



ATCO LTD.
MANAGEMENT PROXY CIRCULAR
NOTICE OF ANNUAL MEETING OF SHARE OWNERS

MAY 15, 2019



NOTICE OF ANNUAL MEETING OF SHARE OWNERS

When

Wednesday, May 15, 2019
10:00 a.m.

Where

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

Business of the Meeting

The meeting's purpose is to:

1. Receive the consolidated financial statements for the year ended December 31, 2018, including the auditor's report on the statements
2. Elect the directors
3. Appoint the auditor
4. Transact other business that may properly come before the meeting.

Holders of Class II Voting Shares registered at the close of business on March 28, 2019 are entitled to vote at the meeting. The management proxy circular dated March 11, 2019 includes important information about what the meeting will cover and how to vote.

By order of the Board of Directors

[Signed by C. Gear]

C. Gear
Corporate Secretary

Calgary, Alberta
March 11, 2019

ATCO

March 11, 2019

Dear Share Owner:

I am delighted to invite all holders of Class I Non-Voting Shares and Class II Voting Shares of ATCO Ltd. to attend the 52nd annual meeting of ATCO Ltd. share owners. The meeting will be held in the Crystal Ballroom at the Fairmont Palliser, 133 – 9 Avenue S.W., Calgary, Alberta on Wednesday, May 15, 2019 at 10:00 a.m. local time.

In addition to the formal business of the meeting, you will hear management's review of ATCO's 2018 operational and financial performance. You will have the opportunity to ask questions and to meet with management, your directors, and fellow share owners.

Holders of Class II Voting Shares are entitled to vote on the items of business at the meeting. If you are unable to attend the meeting in person, you may vote by telephone, fax, online or by completing your proxy form or voting instruction form. Please refer to Pages 1 to 6 of the accompanying management proxy circular for more information on who can vote and how to vote.

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

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

Sincerely,

[Signed by N.C. Southern]

N.C. Southern
Chair & Chief Executive Officer

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FREQUENTLY USED TERMS

| | |
|-----------------------------------|---|
| AST Trust Company (Canada) | ATCO's registrar and transfer agent |
| Board | Board of Directors of ATCO Ltd. |
| CD&A | Compensation Discussion & Analysis |
| CEO | Chief Executive Officer |
| Circular | ATCO's Management Proxy Circular dated March 11, 2019 |
| Class I Shares | Class I Non-Voting Shares |
| Class II Shares | Class II Voting Shares |
| Code | Code of Ethics |
| DAD | Designated Audit Director |
| GBU | Global Business Unit |
| GOCOM | Corporate Governance - Nomination, Compensation & Succession Committee |
| IFRS | International Financial Reporting Standards |
| MTIP | Mid-term Incentive Plan |
| Non-Registered Share Owner | Your shares are held in the name of a nominee (usually a bank, broker or trust company) |
| Proxy Form | Form of Proxy |
| PwC | PricewaterhouseCoopers LLP |
| Registered Share Owner | Your name appears on your share certificate |
| SAR | Share Appreciation Right |
| SEDAR | System for Electronic Document Analysis and Retrieval |
| Sentgraf | Sentgraf Enterprises Ltd. |
| VIF | Voting Instruction Form |

All information in this management proxy circular is as of March 11, 2019, unless otherwise indicated.

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

Throughout this Circular, *you* and *your* refers to ATCO Ltd. share owners.

We, us, our, Company and *ATCO* refer to ATCO Ltd. and its subsidiaries, where applicable.

Canadian Utilities and *CU* mean Canadian Utilities Limited.

ABOUT THE MEETING

WHO CAN VOTE

ATCO has two classes of common shares – Class I Non-Voting Shares ("Class I Shares") and Class II Voting Shares ("Class II Shares"). The Class II Shares are the only shares that can be voted at the meeting. Each Class II Share you own at the close of business on March 28, 2019 entitles you to one vote. The holders of Class I Shares are invited to attend and participate in discussions at share owner meetings but are not entitled to vote.

SHARE OWNERSHIP RIGHTS

Each Class II Share may be converted into one Class I Share at the holder's option. This means that for each Class II Share you own, you can decide to exchange that share or shares for an equal amount of Class I Shares.

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

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

Class I Shares and Class II Shares rank equally in dividends and in all other respects except for those situations noted above.

MAJORITY SHARE OWNER

On March 11, 2019, there were 13,229,247 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").

| | Number of Class II Shares Owned or Controlled | Percentage of Outstanding Class II Shares Owned or Controlled |
|----------------------|---|---|
| Majority Share Owner | 11,451,520 | 86.6% |

Sentgraf owns 11,447,520 Class II Shares representing approximately 86.5 per cent of the outstanding Class II Shares. The Margaret E. Southern Spousal Trust (the "Spousal Trust") is the controlling share owner of Sentgraf and, together with Sentgraf, controls ATCO. These combined shareholdings represent 86.6 per cent of the outstanding Class II Shares. Ms. Nancy Southern, Ms. Linda Southern-Heathcott and Mrs. Margaret E. Southern are the trustees of the Spousal Trust. All actions regarding the Class II Shares owned by the Spousal Trust require the approval of the majority of the trustees. The Spousal Trust and Sentgraf are collectively referred to as the "Majority Share Owner".

