recognized as the service is rendered. Capital invested in Alberta PowerLine under this service concession arrangement has been included in capital investments for Electricity.

In December 2019, the sale of APL, a partnership between CU (80 per cent) and Quanta Services Inc. (20 per cent), was finalized. Canadian Utilities will remain as the operator of APL over its 35-year contract with the AESO.

PERFORMANCE OVERVIEW

Electricity Distribution and Transmission

In addition to the continued investment in utility infrastructure in Alberta, the financial results of electricity distribution and transmission have been influenced by several regulatory decisions. Electricity distribution achieved lower earnings in 2018 compared to 2017, mainly due to regulatory decisions specific to its performance based regulation (PBR) rebasing on a new five-year term. The lower earnings from PBR rebasing were partially offset by earnings from continued growth in the rate base, additional return on equity (ROE) due to the PBR efficiency carry-over mechanism (ECM), and continued

operational efficiencies realized in 2018. The ECM is granted to distribution utilities in the first two years of the second generation PBR for demonstrating superior cost savings in the prior PBR period.

Adjusted earnings in 2019 were higher compared to 2018 mainly due to continued growth in the rate base, additional earnings from the 2018-2019 electricity transmission general tariff application decision, cost efficiencies and lower income taxes.

Regulatory decisions are described in the Regulatory Developments section of this AIF.

Electricity Generation

Canadian electricity generation financial results in the last three years were affected by forward sales, power pool prices, price volatility, natural gas prices and power generating plant availability.

Canadian electricity generation achieved higher earnings in 2018 compared to 2017 mainly due to earnings associated with the Balancing Pool's termination of the Battle River unit 5 PPA, earnings associated with the sale of the Barking Power assets, and improved conditions in the Alberta power market.

Canadian electricity generation achieved lower earnings in 2019 compared to 2018 mainly due to favourable earnings realized in 2018 associated with the Balancing Pool's termination of the Battle River unit 5 PPA and the sale of the Barking power assets. Earnings in 2019 were also adversely impacted due to the sale of the Canadian fossil fuel-based electricity generation business.

Sale of Canadian Fossil Fuel-Based Electricity Generation Business

In September 2018 Canadian Utilities announced that it was exploring strategic alternatives for its Canadian electricity generation business.

In May 2019, Canadian Utilities entered into definitive agreements to sell its Canadian fossil fuel-based electricity generation portfolio.

In the fourth quarter of 2019, Canadian Utilities finalized the sale of its 2,276-MW Canadian fossil fuel-based electricity generation portfolio in a series of transactions. In September, Canadian Utilities sold 10 partly- or fully-owned natural gas-fired and coal-fired electricity generation assets in Alberta and BC to Heartland Generation Ltd., an affiliate of Energy Capital Partners. In August, Canadian Utilities sold its 50 per cent ownership interest in the 580-MW Brighton Beach joint venture, located in Windsor, Ontario, to Ontario Power Generation Inc. In July, Canadian Utilities completed the sale of its 50 per cent ownership interest in the 260-MW Cory Cogeneration Station to SaskPower International. Canadian Utilities received \$821 million of aggregate proceeds on the sale.

Following the close of the transactions, Canadian Utilities continues to own 244-MW of electricity generation assets in Canada, Mexico and Australia that are 90 per cent contracted with a weighted average contract term of 8 years.

Sale of ASHCOR Technologies

On December 31, 2019, Canadian Utilities sold its 100 per cent investment in ASHCOR Technologies Ltd. (Ashcor), an Alberta-based company engaged in marketing fly ash, to ATCO for aggregate consideration of \$35 million. Ashcor was previously reported in the Electricity segment in the Thermal PPA business line.

Sale of Barking Power Assets in the U.K.

In the fourth quarter of 2018, Canadian Utilities sold its 100 per cent ownership interest in the Barking Power assets. The total proceeds received on sale of the Barking Power assets were \$219 million. This transaction is consistent with ATCO's strategy of selling mature assets and recycling the proceeds into growing areas of the Company.

Battle River Unit 5 PPA Termination

On March 21, 2018, the Alberta Balancing Pool provided notice of its intent to terminate the PPA for Battle River unit 5. On September 30, 2018, the Battle River unit 5 PPA was terminated by the Balancing Pool and dispatch control was returned to Canadian Utilities. Associated with this change, ATCO recorded \$22 million in earnings for the completion of performance obligations and availability incentives recognized in earnings in the third quarter of 2018. These earnings would have been recognized in the normal course of business over the life of the PPA and were included in adjusted earnings.

International Electricity Generation

International electricity generation adjusted earnings were \$6 million in 2018, \$1 million lower compared to 2017 mainly as a result of an unplanned outage at the Osborne plant, which returned to service in November 2018.

Earnings in 2019 were comparable to 2018.

Mexico Hydro Facility

In February 2018, Canadian Utilities completed the acquisition of Electricidad del Golfo, which owns a long-term contracted, 35-MW hydroelectric power station based in the state of Veracruz, Mexico. The transaction was recorded for an aggregate purchase price of \$112 million.

Mexico Cogeneration Facility

In March 2018, ATCO announced that Canadian Utilities will build a 26-MW cogeneration project, known as the La Laguna Cogeneration facility, on the site of the Chemours Company Mexicana S. de R.L. de C.V.'s chemical facility near Gómez Palacio, in the state of Durango, Mexico. Developed in partnership with RANMAN Energy, the La Laguna Cogeneration facility will provide low-carbon and cost-effective electricity and heat under a long-term agreement. The total investment associated with the project is approximately \$70 million, and the facility is expected to be operational in late 2021.

Distributed Generation

In 2017, Canadian Utilities added distributed generation projects in Mexico. Canadian Utilities and its Mexican partner, Grupo Ranman, have 11-MW of capacity installed at a distributed generation facility located in the World Trade Centre industrial park in San Luis Potosí, Mexico.

Alberta PowerLine

In August 2017, construction commenced on the approximate 500-km Fort McMurray West 500-kV Project. The target energization date was June 2019. Due to the project being ahead of schedule, the expected energization date was advanced to March 2019, resulting in the recognition of an early energization incentive. On March 28, 2019, the project was energized three months ahead of schedule and on budget.

A strategic review for Canadian Utilities' 80 per cent ownership in Alberta PowerLine commenced in the first quarter of 2019. This process was consistent with the Company's practice of continually evaluating and optimizing its portfolio of businesses.

On June 24, 2019, Canadian Utilities and Quanta Services Inc. entered into definitive agreements for the sale of 100 per cent of their interest in APL and the assumption of approximately \$1.4 billion of APL debt. As part of this review, Canadian Utilities provided an opportunity for Indigenous communities to obtain an equity interest in APL.

On September 23, 2019, Canadian Utilities confirmed that seven Indigenous communities had entered into definitive agreements to purchase a combined 40 per cent ownership in APL.

In December of 2019, Canadian Utilities, along with Quanta Services Inc. completed the previously announced sale of Alberta Powerline (APL), a partnership between Canadian Utilities (80 per cent) and Quanta Services Inc. (20 per cent). Canadian Utilities received aggregate proceeds of \$222 million for its interest. Canadian Utilities will remain as the operator of APL over its 35-year contract with the Alberta Electric System Operator (AESO).

PIPELINES & LIQUIDS GLOBAL BUSINESS UNIT

CAPITAL INVESTMENT

Total capital investment for Pipelines & Liquids in the last three years is provided in the table below.

(\$ millions)	Total	Year Ended December 31		
		2019	2018	2017
Natural Gas Distribution	946	284	290	372
Natural Gas Transmission	829	293	239	297
International Natural Gas Distribution	254	69	93	92
Non-Regulated Capital Investment ⁽¹⁾	78	31	26	21
Total	2,107	677	648	782

(1) Non-Regulated capital investment includes storage & industrial water and Mexico Tula Pipeline.

Pipelines & Liquids' total capital investment over the last three years amounted to \$2.1 billion. The largest expenditures were the replacement of aging infrastructure, installation of new customer connections as well as the AUC-approved Urban Pipeline Replacement program.