VOTING PROCESS Q&A

Q. Am I entitled to vote?

A. You are entitled to vote if you were a holder of Class II Shares at the close of business on March 28, 2019. Each Class II Share entitles its holder to one vote.

Q. What will I be voting on?

A. You are voting on the following matters:



- The election of 10 directors to ATCO's Board of Directors
- The appointment of the auditor.

Q. How will a decision be made at the meeting?

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

Q. If I submit my proxy form or VIF prior to the meeting, how will my shares be voted?

A. Voting by proxy means you are giving someone else the authority to attend the meeting and vote on your behalf. Simply follow the instructions provided on your proxy form or voting instruction form ("VIF") in order to ensure it is properly completed. Once completed, submit your proxy form or VIF using one of the methods shown in the next section. Your shares will be voted as you instruct on the proxy form or VIF. If you properly complete and return your proxy form or VIF but do not specify how you wish the votes to be cast, your shares will be voted as your proxyholder or appointee sees fit. If neither you nor your proxyholder or appointee gives specific instructions, your shares will be voted as follows:

| | |
|---|---|
|  | FOR the election as directors of those nominees set out in this Circular |
|  | FOR the appointment of PricewaterhouseCoopers LLP as ATCO's auditor |

Q. What if amendments are made to the matters to be decided at the meeting or if other matters are brought before the meeting?

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

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

REGISTERED SHARE OWNER VOTING INSTRUCTIONS

Q. How do I know if I am a registered share owner?

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

Q. How do I complete my proxy form?

- A.** Follow the instructions provided on your proxy form in order to ensure it is properly completed. **If you want to appoint a person or company other than the persons named in the enclosed proxy form, strike out the printed names appearing on the proxy form and insert the name of your chosen proxyholder in the space provided. Your proxyholder need not be an ATCO share owner.**

Complete your voting instructions, date and sign the proxy form and return it to AST Trust Company (Canada) using one of the methods shown in the next section.

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

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

- A.** If you sign the enclosed proxy form and do not insert the name of a proxyholder in the space provided, you are authorizing Ms. Nancy C. Southern, Chair & Chief Executive Officer, or Mr. Charles W. Wilson, Lead Director, to vote, or withhold from voting, your shares at the meeting in accordance with your instructions.

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

- A.** If the shares are registered in more than one name, all persons in whose names the shares are registered must sign the proxy form.

Q. How do I vote shares registered in the name of an entity or in a name other than my own?

- A.** If your shares are registered in the name of an entity or any name other than your own, that entity or other name is the registered share owner. If this is the case, you need to provide documentation proving that you are authorized to sign the proxy form on behalf of that entity or name. If you have any questions on what supporting documentation is required, contact AST Trust Company (Canada) before submitting your proxy form. Shares that are held in a name other than your own may not be voted by telephone or smartphone.

REGISTERED SHARE OWNER VOTING METHODS AND PROXY DEADLINE DATE (May 13, 2019)

Important Note: Regardless of which voting method you use, your vote must be received by AST Trust Company (Canada) before 5:00 p.m. Eastern Daylight Time on the proxy deadline date.

Q. How do I vote?

A. You may select an option from the table below:

| | |
|---|--|
|  | <p>Attend the meeting in person</p> <p>If you plan to attend the meeting and vote your shares in person, you do not need to complete and return the proxy form. Please register with the transfer agent, AST Trust Company (Canada), when you arrive at the meeting. Your vote will be recorded and counted at the meeting.</p> |
|  | <p>By telephone 1 (888) 489-5760</p> <p>Canadian and U.S. share owners can vote by telephone. Dial the toll free number and follow the voice prompts. You will need to enter the 13-digit control number located on the enclosed proxy form to enter your voting instructions. If you vote by telephone, you cannot appoint anyone other than the persons named on your proxy form as your proxyholder.</p> |
|  | <p>By fax</p> <p>Fax your completed proxy form to AST Trust Company (Canada):</p> <p style="padding-left: 40px;">Within Canada and the U.S.: 1 (866) 781-3111</p> <p style="padding-left: 40px;">Outside Canada and the U.S.: 1 (416) 368-2502</p> <p>You may appoint anyone as a proxyholder using this voting method. Please ensure your proxy form is signed and dated.</p> |
|  | <p>By email proxyvote@astfinancial.com</p> <p>Sign, scan and email your completed proxy form to AST Trust Company (Canada). You may appoint anyone as a proxyholder using this voting method.</p> |
|  | <p>By smartphone</p> <p>Scan the QR Code that appears on the reverse side of your proxy form. You will need to enter the 13-digit control number located on the enclosed proxy form to enter your voting instructions. You may appoint anyone as a proxyholder using this voting method.</p> |
|  | <p>Online www.ASTvotemyproxy.com</p> <p>Follow the instructions provided on the proxy voting website. You will need to enter the 13-digit control number located on the enclosed proxy form to enter your voting instructions. You may appoint anyone as a proxyholder using this voting method.</p> |
|  | <p>By mail</p> <p>Return your completed proxy form in the postage paid envelope provided or mail it to AST Trust Company (Canada), Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1. You may appoint anyone as a proxyholder using this voting method. Please ensure your proxy form is signed and dated.</p> |

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

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

| | |
|----|---|
| 1. | ATCO's Corporate Secretary at any time up to and including the last business day preceding the day of the meeting or any adjournment of the meeting at: AST Trust Company (Canada) Attention: Proxy Department P.O. Box 721 Agincourt, Ontario M1S 0A1 or ATCO Ltd. Attention: Corporate Secretary 4th Floor, West Building 5302 Forand Street S.W. Calgary, Alberta T3E 8B4 <i>or</i> |
| 2. | The chair of the meeting before the start of the meeting on May 15, 2019 or any adjournment of the meeting. |

Q. How do I contact the transfer agent?

A. Questions may be directed to AST Trust Company (Canada) at astfinancial.com or inquiries@astfinancial.com, or by telephone:

| | |
|------------------------------|------------------|
| Within Canada and the U.S.: | 1 (800) 387-0825 |
| Outside Canada and the U.S.: | 1 (416) 682-3860 |

NON-REGISTERED SHARE OWNER VOTING INSTRUCTIONS

Q. Am I a non-registered share owner?

A. You are a non-registered share owner when your shares are held in the name of a nominee (usually a bank, broker, or trust company). According to the notice-and-access process (see "Delivery of Meeting Materials" below), you should have received a VIF accompanied by a notice that explains how to access and review the Circular. If you have provided your nominee with a standing instruction (or if you have provided current instructions for 2019) that you prefer to receive a paper copy of the Circular, your VIF will be included in that package.

Q. Can I attend and vote at the meeting?

- A. If you wish to vote in person at the meeting, you must return your completed VIF with your own name in the space provided and follow the instructions provided on the VIF. When you arrive at the meeting, please register with the transfer agent, AST Trust Company (Canada).

Q. How do I vote?

- A. Follow the voting instructions on your VIF. You are able to vote by telephone, online, fax or mail (a prepaid envelope is provided for you). **If you decide to fax or mail your VIF, please ensure that it is signed and dated in order to validate it.**

Q. What if I want to change my voting instructions?

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

DELIVERY OF MEETING MATERIALS

Meeting materials for registered share owners will be mailed on April 8, 2019.

For non-registered share owners, the material delivery process is achieved by using the notice-and-access process ("Notice-and-Access"). Notice-and-Access is an environmentally-friendly and cost-effective way for ATCO to distribute the Circular.

Notice-and-Access requires us to post the Circular online for our non-registered share owners to access electronically. Non-registered share owners will receive a package in the mail containing a notice that explains how to access and review the Circular, as well as how to request a paper copy at no charge. If you own Class II Shares, you will also receive a VIF.

The Circular is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") website (www.sedar.com) and on AST Trust Company (Canada)'s website (www.meetingdocuments.com/ASTca/atco).

As a non-registered share owner, you will only receive a paper copy of the Circular if you have already provided instructions to your nominee. If you would like to receive a paper copy of the Circular, please follow the instructions provided in your meeting material package. You may request a copy of the Circular, at no charge, until April 8, 2020.

If you have any questions about Notice-and-Access, you can call our transfer agent, AST Trust Company (Canada):

| | |
|------------------------------|------------------|
| Within Canada and the U.S.: | 1 (888) 433-6443 |
| Outside Canada and the U.S.: | 1 (416) 682-3801 |

BUSINESS OF THE MEETING

If you do not specify on your proxy form or VIF how you want to vote your share(s), the persons named in the proxy form or VIF will vote FOR each matter to be decided upon at the meeting.

Review of the Financial Statements

ATCO's consolidated financial statements for the year ended December 31, 2018, together with the auditor's report, were filed with the Canadian securities regulatory authorities and sent to registered share owners and to beneficial share owners who requested them. The statements are also available on our website at www.ATCO.com and on SEDAR at www.sedar.com. The consolidated financial statements will be received at the annual meeting and you will have the opportunity to discuss the results with management.