Urban Pipelines Replacement Program

The Urban Pipelines Replacement (UPR) program is replacing and relocating aging, high-pressure natural gas pipelines in densely populated areas of Calgary and Edmonton to address safety, reliability and future growth. Construction is expected to be complete in 2020 and the total cost of the UPR program is estimated to be approximately \$900 million. Natural gas distribution and natural gas transmission have invested \$795 million in the UPR program since its inception.

Mains Replacement Program

Natural gas distribution has two mains replacement programs which were approved in 2011, the plastic mains replacement and the steel mains program. The plastic mains replacement includes 8,000-km of polyvinyl chloride (PVC) and early generation polyethylene (PE) pipe that are planned for replacement by 2031. Natural gas distribution has replaced 2,015-km of PVC and PE pipe since the approval of this program. The steel mains program includes 9,000-km of steel pipe that is monitored and continually evaluated for replacement based on the performance history. Natural gas distribution has replaced 327-km of steel pipe since the approval of this program.

Pembina-Keephills Transmission Pipeline

In August 2018, natural gas transmission filed a facilities application requesting approval for the installation of the Pembina-Keephills transmission pipeline. The 59-km high-pressure natural gas pipeline supports coal-to-gas conversion of power producers in the Genesee and surrounding areas of Alberta with the capacity to deliver up to 550-TJ per day. A decision was received on August 6, 2019 approving the project as filed. Construction has commenced and the pipeline is expected to be in service by mid-2020. The estimated cost to construct this project is approximately \$230 million and is included in natural gas transmission's three year capital investment plan.



Pembina-Keephills transmission pipeline construction, near Wabamun Lake, Alberta

PERFORMANCE OVERVIEW

Natural Gas Distribution

Natural gas distribution's financial results in the last three years were impacted by regulatory decisions, rate base growth from capital investments, cost efficiencies and lower income taxes. Natural gas distribution achieved lower earnings in 2018 compared to 2017, mainly due to regulatory decisions specific to its performance based regulation (PBR) rebasing on a new five-year term. The lower earnings from PBR rebasing were partially offset by earnings from continued growth in the rate base and customers, additional return on equity (ROE) due to the PBR efficiency carry-over mechanism (ECM), and continued operational efficiencies realized in 2018. The ECM is granted to distribution utilities in the first two years of the second generation PBR for demonstrating superior cost savings in the prior PBR period.

Adjusted earnings in 2019 were higher compared to 2018 mainly due to cost efficiencies, ongoing growth in rate base, an increase in customers, and regulatory decisions.

Regulatory decisions are described in the Regulatory Developments section of this AIF.

Natural Gas Transmission

Natural gas transmission's financial results in the last three years were affected by rate base growth from capital investments and regulatory decisions. Natural gas transmission achieved higher earnings in 2019 compared to 2018 and 2017, mainly due to continued growth in the rate base.

Regulatory decisions are described in the Regulatory Developments section of this AIF.

International Natural Gas Distribution - Australia

During the last three years, international natural gas distribution's earnings have benefited from continued growth in rate base as a result of increased investment in utility infrastructure, growth in customer base, impacts from inflation rates, savings due to cost reduction initiatives, and favourable Access Arrangement Appeal decisions.

Earnings in 2018 were higher than in 2017. Higher earnings were mainly due to continued rate base growth, partially offset by the foreign exchange impact of a weaker Australian currency compared to the Canadian dollar.

Earnings in 2019 were lower than in 2018 mainly due to a difference between inflation rates in the first quarters of 2018 and 2019. The published inflation rate for the first quarter of 2019, when applied to the rate of return calculations, produced a reduction to the revenues and earnings in 2019.

International Natural Gas Transmission - Mexico Tula Pipeline

In 2014, Canadian Utilities was awarded a 25-year Transportation Services Agreement with the Comisión Federal De Electricidad (CFE) to design, build, own and operate a 16-km natural gas pipeline near the town of Tula in the state of Hidalgo, Mexico. Canadian Utilities is involved in a number of disputes arising from landowner and communal landholder claims against the project. We continue to work with the Government of Mexico and other parties to achieve a timely resolution of these disputes.

Storage & Industrial Water

In 2014, storage & industrial water commenced a strategy of repositioning itself as an energy infrastructure provider within Alberta's Industrial Heartland, Canada's largest hydrocarbon processing region. As a result of this new direction, industrial water contracts were executed, and a major hydrocarbon storage partnership was announced. By the end of 2017, storage & industrial water disposed or shut-in its interests in gas processing operations except for the remaining interest in the Ikhil Gas Gathering System.

Earnings in 2018 were comparable to 2017 as higher earnings from the hydrocarbon storage assets were offset by lower contributions from ancillary services.

Earnings in 2019 were higher than 2018 due to cost efficiencies, incremental earnings from two additional hydrocarbon storage caverns that became operational in the second quarter of 2018, and lower income taxes.

Hydrocarbon Storage

Two hydrocarbon storage caverns were placed in-service in the fourth quarter of 2016 and two additional storage caverns started to contribute to earnings in the second quarter of 2018.

In the fourth quarter of 2019, storage & industrial water secured long-term contracts for a fifth salt cavern storage facility at the ATCO Heartland Energy Centre. As well, we secured long-term contracts for the construction and operation of a pipeline connecting the new salt cavern facility to existing pipelines in the area for receipt and delivery of hydrocarbon products. Construction began in the fourth quarter of 2019, with full operation targeted for late 2021.

Industrial Water

In 2017, ATCO Energy Solutions entered into a long-term commercial agreement with Inter Pipeline Ltd. to provide water services to Inter Pipeline's integrated propane dehydrogenation and polypropylene plant to be known as the Heartland Petrochemical Complex. Service for this contract is expected to commence in the second quarter of 2020.

With the addition of these services, we continue to grow the suite of water and waste water services for industrial customers throughout Alberta's Industrial Heartland.

CANADIAN UTILITIES CORPORATE & OTHER

Canadian Utilities' Corporate & Other segment includes Retail Energy through ATCOenergy, launched in 2016 to provide retail electricity and natural gas services in Alberta. Corporate & Other also includes the global corporate head office in Calgary, Canada, the Australia corporate head office in Perth, Australia and the Mexico corporate head office in Mexico City, Mexico. In addition, Canadian Utilities Corporate & Other includes CU Inc. and Canadian Utilities preferred share dividend and debt expenses.

Participation in Canadian Utilities Dividend Reinvestment Plan

The Canadian Utilities Dividend Reinvestment Plan (DRIP) allowed eligible Class A and Class B share owners of Canadian Utilities to reinvest all or a portion of their dividends in additional Class A shares.

Effective January 10, 2019, the Company suspended its dividend reinvestment program. No Class A non-voting shares were issued under the DRIP during the year ended December 31, 2019. In 2019 and 2018, ATCO did not participate in the DRIP. In the year ended December 31, 2017, ATCO elected to receive 862,822 Class A non-voting shares in lieu of cash dividends of \$32 million.

REGULATORY DEVELOPMENTS

REGULATED BUSINESS MODELS

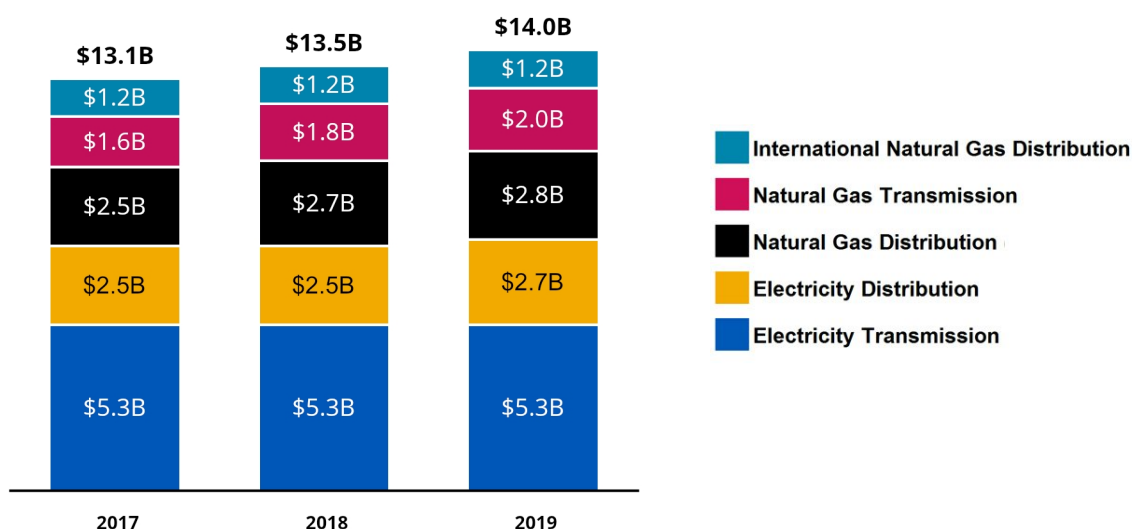
The business operations of electricity distribution, electricity transmission, natural gas distribution and natural gas transmission are regulated mainly by the Alberta Utilities Commission (AUC). The AUC administers acts and regulations covering such matters as rates, financing and service area.