Election of the Directors

The 10 nominees proposed for election as directors of ATCO are listed on Pages 9-18.

The Board recommends that share owners vote **FOR** the election of these 10 nominees. The term of office for each director will expire at the close of the next annual meeting of share owners.



Appointment of the Auditor

The Board, on the recommendation of the Audit & Risk Committee, proposes that PwC be appointed as auditor to hold office until the next annual meeting of share owners. PwC, including its predecessor firm, Price Waterhouse LLP, has been ATCO's auditor for 56 years.

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

The Board recommends that share owners vote **FOR** the appointment of PwC as auditor.

DIRECTOR NOMINEES

All the nominees are currently directors and have been for the periods indicated.

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

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

The nominees' biographies, starting on Page 9, highlight their respective experience and attributes.

Additional information on directors, including skills and experience, independence, attendance, share ownership, as well as compensation, is also provided.

Information on director share ownership guidelines can be found on Page 34.

BIOGRAPHIES



ROBERT T. BOOTH, Q.C.

| | |
|-------------------|--|
| Primary residence | Calgary, Alberta, Canada |
| Director since | 2008 |
| Age | 66 |
| 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.

| Skills and experience | Functional experience | |
|------------------------------------|---|---|
| Primary industry background | | |
| Energy Utilities Legal | Governance Human resources/compensation Government/regulatory International business | Risk management Safety and health Climate change and environment Corporate social responsibility |

| ATCO Board/ Committee memberships in 2018 | | Attendance | Percentage of meetings attended | |
|---|-----------------|------------------|--|--------|
| | Board | 7 of 7 | 100% | |
| | GOCOM | 3 of 3 | 100% | |
| Other public company boards and committee memberships | Company | Since | Position | |
| | CU Inc.* | 2014 | Director and member of the Audit Committee | |
| Shares held | ATCO | | Canadian Utilities | |
| | Class I Shares | 19,962 | Class A non-voting | 16,277 |
| | Class II Shares | — | Class B common | — |
| | | | Series Y 2nd Preferred | 2,000 |
| | | | Series AA 2nd Preferred | 1,500 |
| | | | Series EE 2nd Preferred | 1,000 |
| Total compensation in 2018:** | | \$246,900 | | |

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

**Consists of ATCO board retainer and meeting attendance fees, fees for attending the annual strategy conference and business plan meetings, and retainers and meeting fees from ATCO's subsidiaries.



DENIS M. ELLARD

| | |
|-------------------|--------------------------|
| Primary residence | Calgary, Alberta, Canada |
| Director since | 2014 |
| Age | 72 |
| 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.

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

| ATCO Board/ Committee memberships in 2018 | Attendance | | Percentage of meetings attended | |
|---|-----------------|------------------|---------------------------------|-------|
| Board | 7 of 7 | | 100% | |
| Other public company boards and committee memberships | Company | Since | Position | |
| - | - | - | - | |
| Shares held | ATCO | | Canadian Utilities | |
| | Class I Shares | 8,046 | Class A non-voting | 9,694 |
| | Class II Shares | 200 | Class B common | 200 |
| Total compensation in 2018:* | | \$225,600 | | |

*Consists of ATCO board retainer and meeting attendance fees, fees for attending the annual strategy conference and business plan meetings, and retainers and meeting fees from one of ATCO's subsidiaries.



C. ANTHONY FOUNTAIN

| | |
|-------------------|--------------------------------|
| Primary residence | Wadhurst, East Sussex, England |
| Director since | 2015 |
| Age | 58 |
| Independent | |

Mr. Fountain is Executive Chairman of Nayara Energy Limited (formerly Essar Oil Limited), a major oil and gas refining and marketing company headquartered in Mumbai, India. Prior to this role he was Chairman of Sellafield Ltd., a U.K. company responsible for reprocessing spent nuclear fuel, storage and decommissioning. Mr. Fountain was previously Chief Executive Officer of the Nuclear Decommissioning Authority, owner of the U.K.'s legacy civil nuclear assets, and was previously Chief Executive Officer of Refining and Marketing at Reliance Industries in India. Mr. Fountain had a 25-year career with British Petroleum, with his last role as Group Vice President, COO, Fuels Value Chains. He brings extensive operational, strategic, risk, health and safety, and environmental experience to the Board.

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

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

| ATCO Board/ Committee memberships in 2018 | | Attendance | Percentage of meetings attended | |
|---|-----------------|------------------|---------------------------------|---|
| | Board | 7 of 7 | 100% | |
| Other public company boards and committee memberships | Company | Since | Position | |
| | - | - | - | |
| Shares held | ATCO | | Canadian Utilities | |
| | Class I Shares | 7,781 | Class A non-voting | — |
| | Class II Shares | — | Class B common | — |
| Total compensation in 2018:* | | \$230,600 | | |

*Consists of ATCO board retainer and meeting attendance fees, fees for attending the annual strategy conference and business plan meetings, and retainers and meeting fees from one of ATCO's subsidiaries.