Natural gas transmission and electricity transmission operate under cost of service (COS) regulation. Under this model, the regulator establishes the revenues to provide for a fair return on utility investment using mid-year calculations of the total investment less depreciation, otherwise known as mid-year rate base. Growth in mid-year rate base is a leading indicator of the business' earnings trend, depending on changes in the equity ratio of the mid-year rate base and the rate of return on common equity.

Natural gas distribution and electricity distribution operate under performance based regulation (PBR). Under PBR, revenue is determined by a formula that adjusts customer rates for inflation less an estimated amount for productivity improvements. The AUC reviews the utilities' results annually to ensure the rate of return on common equity is within certain upper and lower boundaries. To do these calculations, the AUC reviews mid-year rate base. For this reason, growth in mid-year rate base can be a leading indicator of the business' earnings trend, depending on the ability of the business to maintain costs based on the formula that adjusts rates for inflation and productivity improvements.

International natural gas distribution is regulated mainly by the Economic Regulation Authority (ERA) of Western Australia. International natural gas distribution operates under incentive based regulation (IBR) under which the ERA establishes the prices for a five-year period to recover a return on forecasted rate base, including income taxes, depreciation on the forecasted rate base, and forecasted operating costs based on forecasted throughput. For this reason, growth in mid-year rate base can be a leading indicator of the business' earnings trend, depending on the ability of the business to maintain costs within approved forecasts.

Regulated Utilities Mid-Year Rate Base



GENERIC COST OF CAPITAL (GCOC)

In August 2018, the AUC issued a decision approving a Return on Equity (ROE) of 8.5 per cent and capital structure of 37 per cent equity for the 2018, 2019 and 2020 periods for all Alberta utilities.

The following table contains the ROE and deemed common equity ratios resulting from the most recent GCOC decisions and also contains the mid-year rate base for each of Canadian Utilities' Alberta-based utilities.

	Year	AUC Decision	Rate of Return on Common Equity (%) ⁽¹⁾	Common Equity Ratio (%) ⁽²⁾	Mid-Year Rate Base (\$ millions)
Electricity Distribution	2019	2018 GCOC ⁽⁴⁾	8.50	37.0	2,669 ⁽⁵⁾
	2018	2018 GCOC ⁽⁴⁾	8.50	37.0	2,498 ⁽⁶⁾
	2017	2016 GCOC ⁽³⁾	8.50	37.0	2,471 ⁽⁷⁾
Electricity Transmission	2019	2018 GCOC ⁽⁴⁾	8.50	37.0	5,262 ⁽⁸⁾
	2018	2018 GCOC ⁽⁴⁾	8.50	37.0	5,280 ⁽⁶⁾
	2017	2016 GCOC ⁽³⁾	8.50	37.0	5,287 ⁽⁷⁾
Natural Gas Distribution	2019	2018 GCOC ⁽⁴⁾	8.50	37.0	2,847 ⁽⁵⁾
	2018	2018 GCOC ⁽⁴⁾	8.50	37.0	2,715 ⁽⁶⁾
	2017	2016 GCOC ⁽³⁾	8.50	37.0	2,549 ⁽⁷⁾
Natural Gas Transmission	2019	2018 GCOC ⁽⁴⁾	8.50	37.0	1,971 ⁽⁹⁾
	2018	2018 GCOC ⁽⁴⁾	8.50	37.0	1,791 ⁽⁶⁾
	2017	2016 GCOC ⁽³⁾	8.50	37.0	1,614 ⁽⁷⁾

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

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

(3) The AUC released its 2016 GCOC decision for the periods 2016 to 2017 on October 7, 2016.

(4) The AUC released its 2018 GCOC decision for the periods 2018 to 2020 on August 2, 2018.

(5) The mid-year rate base for 2019 is equal to the year over year growth in rate base reflected in the 2020 PBR Annual Rate Filings applied to the 2018 actual mid-year rate base and includes mid-year work in progress.

(6) The mid-year rate base for 2018 is based on the Rule 005 Actuals Package and includes mid-year work in progress.

(7) The mid-year rate base for 2017 is based on the Rule 005 Actuals Package and includes mid-year work in progress.

(8) The mid-year rate base for 2019 is based on the electricity transmission 2018-2019 General Tariff Application Compliance Filing and includes estimated mid-year work in progress.

(9) The mid-year rate base for 2019 is based on the natural gas transmission 2019-2020 General Rate Application Compliance Filing and includes estimated mid-year work in progress.

GCOC (POST-2020)

In December 2018, the AUC initiated the 2021 GCOC proceeding. The main focus of the proceeding will be to determine the rate of return for the years 2021 and 2022, as well as consideration of returning to a formula-based approach. Initial evidence was filed in January 2020 focusing on comparability to other investments, capital attractiveness and financial integrity. The AUC expects to issue a decision in 2020.

PERFORMANCE BASED REGULATION

In December 2016, the AUC released its decision on the second generation PBR plan framework for electricity and natural gas distribution utilities in Alberta. Under the 2018 to 2022 second generation PBR framework, utility rates continue to be adjusted by a formula that estimates inflation annually and assumes productivity improvements.

In February 2018, the AUC released a regulatory decision that provided determinations for the going-in rates and incremental capital funding for the second generation of PBR. In November 2018, the AUC issued a Phase I Review and Variance decision to reassess anomaly adjustments for all Alberta distribution utilities for the purposes of establishing 2018 going-in rates. On February 14, 2019, the AUC commenced a proceeding to undertake that review. On January 30, 2020, the AUC issued a decision, which provided updated clarification on what would qualify for anomaly adjustments. Parties can now re-apply for applicable anomalies, which if approved, would re-establish 2018 going in rates. Applications are to be submitted in early 2020 with a decision from the AUC expected before the end of the year.

	PBR First Generation	PBR Second Generation
Timeframe	2013 to 2017	2018 to 2022
Inflation Adjuster (I Factor)	Inflation indices (AWE and CPI) adjusted annually	Inflation indices (AWE and CPI) adjusted annually
Productivity Adjuster (X Factor)	1.16%	0.30%
O&M	Based on approved 2012 forecast O&M levels; inflated by I-X thereafter over the PBR term	Based on the lowest annual actual O&M level during 2013-2016, adjusted for inflation, growth and productivity to 2017 dollars; inflated by I-X thereafter over the PBR term
Treatment of Capital Costs	<ul style="list-style-type: none"> Recovered through going-in rates inflated by I-X Significant capital costs not fully recovered by the I-X formula and meeting certain criteria recovered through a K Factor 	<ul style="list-style-type: none"> Based on inflation adjusted average historical costs for the period 2013-2016, capital costs are recovered through going-in rates inflated by I-X and a K Bar. The K Bar is calculated annually and adjusted for the actual WACC Significant capital costs that are extraordinary, not previously incurred and required by a third party recovered through a "Type I" K Factor
ROE Used for Going-in Rates	• 8.75%	<ul style="list-style-type: none"> • 8.5% • + 0.5% ROE ECM achieved from PBR First Generation added to 2018 and 2019
Efficiency Carry-over Mechanism (ECM)	ECM up to 0.5% additional ROE for the years 2018 and 2019 based on certain criteria	ECM up to 0.5% additional ROE for the years 2023 and 2024 based on certain criteria
Reopener	+/- 300 bps of the approved ROE for two consecutive years or +/- 500 bps of the approved ROE for any single year	+/- 300 bps of the approved ROE for two consecutive years or +/- 500 bps of the approved ROE for any single year
ROE Used for Reopener Calculation	<ul style="list-style-type: none"> • 2013 to 2016: 8.3% • 2017: 8.5% 	<ul style="list-style-type: none"> • 2018: 8.5% excluding impact of ECM • 2019: 8.5% excluding impact of ECM • 2020: 8.5% • 2021 and beyond: At approved ROE pending future GCOC proceeding decisions

ACCESS ARRANGEMENT - INTERNATIONAL NATURAL GAS DISTRIBUTION

International natural gas distribution's Access Arrangement period (AA4) was in place from July 2014 to December 2019. The following table contains the ROE and deemed common equity ratios from the current Access Arrangement. The table also contains the mid-year rate base.

	Year	ERA Decision	Rate of Return on Common Equity (%) ⁽¹⁾	Common Equity Ratio (%) ⁽²⁾	Mid-Year Rate Base (\$ millions)
International Natural Gas Distribution	2019	2016 AA4 ⁽³⁾	7.21	40.0	1,178 ⁽⁴⁾
	2018	2016 AA4 ⁽³⁾	7.21	40.0	1,211 ⁽⁵⁾
	2017	2016 AA4 ⁽³⁾	7.21	40.0	1,179 ⁽⁶⁾

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

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

(3) The ERA released its AA4 Amended Final Decision on September 10, 2015. This was superseded when the ERA released its AA4 Revised Final Decision on October 25, 2016.

(4) 2019 mid-year rate base was impacted by a strengthening Canadian dollar in 2019. The 2019 mid-year rate base was calculated using a foreign exchange rate of Australian \$1 to Canadian \$0.91 compared to Canadian \$0.96 in 2018. The mid-year rate base in Australian dollars was \$1,293 in 2019 and \$1,260 in 2018, which is a \$33 million increase from 2018 to 2019.

- (5) 2018 mid-year rate base was impacted by a strengthening Canadian dollar in 2018. The 2018 mid-Year rate base was calculated using a foreign exchange rate of Australian \$1 to Canadian \$0.96 compared to Canadian \$0.98 in 2017. The mid-year rate base in Australian dollars was \$1,260 in 2018 and \$1,205 in 2017, which is a \$55 million increase from 2017 to 2018.
- (6) 2017 mid-year rate base was impacted by a strengthening Australian dollar in 2017. The 2017 mid-year rate base was calculated using a foreign exchange rate of Australian \$1 to Canadian \$0.98 compared to Canadian \$0.97 in 2016. The mid-year rate base in Australian dollars was \$1,205 in 2017 and \$1,145 in 2016, which is a \$60 million increase from 2016 to 2017.

ACCESS ARRANGEMENT 5

International natural gas distribution received the final decision related to the five-year Access Arrangement 5 (AA5) application from the Economic Regulation Authority (ERA) on November 15, 2019. The ERA also published its final rate of return guidelines which outline the parameters for the weighted average cost of capital (WACC) applicable to AA5. The AA5 WACC calculation was completed using a 20-business day period of observation in September 2019 to determine the risk free rate portion of the WACC calculation prior to the final decision. The WACC also determines the regulated return on equity (ROE) for international natural gas distribution. The AA5 ROE is 5.02 per cent compared to 7.21 per cent in the previous Access Arrangement. The final decision also includes rebasing of revenues for the recovery of operating costs, the approved capital expenditure program, and the forecast of demand and throughput. The common equity ratio for AA5 will be 45 per cent compared to 40 per cent in the previous Access Arrangement.

The tariffs included in the AA5 final decision are applicable for the period January 1, 2020 to December 31, 2024.

ALBERTA REGULATORY UPDATES

ELECTRICITY TRANSMISSION AND DISTRIBUTION REGULATORY UPDATES

ELECTRICITY DISTRIBUTION DEPRECIATION PROCEEDING

In the third quarter of 2019, the AUC issued a decision on depreciation parameters that extends the overall depreciable life of the electricity distribution assets and incorporates historical retirements related to severe weather events. The AUC determined the depreciation parameters as filed are reasonable, resulting in an electricity distribution depreciation rate change and lowered depreciation expense in the third and fourth quarters of 2019.

ELECTRICITY TRANSMISSION AND ELECTRICITY DISTRIBUTION RECOVERY OF 2016 REGIONAL MUNICIPALITY OF WOOD BUFFALO WILDFIRE COSTS

In October 2019, the AUC issued its decisions associated with electricity transmission and electricity distribution's application for the recovery of costs related to the 2016 Regional Municipality of Wood Buffalo wildfire.

Electricity transmission's applied-for cost recoveries were all substantially approved as part of the electricity transmission 2018-2019 GTA.

Approximately 90 per cent of the applied-for cost recoveries were approved in electricity distribution's application. The capital cost to replace the destroyed assets was approved as filed as were the majority of the operating and maintenance costs and recovery for lost revenues. However, the value of electricity distribution's destroyed assets was deemed to be an extraordinary retirement and was not approved for recovery in customer rates, resulting in a reduction to 2019 adjusted earnings of \$1 million.

ELECTRICITY TRANSMISSION 2020-2022 GENERAL TARIFF APPLICATION (GTA)

In October 2019, electricity transmission filed a GTA for its operations for 2020, 2021, and 2022. The application requests, among other things, additional revenues to recover higher depreciation costs. The application also requests, at electricity transmission's discretion, the ability to advance an application to establish 2023 and 2024 revenue requirements by escalating the 2022 approved revenue requirement. A decision from the AUC is expected by the fourth quarter of 2020.

ELECTRICITY TRANSMISSION HANNA REGION TRANSMISSION DEVELOPMENT DEFERRAL APPLICATION

In February 2017, electricity transmission filed an application seeking approval of approximately \$688 million of capital additions related to the Hanna Regional Transmission Development program incurred between 2012 and 2015. A decision from the AUC was received in June 2019 approving the vast majority of capital additions into rate base as prudently incurred.

ELECTRICITY TRANSMISSION 2018-2019 GTA

In June 2017, electricity transmission filed a GTA for its operations for 2018 and 2019. The decision was received in July 2019 approving the majority of requested capital expenditures and operating costs as filed. The impact of this decision was an increase to second quarter 2019 adjusted earnings of \$9 million.

ELECTRICITY TRANSMISSION 2015-2017 DIRECT ASSIGNED PROJECTS DEFERRAL APPLICATION

In March 2019, electricity transmission filed an application seeking the approval of approximately \$2.2 billion of capital additions from transmission projects with in-service dates between 2015-2017. The application includes \$1.8 billion in capital additions from the Eastern Alberta Transmission Line.

NATURAL GAS TRANSMISSION REGULATORY UPDATES

NATURAL GAS TRANSMISSION 2019-2020 GENERAL RATE APPLICATION (GRA)

In July 2018, natural gas transmission filed a GRA for 2019 and 2020. The decision was received in June 2019 approving the majority of requested capital expenditures and operating costs requested as filed. The adjustments directed by the AUC in the decision had a \$2 million positive impact in the second quarter 2019 adjusted earnings.

PBR REGULATORY UPDATES

1ST GENERATION PERFORMANCE BASED REGULATION (PBR) RE-OPENER

In June 2018, the AUC initiated a process for electricity distribution and natural gas distribution as the re-opener clause was triggered by both utilities in 2017, the final year of the 1st Generation PBR plan. The PBR re-opener thresholds are triggered if a utility's earnings are +/- 500 bps from the approved ROE in one year or +/- 300 bps from approved ROE in two consecutive years.

In February 2019, the AUC issued its decision that the re-opening of the plan was not warranted, agreeing with Canadian Utilities' submission that the achievements of the utilities were not due to a flaw in the PBR plan, but rather were the result of management decisions responding to the incentives the plan created. This process is closed.

COMMON MATTERS REGULATORY UPDATES

INFORMATION TECHNOLOGY (IT) COMMON MATTERS

In August 2014, ATCO subsidiary, Canadian Utilities sold its IT services business to Wipro Ltd. (Wipro) and signed a ten-year IT Master Services Agreement (MSA) effective January 1, 2015. Proceeds of the sale were \$204 million, resulting in a one-time after-tax gain of \$74 million which was recorded in earnings attributable to Class I and Class II shares. In 2014, the Company did not include this gain on sale in adjusted earnings because it was a significant one-time event.