MICHAEL R.P. RAYFIELD

| | |
|-------------------|--------------------------|
| Primary residence | Toronto, Ontario, Canada |
| Director since | 2009 |
| Age | 76 |
| 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.

| Skills and experience | Functional experience | |
|--|--|------------------------------------|
| Primary industry background | | |
| Energy Utilities Industrials Financial services | Governance International business Accounting/finance/economics | Marketing/sales Risk management |

| ATCO Board/ Committee memberships in 2018 | | Attendance | Percentage of meetings attended | |
|---|-----------------|------------------|---------------------------------|--------|
| | Board | 7 of 7 | 100% | |
| | Audit & Risk | 4 of 4 | 100% | |
| Other public company boards and committee memberships | Company | Since | Position | |
| | - | - | - | |
| Shares held | ATCO | | Canadian Utilities | |
| | Class I Shares | 23,404 | Class A non-voting | 19,076 |
| | Class II Shares | — | Class B common | — |
| Total compensation in 2018:* | | \$241,100 | | |

*Consists of ATCO board retainer, committee retainer and meeting attendance fees, fees for attending the annual strategy conference and business plan meetings, and retainers and meeting fees from one of ATCO's subsidiaries.



ROBERT J. ROUTS, PhD

| | |
|-------------------|----------------------|
| Primary residence | Brunnen, Switzerland |
| Director since | 2012 |
| Age | 72 |
| 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 Citizen of Singapore medal.

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

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

| ATCO Board/ Committee memberships in 2018 | | Attendance | Percentage of meetings attended | |
|---|------------------------------|------------------|--|-------|
| | Board | 7 of 7 | 100% | |
| | Audit & Risk | 4 of 4 | 100% | |
| | GOCOM | 3 of 3 | 100% | |
| Other public company boards and committee memberships | Company | Since | Position | |
| | AECOM Technology Corporation | 2010 | Director and member of the Compensation and Organization Committee, Chairman of the Safety, Risk and Strategy Committee | |
| | A.P. Møller-Maersk A/S | 2010 | Director | |
| | Royal DSM N.V. | 2010 | Director, Chair of the Supervisory Board, Chair of the Nomination Committee and member of the Remuneration Committee and Corporate Social Responsibility Committee | |
| Shares held | ATCO | | Canadian Utilities | |
| | Class I Shares | 12,417 | Class A non-voting | 9,384 |
| | Class II Shares | — | Class B common | — |
| Total compensation in 2018:* | | \$304,106 | | |

*Consists of ATCO board retainer, committee retainer and meeting attendance fees, fees for attending the annual strategy conference and business plan meetings, and retainers and meeting fees from one of ATCO's subsidiaries.



NANCY C. SOUTHERN

| | |
|-------------------|---|
| Primary residence | Calgary, Alberta, Canada |
| Director since | 1989 |
| Age | 62 |
| Not Independent | Ms. Southern is not independent because she has a material relationship with ATCO. She is ATCO's Chair & Chief Executive Officer. |

Ms. Southern is Chair & Chief Executive Officer of ATCO Ltd., as well as Chair & Chief Executive Officer of Canadian Utilities Limited, an ATCO company. Reporting to the Board of Directors, she has full responsibility for executing the strategic direction and ongoing operations for the Company.

After joining the ATCO Board of Directors in 1989, Ms. Southern served as Co-Chair prior to being appointed 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 and is a founding director of AKITA Drilling Ltd., a director of Sentgraf Enterprises Ltd., 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 University of Calgary School of Public Policy Advisory Council, and the South Australian Minerals and Petroleum Expert Group. In 2017, she joined the Government of Canada's Advanced Manufacturing Economic Strategy Table, a collaborative nationwide effort designed to leverage rapid technological advancements to strengthen the country's manufacturing sector.

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

| ATCO Board/ Committee memberships in 2018 | | Attendance | Percentage of meetings attended | |
|---|-----------------------------|------------|---------------------------------|---------|
| | Board (Chair) | 7 of 7 | 100% | |
| Other public company boards and committee memberships | Company | Since | Position | |
| | AKITA Drilling Ltd. | 1992 | Deputy Chair and Director | |
| | Canadian Utilities Limited* | 1990 | Chair and Director | |
| | CU Inc.* | 1999 | Chair and Director | |
| Shares held | ATCO** | | Canadian Utilities** | |
| | Class I Shares | 295,621 | Class A non-voting | 197,378 |
| | Class II Shares | 50,600 | Class B common | — |

Total compensation in 2018: Ms. Southern does not receive any compensation as the Chair or as a director of ATCO because she is the Chief Executive Officer. See Page 56 for information on Ms. Southern's compensation.