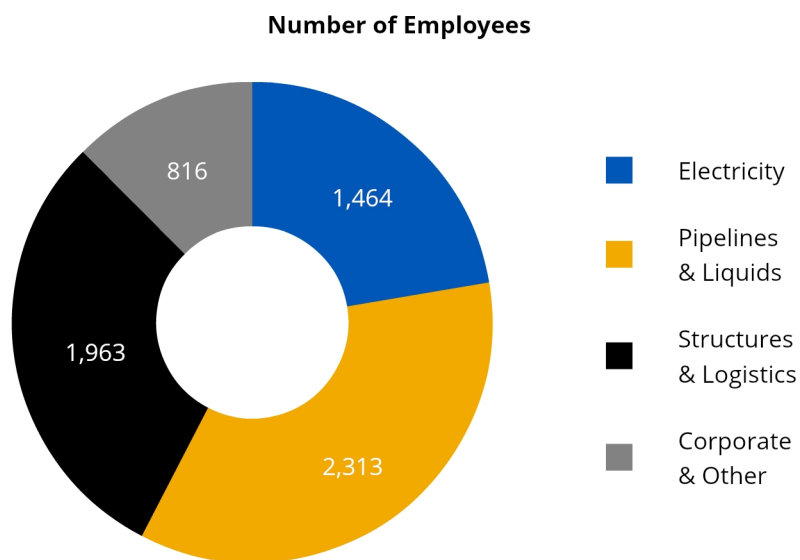
In 2015, the AUC commenced an Information Technology Common Matters (IT Common Matters) proceeding to review the recovery of information technology costs by the Alberta Utilities from January 1, 2015 going forward. In June 2019, the AUC issued its decision regarding the IT Common Matters proceeding and directed the Alberta Utilities to reduce the first-year of the Wipro MSA by 13 per cent and to apply a glide path that reduces pricing by 4.61 per cent in each of years 2 through 10. For natural gas distribution and electricity distribution, the AUC's direction impacts the PBR 2018 going-in rates and treatment of capital costs. For the natural gas transmission and electricity transmission utilities, the AUC's direction impacts the revenue requirement dating back to 2015. The Alberta Utilities presented a considerable amount of evidence, including independent expert benchmarking and price review studies, to show that the Wipro MSA rates were at fair market value (FMV). As such, there was no cross subsidization between the sale price of Canadian Utilities' IT services business to Wipro in the 2014 transaction and the establishment of IT rates under the MSA. Despite these efforts, the AUC determined that the Alberta Utilities failed to demonstrate that the IT pricing in the MSA would result in just and reasonable rates.

As a result of the AUC's IT Common Matters decision, a \$12 million reduction to the previously recorded 2014 after-tax gain on sale of \$74 million was recorded in 2019. Going forward, the IT Common Matters decision is expected to further reduce the previously recorded gain. Consistent with the treatment in 2014, the \$12 million reduction recognized in 2019, along with ongoing impacts associated with this decision, are not included in adjusted earnings.

In July 2019, the Alberta Utilities filed a leave to appeal application with the Alberta Court of Appeal in relation to the AUC Decision on the IT Common Matters proceeding. In October 2019, the Alberta Court of Appeal denied the Alberta Utilities leave to appeal application.

EMPLOYEE INFORMATION

At December 31, 2019, the Company had 6,556 employees. The accompanying chart represents the employee numbers in each segment. The chart does not include 6 employees from our ATCO-Sabinco joint venture, 1,007 employees in Structures & Logistics joint ventures, 23 employees in international electricity generation joint ventures, and 6,138 employees in the Neltume Ports equity investment.



SUSTAINABILITY, CLIMATE CHANGE AND ENERGY TRANSITION

Sustainability, Climate Change and the Energy Transition is described in the "Sustainability, Climate Change and the Energy Transition" section in ATCO Ltd.'s MD&A and is incorporated herein by reference. The MD&A may be found on SEDAR at www.sedar.com.

BUSINESS RISKS

Business risks are described in the "Global Business Unit Performance" and "Business Risks and Risk Management" sections in ATCO Ltd.'s MD&A and are incorporated herein by reference. The MD&A may be found on SEDAR at www.sedar.com.

DIVIDENDS

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

<i>(Canadian dollars per share)</i>	2019	2018	2017
Class I and Class II Shares	1.62	1.51	1.31

The Company's practice is to pay dividends quarterly on its Class I and Class II Shares. The Company has increased its common share dividend each year since 1993. On January 9, 2020, the Board of Directors declared a first quarter dividend of 43.52 cents per share. The payment of any dividend is at the discretion of the Board of Directors and depends on our financial condition and other factors.

CAPITAL STRUCTURE

SHARE CAPITAL

The share capital of the Company at February 25, 2020 is as shown below:

Share Description	Authorized	Outstanding
Preferred Shares issuable in series	20,000,000	–
Junior Preferred Shares issuable in series	8,000,000	–
Class I Shares	300,000,000	101,468,481
Class II Shares	50,000,000	13,199,647

PREFERRED SHARES AND JUNIOR PREFERRED SHARES

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

CLASS I NON-VOTING SHARES AND CLASS II VOTING SHARES

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

Of the 10,200,000 Class I Shares authorized for grant of options under our stock option plan, 2,444,450 Class I Shares were available for issuance at December 31, 2019. Options may be granted to our officers and key employees at an exercise price equal to the weighted average of the trading price of the shares on the Toronto Stock Exchange for the five trading days immediately preceding the grant date. The vesting provisions and exercise period (which cannot exceed 10 years) are determined at the time of grant.

NORMAL COURSE ISSUER BID

We believe that, from time to time, the market price of our Class I Shares may not fully reflect the value of our business, and that purchasing our own Class I Shares represents an attractive investment opportunity and desirable use of available funds. The purchase of Class I Shares, at appropriate prices, will also minimize any dilution resulting from the exercise of stock options.

On March 8, 2019, we commenced a normal course issuer bid to purchase up to 1,014,294 outstanding Class I Shares. This bid will expire on March 7, 2020. From March 8, 2019 to December 31, 2019, 101,350 shares were purchased for \$5 million.

All purchases were made by means of open market transactions through the facilities of the TSX. A copy of the notices filed with the TSX may be obtained by any share owner without charge by contacting the Corporate Secretary at the head office of the Company.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

To the Company's knowledge, none of the securities of the Company are held in escrow or are subject to a contractual restriction on transfer as at the date hereof.

CREDIT RATINGS

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

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

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

The following table shows the current credit ratings assigned to ATCO Ltd., Canadian Utilities Limited, CU Inc., and ATCO Gas Australia Pty Ltd.

	DBRS	S&P
ATCO Ltd.		
Issuer	A (low)	A-
Canadian Utilities Limited		
Issuer	A	A-
Senior unsecured debt	A	BBB+
Commercial paper	R-1 (low)	A-1 (low)
Preferred shares	PFD-2 (high)	P-2
CU Inc.		
Issuer and senior unsecured debt	A (high)	A-
Commercial paper	R-1 (low)	A-1 (low)
Preferred shares	PFD-2 (high)	P-2
ATCO Gas Australia Pty Ltd. ⁽¹⁾		
Issuer and senior unsecured debt	N/A	BBB+

(1) ATCO Gas Australia Pty Ltd. is a regulated provider of natural gas distribution services in Western Australia, serving metropolitan Perth and surrounding regions.

On July 17, 2019, DBRS Limited (DBRS) affirmed its 'A (high)' long-term corporate credit rating and stable outlook on ATCO subsidiary CU Inc. On August 9, 2019, DBRS affirmed its 'A' long-term corporate credit rating and stable outlook on ATCO subsidiary Canadian Utilities. On August 30, 2019, DBRS affirmed its 'A (low)' long-term corporate credit rating and stable outlook on ATCO.

On October 3, 2019, S&P Global Ratings (S&P) affirmed its 'A-' long-term issuer credit rating and stable outlook on ATCO Ltd. and its subsidiaries Canadian Utilities and CU Inc.

On November 11, 2019, S&P affirmed its 'BBB+' long-term issuer credit rating and stable outlook on ATCO subsidiary ATCO Gas Australia Pty Ltd.

ISSUER CREDIT RATINGS AND LONG-TERM DEBT

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

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

A "BBB" issuer rating by S&P is the fourth highest of ten categories. An obligation rated "BBB" exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation. Ratings from "AA" to "CCC" may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

COMMERCIAL PAPER AND SHORT-TERM DEBT CREDIT RATINGS

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

An "A-1 (Low)" rating by S&P is the third highest of eight categories in its Canadian commercial paper ratings scale. A short-term obligation rated "A-1 (Low)" is slightly more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitments on the obligation is satisfactory.

PREFERRED SHARE CREDIT RATINGS

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

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

MARKET FOR SECURITIES OF THE COMPANY

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

TRADING PRICE AND VOLUME

The following table sets forth the high and low prices and volume of the Company's shares, traded on the TSX under the symbols ACO.X for Class I shares and ACO.Y for Class II shares during 2019 as reported by the TSX:

2019	Class I Shares			Class II Shares		
	High (\$)	Low (\$)	Volume	High (\$)	Low (\$)	Volume
January	42.16	37.74	6,061,840	42.00	37.75	28,286
February	44.41	41.04	4,435,052	44.10	41.25	5,506
March	45.99	43.62	7,717,741	45.90	43.55	27,660
April	47.02	44.67	5,195,496	46.78	44.75	46,663
May	46.85	44.84	5,977,591	46.50	45.00	12,777
June	46.85	43.48	5,293,631	46.50	43.65	16,985
July	45.18	42.58	5,682,777	44.75	42.60	9,077
August	47.81	43.95	4,869,545	47.75	44.50	41,582
September	49.07	46.62	6,654,615	49.00	46.99	9,816
October	49.46	45.66	6,565,830	49.25	45.80	10,290
November	50.49	46.58	8,062,606	50.74	47.00	4,622
December	51.29	49.42	6,038,221	51.25	49.36	6,556

DIRECTORS AND OFFICERS

DIRECTORS ⁽¹⁾



ROBERT T. BOOTH, Q.C. ⁽²⁾

Primary residence	Calgary, Alberta, Canada
Director since	2008
Age	67
Not Independent	Mr. Booth is not independent because he is a partner in the firm that is ATCO's legal counsel.

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

Mr. Booth's legal practice covers many areas of the natural resources, energy, defence and security fields, including client representation in oil and gas exploration, production and marketing, major pipeline transportation and liquefied natural gas projects, uranium mining and production, power generation and transmission, and energy utility businesses.

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



DENIS M. ELLARD

Primary residence	Calgary, Alberta, Canada
Director since	2014
Age	73
Independent	

Prior to his retirement in 2003, Mr. Ellard was Senior Vice President Business Development, ATCO. 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. His responsibilities included oversight of operations, management, and regulatory matters, as well as reviews of risk, general safety, and environmental issues. Mr. Ellard has served in various capacities on several community and industry boards, including the Alberta Economic Development Authority.

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

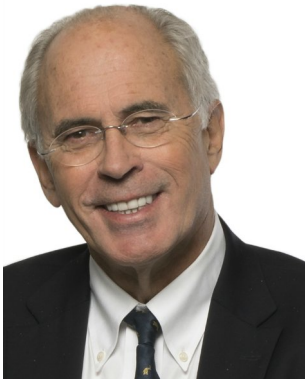


MICHAEL R.P. RAYFIELD ⁽³⁾

Primary residence	Toronto, Ontario, Canada
Director since	2009
Age	77
Independent	

Mr. Rayfield was Vice Chair, Investment and Corporate Banking, BMO Capital Markets until 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 North America, South America and Australia. Mr. Rayfield is also a director of ATCO Structures & Logistics Ltd.

Mr. Rayfield is a graduate of The Chartered Institute of Bankers in the U.K.; the Senior Manager's Program at Harvard Business School; and the Advanced Executive Program at J.L. Kellogg Graduate School, Northwestern University. He studied at Cambridge University and is a graduate of the Director Education Program at the Institute of Corporate Directors where he obtained extensive enterprise risk and financial strategy knowledge.



ROBERT J. ROUTS, PhD ⁽²⁾⁽³⁾

Primary residence	Brunnen, Switzerland
Director since	2012
Age	73
Independent	

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 renewable businesses. During his career, he held various senior management positions in the U.S., Canada and The Netherlands, including Chairman of Shell Canada prior to the buyout of the public shareholding by Royal Dutch Shell plc. Dr. Routs is also a director of ATCO Australia Pty Ltd.

Dr. Routs has substantial experience in the refining and chemical industry with a strong focus on operational safety and sustainable operations to reduce the industry's impact on the environment.

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

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



NANCY C. SOUTHERN

Primary residence	Calgary, Alberta, Canada
Director since	1989
Age	63
Not Independent	As Chair & Chief Executive Officer, Ms. Southern is not independent because she has a material relationship with ATCO.

Nancy Southern is Chair & Chief Executive Officer of ATCO Ltd., as well as Executive Chair of Canadian Utilities Limited, an ATCO company. Reporting to the Boards of Directors, she is accountable for the strategic direction, vision and governance for both companies, and has full responsibility for the ongoing operations of ATCO.

After joining the ATCO Board of Directors in 1989, Ms. Southern served as Co-Chair of ATCO for 16 years prior to being elected Chair in December 2012. Ms. Southern was named President & Chief Executive Officer of ATCO in 2003. She serves on the boards of a majority of ATCO subsidiary companies. Ms. Southern also serves as Executive Vice President of Spruce Meadows Ltd. and is a founding director of AKITA Drilling Ltd., a director of Sentgraf Enterprises Limited, an Honorary Director of the BMO Financial Group and serves on the Rideau Hall Foundation Board of Directors. In addition to her business leadership, Ms. Southern has long played a leading role in advocating on social issues of global importance - most notably, the rights of Indigenous peoples and the role of women in business.

Ms. Southern is a member of The U.S. Business Council, a member of the American Society of Corporate Executives, and a Canadian Member of the Trilateral Commission. She is also a member of the Business Council of Canada, the Business Council of Alberta, the University of Calgary School of Public Policy Advisory Council, and the South Australian Minerals and Petroleum Expert Group.



LINDA A. SOUTHERN-HEATHCOTT

Primary residence	Calgary, Alberta, Canada
Director since	2012
Age	56
Not Independent	Ms. Southern-Heathcott is not independent because she has a material relationship with ATCO. She is an immediate family member of the Chair & Chief Executive Officer.

Ms. Southern-Heathcott is President & Chief Executive Officer of Spruce Meadows Ltd., an internationally recognized equestrian facility in Calgary, Alberta. As a former professional equestrian rider, Ms. Southern-Heathcott was a member of the Canadian Equestrian Team for nine years and competed in the 1996 Olympic Summer Games in Atlanta, Georgia. Ms. Southern-Heathcott was appointed Vice Chair of the Board of Directors of ATCO in November 2016 and of Canadian Utilities and CU Inc. in March 2017.

Ms. Southern-Heathcott is a founding director, and currently serves as Board Chair, of AKITA Drilling Ltd. Ms. Southern-Heathcott also serves on the Boards of ATCO Structures & Logistics Ltd. and Sentgraf Enterprises Ltd. and as Chair of Travel Alberta. She is also a member of the TELUS Calgary Community Board and the National Music Centre Benefit Committee.

In 2010, Ms. Southern-Heathcott received her ICD.D certification from the Director Education Program of the Institute of Corporate Directors. In 2018, Ms. Southern-Heathcott was named an Honorary Lieutenant Colonel of the King's Own Calgary Regiment.



ROGER J. URWIN, PhD, C.B.E. ⁽²⁾⁽³⁾

Primary residence London, England

Director since 2014

Age 73

Independent

Dr. Urwin is the Chair of ATCO Australia Pty Ltd. He has worked in gas, electric and telecom utilities throughout his career. He retired at the end of 2006 as Group Chief Executive of National Grid plc. He played a key role in establishing National Grid's international strategy and its successful expansion into the U.S., creating one of the largest investor-owned utility companies in the world. Dr. Urwin was the Managing Director and Chief Executive of London Electricity from 1990 to 1995. He was non-executive Chairman of Utilico Investments Limited until October 2015 and has been a special advisor to Global Infrastructure Partners, an international infrastructure investment fund. He was Chair of Alfred McAlpine plc from 2006 to 2008.