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

**Shares held by the Majority Share Owner are excluded. Ms. Southern is one of three trustees of the Spousal Trust. See "Majority Share Owner" on Page 1.



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 brings significant management and business experience to the Board and 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 Board of Directors of ATCO Structures & Logistics Ltd. and Sentgraf Enterprises Ltd.

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

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

| ATCO Board/ Committee memberships in 2018 | | Attendance | Percentage of meetings attended | |
|---|-----------------------------|------------------|--|--------|
| | Board (Vice Chair) | 7 of 7 | 100% | |
| Other public company boards and committee memberships | Company | Since | Position | |
| | AKITA Drilling Ltd. | 1992 | Chair, Director, and member of the Pension Committee | |
| | Canadian Utilities Limited* | 2000 | Vice Chair, Director, and member of the Pension Fund Committee | |
| | CU Inc.* | 2017 | Vice Chair and Director | |
| Shares held | ATCO** | | Canadian Utilities** | |
| | Class I Shares | 22,670 | Class A non-voting | 13,114 |
| | Class II Shares | 10,350 | Class B common | 4,159 |
| Total compensation in 2018:[†] | | \$436,800 | | |

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

**Shares held by the Majority Share Owner are excluded. Ms. Southern-Heathcott is one of three trustees of the Spousal Trust. See "Majority Share Owner" on Page 7.

[†]Consists of ATCO board retainer and meeting attendance fees, fees for attending the annual strategy conference and business plan meetings, and retainers and meeting fees from ATCO's subsidiaries.



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

| | |
|-------------------|-----------------|
| 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.

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

| ATCO Board/ Committee memberships in 2018 | Attendance | | Percentage of meetings attended | |
|---|-----------------|------------------|---|--------|
| | Board | 7 of 7 | 100% | |
| Audit & Risk (Chair) | 4 of 4 | 100% | | |
| GOCOM | 3 of 3 | 100% | | |
| Other public company boards and committee memberships | Company | Since | Position | |
| | CU Inc.* | 2008 | Director and Chair of the Audit Committee | |
| Shares held | ATCO | | Canadian Utilities | |
| | Class I Shares | 7,119 | Class A non-voting | 19,156 |
| | Class II Shares | — | Class B common | — |
| Total compensation in 2018:** | | \$412,462 | | |

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

**Consists of ATCO board retainer, committee retainer and meeting attendance fees, fees for attending the annual strategy conference and business plan meetings, and retainers and meeting fees from ATCO's subsidiaries.



SUSAN R. WERTH

| | |
|-------------------|--------------------------|
| Primary residence | Calgary, Alberta, Canada |
| Director since | 2014 |
| Age | 62 |
| 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.

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

| ATCO Board/ Committee memberships in 2018 | Attendance | | Percentage of meetings attended | |
|---|-----------------|------------------|---------------------------------|-------|
| | Board | 7 of 7 | 100% | |
| GOCOM | 3 of 3 | 100% | | |
| Other public company boards and committee memberships | Company | Since | Position | |
| | - | - | - | |
| Shares held | ATCO | | Canadian Utilities | |
| | Class I Shares | 17,142 | Class A non-voting | 9,762 |
| | Class II Shares | — | Class B common | — |
| Total compensation in 2018:* | | \$258,800 | | |

*Consists of ATCO board retainer and meeting attendance fees, fees for attending the annual strategy conference and business plan meetings, retainers and meeting fees from ATCO's subsidiaries, and consulting fees.



CHARLES W. WILSON

| | |
|-------------------|----------------------------------|
| Primary residence | Boulder, Colorado, United States |
| Director since | 2002 |
| Age | 79 |
| 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.

| Skills and experience | Functional experience | |
|------------------------------------|--|--|
| Primary industry background | | |
| Energy Utilities Industrials | CEO experience Governance Human resources/compensation International business Accounting/finance/economics | Operations Risk management Safety and health Climate change and environment |

| ATCO Board/ Committee memberships in 2018 | | Attendance | Percentage of meetings attended | |
|---|-----------------------------|------------------|--|--------|
| | Board | 7 of 7 | 100% | |
| | Audit & Risk | 4 of 4 | 100% | |
| | GOCOM (Chair) | 3 of 3 | 100% | |
| Other public company boards and committee memberships | Company | Since | Position | |
| | AKITA Drilling Ltd. | 2002 | Director and Chair of the Corporate Governance - Nomination, Compensation and Succession Committee | |
| | Canadian Utilities Limited* | 2000 | Director and Chair of the Corporate Governance - Nomination, Compensation and Succession Committee | |
| Shares held | ATCO | | Canadian Utilities | |
| | Class I Shares | 59,687 | Class A non-voting | 83,152 |
| | Class II Shares | — | Class B common | — |
| Total compensation in 2018:** | | \$630,409 | | |

*Canadian Utilities is controlled by ATCO.