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

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



SUSAN R. WERTH ⁽²⁾

Primary residence Calgary, Alberta, Canada

Director since 2014

Age 63

Independent

Ms. Werth retired as Senior Vice President & Chief Administration Officer, ATCO Ltd. and Canadian Utilities Limited in May 2014. In this role Ms. Werth was responsible for Human Resources, Corporate Secretarial, Marketing and Communications, Security, Real Estate, Aviation and Administration. She was Chair of ATCO's Disclosure, Management Pension, Crisis Management, and Donations & Sponsorship Committees. She was Vice President, Administration, ATCO Group from 1995 to 2000. During her career, Ms. Werth has gained a wealth of experience and brings significant insight into all aspects of ATCO's business. Ms. Werth is also on the Board of ATCO Structures & Logistics Ltd. and Sentgraf Enterprises Ltd.



CHARLES W. WILSON ⁽²⁾⁽³⁾

Primary residence Boulder, Colorado, U.S.

Director since 2002

Age 80

Independent

Mr. Wilson is Lead Director for the Board of Directors of ATCO Ltd. and is a director of ATCO Australia Pty Ltd. He was President and Chief Executive Officer of Shell Canada from 1993 to 1999, and Executive Vice President, U.S. Downstream Oil and Chemical of Shell Oil Company from 1988 to 1993. Prior to 1988, he was Vice President, U.S. Exploration and Production of Shell Oil Company, and also held various executive positions in the domestic and international natural resource operations of Shell.

As the former Head of the Environment Committee of the Canadian Association of Petroleum Producers, Mr. Wilson was actively involved in climate change matters and emerging regulatory policies related to the petroleum industry.

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

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

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

(3) Member of the Audit & Risk Committee

OFFICERS (IN ALPHABETICAL ORDER)

Name, Province and Country of Residence	Position Held and Principal Occupation
M.G. Constantinescu Alberta, Canada	Senior Vice President & Chief Transformation Officer, ATCO Ltd. & Canadian Utilities Limited
D.A. DeChamplain Alberta, Canada	Executive Vice President & Chief Financial Officer, ATCO Ltd. & Canadian Utilities Limited
C. Gear Alberta, Canada	Corporate Secretary, ATCO Ltd. & Canadian Utilities Limited
C.R. Jackson Alberta, Canada	Vice President, Finance, Treasury & Risk, ATCO Ltd. & Canadian Utilities Limited
S.W. Kiefer Alberta, Canada	President, ATCO Ltd. and President & Chief Executive Officer, Canadian Utilities Limited
N.C. Southern Alberta, Canada	Chair & Chief Executive Officer, ATCO Ltd. and Executive Chair, Canadian Utilities Limited

POSITIONS HELD BY OFFICERS WITHIN PRECEDING FIVE YEARS

All the officers have been engaged for the last five years in the indicated principal occupations, or in other capacities with the companies or firms referred to, or with their affiliates or predecessors, except for Mr. Constantinescu.

Mr. Constantinescu was appointed Senior Vice President & Chief Transformation Officer in February 2018. Prior to joining the Company, he was Chairman and Chief Executive Officer of Orthoshop Geomatics Ltd.

DIRECTORS' AND OFFICERS' INTEREST IN THE COMPANY

At December 31, 2019, the directors and officers of the Company, as a group, beneficially owned, or controlled or directed, directly or indirectly (via corporate holdings or otherwise), 11,545,585 (87.4 per cent) of the issued and outstanding Class II Shares of the Company. In addition, the directors and officers of the Company, as a group, beneficially owned, or controlled or directed, directly or indirectly (via corporate holdings or otherwise), 66,603,628 (90.6%) of the issued and outstanding Class B common shares of Canadian Utilities Limited.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

Since January 1, 2019, there has been no indebtedness outstanding to the Company from any of its directors, executive officers, senior officers or associates of any such directors, nominees or senior officers, other than market differential loans made to two officers which were repaid in 2019.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

On February 25, 2020, there were 13,199,647 Class II Shares outstanding. To the knowledge of the directors and officers of the Company, the only person who beneficially owns, controls or directs, either directly or indirectly, 10 per cent or more of the Class II Shares is Sentgraf Enterprises Ltd. (Sentgraf). Sentgraf owns 11,480,020 Class II Shares representing 87.0 per cent of the outstanding Class II Shares. Sentgraf is controlled by the Sentgraf Spousal Trust (the Spousal Trust) and Ms. Nancy Southern, Ms. Linda Southern-Heathcott and Mrs. Margaret E. Southern are the trustees of the Spousal Trust. Sentgraf and the Spousal Trust are collectively referred to as the Majority Share Owner.

No director or executive officer of the Company, person or company that beneficially owns, or controls or directs, directly or indirectly, greater than 10 per cent of the Company's Class II voting common shares, nor any associate or affiliate of the foregoing, has, or has had, any material interest, direct or indirect, in any transaction within the three most recently

completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES OR SANCTIONS

Corporate Cease Trade Orders

Except as otherwise disclosed herein, no director, executive officer or controlling security holder of the Company is, as at the date of this AIF, or has been, within the past 10 years before the date hereof, a director or executive officer of any other issuer that, while that person was acting in that capacity:

- i. was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- ii. was subject to an event that resulted, after the person ceased to be a director or executive officer, in the Company being the subject of a cease trade or similar order or an order that denied the relevant company access to an exemption under securities legislation for a period of more than 30 consecutive days; or
- iii. within a year of that person ceasing to act in that capacity, 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.

Personal Bankruptcies

No director, executive officer or controlling security holder of the Company has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

Penalties or Sanctions

No current director, executive officer or controlling security holder of the Company has:

- i. been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, other than penalties for late filing of insider reports; or
- ii. been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

Circumstances may arise where members of the Board serve as directors or officers of corporations which are in competition to the interests of the Company. No assurances can be given that opportunities identified by any such member of the Board will be provided to the Company. However, the Company's procedures provide that each director and executive officer must comply with the disclosure requirements of the Alberta Business Corporations Act (ABCA) regarding any material interest. If a declaration of material interest is made, the declaring director shall not vote on the matter if put to a vote of the Board. In addition, the declaring director and executive officer may be requested to recuse himself or herself from the meeting when such matter is being discussed.

TRANSFER AGENT AND REGISTRAR

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

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is occasionally named as a party in claims and legal proceedings which arise during the normal course of its business. The Company reviews each of these claims, including the nature of the claim, the amount in dispute or claimed and the availability of insurance coverage. There can be no assurance that any particular claim will be resolved in the Company's favour or that such claim may not have a material adverse effect on the Company. For further information, please refer to Note 33 of the 2019 Consolidated Financial Statements.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business (unless otherwise required by applicable securities requirements to be disclosed), there were no material contracts entered into by the Company or its subsidiaries during the most recently completed financial year, or before the most recently completed financial year that are still in effect.

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP has prepared the auditor's report for the Company's 2019 Consolidated Financial Statements. PricewaterhouseCoopers LLP is independent in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

NON-GAAP AND ADDITIONAL GAAP MEASURES

Adjusted earnings are defined as earnings attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses associated with rate-regulated activities and unrealized gains or losses on mark-to-market forward and swap commodity contracts. 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.

Adjusted earnings present earnings from rate-regulated activities on the same basis as was used prior to adopting IFRS - that basis being the U.S. accounting principles for rate-regulated activities. Management's view is that adjusted earnings allow for a more effective analysis of operating performance and trends. A reconciliation of adjusted earnings to earnings attributable to Class I and Class II Shares is presented in the MD&A. Adjusted earnings is an additional GAAP measure presented in Note 4 of the 2019 Consolidated Financial Statements.

Capital investment is defined as cash used for capital expenditures, business combinations, service concession arrangements, and cash used in the Company's proportional share of capital expenditures in joint ventures, and cash used for equity investment in associate companies. In management's opinion, capital investment reflects the Company's total cash investment in assets. Capital expenditures includes additions to property, plant and equipment and intangibles as well as interest capitalized during construction. A reconciliation of capital investments to capital expenditures is presented in the MD&A.