**Consists of ATCO board retainer, committee retainers and meeting attendance fees, fees for attending the annual strategy conference and business plan meetings, and retainers and meeting fees from ATCO's subsidiaries.

SKILLS MATRIX

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

| | Robert T. Booth | Denis M. Ellard | C. Anthony Fountain | Michael R.P. Rayfield | Robert J. Routs | Nancy C. Southern | Linda A. Southern-Heathcott | Roger J. Urwin | Susan R. Werth | Charles W. Wilson |
|---|-----------------|-----------------|---------------------|-----------------------|-----------------|-------------------|-----------------------------|----------------|----------------|-------------------|
| Primary industry background | | | | | | | | | | |
| Energy | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Utilities | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Industrials | | | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Legal | ✓ | | | | | | | | | |
| Financial Services | | | | ✓ | ✓ | | | | | |
| Telecommunications | | | | | ✓ | | | ✓ | | |
| Transportation | | | | | ✓ | | | | | |
| Functional experience | | | | | | | | | | |
| CEO Experience Experience as a CEO for a publicly listed company or for a major organization with international operations or similar complexity. Possesses leadership qualities and the ability to identify and develop those qualities in others. Demonstrates a practical understanding of strategy and risk management and know how to drive change and growth. | | | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Governance Significant experience overseeing governance practices, may have been gained through significant work on a corporate governance committee or through experience serving as a senior executive of a public company. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Human Resources/Compensation Significant experience overseeing human resources and compensation design for a large organization. Understands the various components of executive compensation structure and how they inter-relate when attracting, motivating and retaining top candidates. | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Government/Regulatory Significant experience working with local, provincial, national or international governments or gained public relations or government experience as a senior executive. Strong understanding of regulatory and non-governmental organizations that affect the Company's business. | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | | |

| | Robert T. Booth | Denis M. Ellard | C. Anthony Fountain | Michael R.P. Rayfield | Robert J. Routs | Nancy C. Southern | Linda A. Southern-Heathcott | Roger J. Urwin | Susan R. Werth | Charles W. Wilson |
|---|-----------------|-----------------|---------------------|-----------------------|-----------------|-------------------|-----------------------------|----------------|----------------|-------------------|
| Functional experience | | | | | | | | | | |
| International Business Significant experience managing a global enterprise across multiple jurisdictions with exposure to a range of political, cultural and business environments. | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Accounting/Finance/Economics Significant financial experience as a senior officer responsible for an organization or experience working as a senior officer in financial accounting, reporting and corporate finance with knowledge of internal controls. | | ✓ | ✓ | ✓ | ✓ | ✓ | | | | ✓ |
| Marketing/Sales Significant experience overseeing marketing and sales as a senior executive. | | | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | |
| Operations Significant experience overseeing operations as a senior executive with a practical understanding of operating plans and business strategy. | | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Risk Management Significant experience as a senior executive overseeing the various risks facing an organization with oversight of appropriate policies and procedures to effectively manage risk. | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Safety and Health Significant experience in the areas of health and safety, including knowledge of industry regulations and a commitment to best practices for workplace safety. | ✓ | ✓ | ✓ | | ✓ | ✓ | | | | ✓ |
| Climate Change and Environment Significant experience with regulations, best practices and strategic business initiatives related to environmental issues. | ✓ | ✓ | ✓ | | ✓ | ✓ | | | | ✓ |
| Corporate Social Responsibility Significant experience in the areas of corporate social responsibility and community relations. Experience building partnerships and positive relationships with Indigenous groups to enhance economic and social development. | ✓ | | ✓ | | ✓ | ✓ | ✓ | | ✓ | |

INDEPENDENCE

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

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

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

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

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

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

IN CAMERA SESSIONS

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

ATTENDANCE

The following table sets out the attendance of the directors at Board meetings and at meetings of the committees of which they were members during 2018. As an employee, the Chair & Chief Executive Officer is not a member of any committee but attends committee meetings as required. At the discretion of the committee chair, directors may attend meetings of committees of which they are not members.