FORWARD-LOOKING INFORMATION

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

ADDITIONAL INFORMATION

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

Additional information, including directors’ and officers’ remuneration, principal holders of the Company’s securities, and securities authorized for issuance under equity compensation plans, is contained in the Company’s most recent Management Proxy Circular dated March 11, 2019.

Additional financial information is provided in the Company’s audited 2019 Consolidated Financial Statements and MD&A for the financial year ended December 31, 2019.

Information relating to Canadian Utilities or CU Inc. may be obtained on request from Investor Relations at 3rd Floor, West Building, 5302 Forand Street SW, Calgary, Alberta, T3E 8B4, or by telephone (403) 292-7500 or fax (403) 292-7532. Corporate information is also available on the Company’s website: www.ATCO.com.

GLOSSARY

AESO means the Alberta Electric System Operator.

AEY means ATCO Electric Yukon.

AGP means ATCO Gas and Pipelines Ltd.

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

Alberta Utilities means Electricity Distribution (ATCO Electric Distribution), Electricity Transmission (ATCO Electric Transmission), Natural Gas Distribution (ATCO Gas) and Natural Gas Transmission (ATCO Pipelines).

APL means Alberta PowerLine.

ATCO means ATCO Ltd. and its subsidiaries.

ATCO Electric means ATCO Electric Ltd.

ATCO Energy means ATCO Energy Ltd.

ATCO Energy Solutions means ATCO Energy Solutions Ltd.

ATCO Gas means the natural gas distribution division of AGP.

ATCO Gas Australia means ATCO Gas Australia Limited Partnership.

ATCO Pipelines means the natural gas transmission division of AGP.

ATCO Pipelines Mexico means ATCO Pipelines S.A. de C.V.

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

ATCO Power Australia means ATCO Power Australia (Energy) Limited Partnership.

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

AUC means the Alberta Utilities Commission.

Average weekly earnings (AWE) is an indicator of short-term employee earnings growth.

Board means ATCO's Board of Directors.

Canadian Utilities means Canadian Utilities Limited.

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

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

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

Consumer price index (CPI) measures the average change in prices over time that consumers pay for a basket of goods and services.

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

Earnings means Adjusted Earnings as defined in the Non-GAAP and Additional GAAP Measures section of this AIF.

EUA means the Electric Utilities Act (Alberta).

GAAP means Canadian generally accepted accounting principles.

GHG means greenhouse gas.

Gigawatt hour (GWh) is a measure of electricity consumption equal to the use of 1 billion watts of power over a one-hour period.

IFRS means International Financial Reporting Standards.

K Bar means the AUC allowance for capital additions under performance based regulation. **Kilowatt (kW)** is a measure of electric power equal to 1,000 watts.

LNG means liquefied natural gas.

MD&A means the Company's Management's Discussion and Analysis for the year ended December 31, 2019.

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

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

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

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

NUY means Northland Utilities (Yellowknife) Limited.

NWT means Northland Utilities (NWT) Limited.

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

PPA means Power Purchase Arrangements.

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

Regulated Utilities means Electricity Distribution (ATCO Electric Distribution), Electricity Transmission (ATCO Electric Transmission), Natural Gas Distribution (ATCO Gas), Natural Gas Transmission (ATCO Pipelines) and International Natural Gas Distribution (ATCO Gas Australia).

ROE means Return on Equity.

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

APPENDIX 1

AUDIT & RISK COMMITTEE INFORMATION

AUDIT & RISK COMMITTEE MANDATE

PURPOSE

The Audit & Risk Committee (the "Committee") of ATCO Ltd. is responsible for contributing to the effective stewardship of the Corporation by assisting the Board of Directors of the Corporation ("Board") in fulfilling its oversight of:

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

AUTHORITY

The Committee is empowered to:

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

COMPOSITION

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

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

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

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

MEETINGS

The Committee shall meet at least four times per year and whenever deemed necessary by the Chair of the Committee or at the request of a Committee member or the Corporation's external or internal auditor. Matters related specifically to Risk Management as described under "Duties and Responsibilities" will be on the agenda for two of the Committee meetings each year.

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

DUTIES AND RESPONSIBILITIES

Financial and Operating

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

External Auditor

- Recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Corporation; and the compensation of the external auditor.
- Be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- Pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by the external auditor of the Corporation ("Non-audit Services"). The Committee may delegate to one or more of its members the authority to pre-approve Non-audit Services. All Non-audit Services provided by the external auditor shall be summarized and reported to the Audit & Risk Committee on a cumulative basis for the year at each quarterly meeting.
- The Committee shall adopt and periodically review practices and procedures for the engagement of Non-audit Services that are detailed as to the particular service, that do not include delegation of the Committee's responsibilities to management, and that are designed to manage the pre-approval process and comply with all applicable legal and regulatory requirements.
- Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

Internal Auditor

- Be satisfied that the internal audit function has been effectively carried out and the internal auditor has adequate resources.
- Review and approve the annual Audit Plan.
- Review and approve Internal Audit's annual budget and resource plan.

Risk Management

- Understand the principal risks of the Corporation: review and consider with management the Corporation's risk taking philosophy; review and discuss with management the Corporation's risk inventory and related mitigation plans; receive presentations, reports and other information about extraordinary risks, emerging risks and significant trends that could materially affect the Corporation's ability to achieve its strategic objectives; review reports prepared by Designated Audit Directors regarding any significant risks identified by management; review and discuss with management a summary of safety and environmental performance.
- Be satisfied that management has appropriate processes in place to identify, assess, manage and monitor risk.
- Review the Corporation's insurance programs for adequacy annually.

Other

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

REPORTING

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

COMPOSITION AND RELEVANT EDUCATION AND EXPERIENCE OF THE AUDIT & RISK COMMITTEE

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

- M.R.P. Rayfield - Mr. Rayfield was Vice Chair, Investment and Corporate Banking, BMO Capital Markets until 2013. He is a graduate of The Chartered Institute of Bankers in the U.K. and held a series of executive roles in the banking sector during his career. He is also a graduate from the Director Education Program at the Institute of Corporate Directors where he obtained extensive enterprise risk and financial literacy knowledge.
- R.J. Routs - Until his retirement in 2008, Dr. Routs was an Executive Board Member at Royal Dutch Shell plc. Prior to that, he held various senior management positions at Royal Dutch Shell in the U.S., Canada and The Netherlands. Additionally, Dr. Routs has been a member of the Audit and Pension Committees for several public companies. Dr. Routs has substantial experience in the refining and chemical industry with a strong focus on operational safety and sustainable operations to reduce the industry's impact on the environment.
- R.J. Urwin (Chair) - Dr. Urwin has been the Chief Executive Officer of several major public companies. He was the Group Chief Executive of National Grid plc from 2001 until his retirement in 2006, and was responsible for compliance with the U.S. Sarbanes-Oxley requirements. Dr. Urwin has been a member of the Audit Committees of a number of U.K. public companies.
- C.W. Wilson - Mr. Wilson was President and Chief Executive Officer of Shell Canada from 1993 to 1999, through which he directly supervised the CFO, and Executive Vice President, U.S. Downstream Oil and Chemical of Shell Oil Corporation from 1988 to 1993. Prior to 1988, he was Vice President U.S. Refining and Marketing of Shell Oil Corporation and held various positions in the domestic and international natural resource operations of Shell. As the former Head of the Environment Committee of the Canadian Association of Petroleum Producers, Mr. Wilson was actively involved in climate change matters and emerging regulatory policies related to the petroleum industry. Mr. Wilson has also been a member of five different Canadian Corporations' Audit Committees in the past.

PRE-APPROVAL PROCEDURES

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

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

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

EXTERNAL AUDITOR SERVICE FEES

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

(\$ Millions)	2019	2018
Audit fees ⁽¹⁾	5.0	4.9
Audit-related fees ⁽²⁾	0.1	0.1
Tax fees ⁽³⁾	0.4	0.5
Total	5.5	5.5

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

(2) Audit related fees are the aggregate fees paid to the external auditor for services related to special purpose audits and audit services including consultations regarding IFRS.

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