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

| Director | Board of Directors | | Audit & Risk Committee | | GOCOM | | Total |
|-----------------------------|--------------------|------|------------------------|------|--------|------|-------|
| Robert T. Booth | 7 of 7 | 100% | | | 3 of 3 | 100% | 100% |
| Denis M. Ellard | 7 of 7 | 100% | | | | | 100% |
| C. Anthony Fountain | 7 of 7 | 100% | | | | | 100% |
| Michael R.P. Rayfield | 7 of 7 | 100% | 4 of 4 | 100% | | | 100% |
| Robert J. Routs | 7 of 7 | 100% | 4 of 4 | 100% | 3 of 3 | 100% | 100% |
| Nancy C. Southern | 7 of 7 | 100% | | | | | 100% |
| Linda A. Southern-Heathcott | 7 of 7 | 100% | | | | | 100% |
| Roger J. Urwin | 7 of 7 | 100% | 4 of 4 | 100% | 3 of 3 | 100% | 100% |
| Susan R. Werth | 7 of 7 | 100% | | | 3 of 3 | 100% | 100% |
| Charles W. Wilson | 7 of 7 | 100% | 4 of 4 | 100% | 3 of 3 | 100% | 100% |

SERVING ON AFFILIATED PUBLIC COMPANY BOARDS

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

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

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

GOVERNANCE

OVERVIEW

Effective corporate governance is an essential element for the well-being of ATCO and its share owners. The Board strives to ensure that its corporate governance practices provide for the effective stewardship of the Company and it regularly evaluates its governance practices to ensure they are in keeping with the highest standards.

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

Members of the Southern family have continually maintained a controlling interest in ATCO since its formation. We are of the firm belief that the existence of a long-standing majority share owner is of fundamental importance to our governance and operations, and ensures that there is a high degree of alignment between share owners.

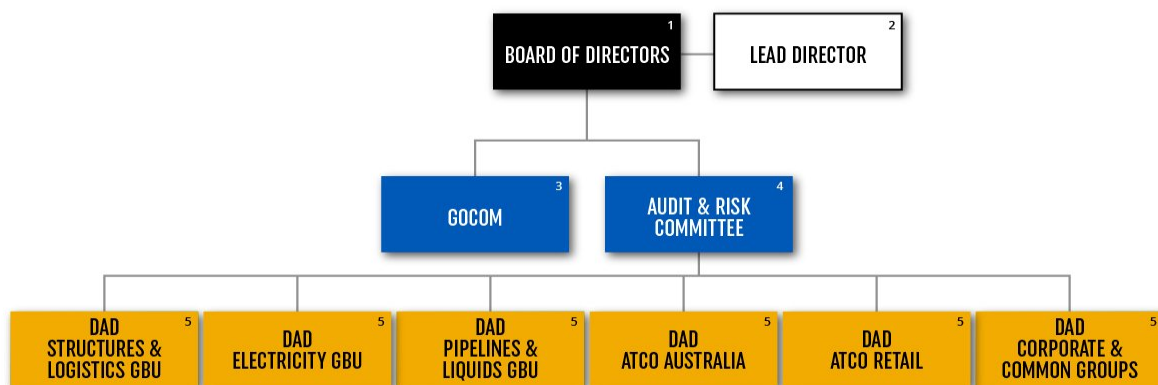
The Company has been fortunate to have a consistently high-performing Board and senior management team that creates long-term value for our share owners.

MAJORITY CONTROLLED COMPANY

ATCO is a majority controlled company as defined in the TSX Company Manual. As such, there is no requirement for, and we do not have, a majority voting policy. The Majority Share Owner (see Page 1) has control over 11,451,520 Class II Shares which represents 86.6 per cent of the voting rights. Due to the level of control exercised by the Majority Share Owner, we are of the view that the introduction of a majority voting policy would introduce unnecessary complexity into the director selection process while having no impact on the outcome.

THE BOARD AND ITS COMMITTEES

The role of the Board has evolved to provide oversight to an organization with diverse and distinct Global Business Units ("GBUs"). The system's key elements consist of the oversight and diligence provided by the Board, the Lead Director, the Audit & Risk Committee and GOCOM. Although not required by securities laws, some of ATCO's governance tools, such as the use of Designated Audit Directors ("DADs") and the risk review program, have been implemented, in part, as a result of the influence of the Majority Share Owner as a means of ensuring long term value.



The activities of each of these bodies in 2018 were as follows:

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

In addition to regularly-scheduled Board and committee meetings, directors attended a comprehensive four day strategy session.

2. **Lead Director:** In 1995, ATCO was among the first public companies in Canada to introduce the concept of a lead director. Mr. Wilson is the current Lead Director for the Company and was appointed to this position on April 1, 2003. The Lead Director provides the Board with the leadership necessary to ensure independent oversight of management. The Lead Director is an independent director and must be a member of GOCOM.
3. **GOCOM:** This committee oversees our corporate governance. It is comprised of some of our most senior and experienced directors. In addition to assessing individual and combined directors' performance, GOCOM oversees succession planning and evaluates senior executive officers' compensation and performance. GOCOM also reviews the size and composition of the Board and considers persons as director nominees for approval by the Board and election by the share owners.
4. **Audit & Risk Committee:** The Audit & Risk Committee oversees accounting and financial reporting as well as risk management and control practices. The committee is chaired by an experienced independent director. Each committee member is an independent director and financially literate as defined in *National Instrument 52-110 – Audit Committees*. More information on the financial literacy of Audit & Risk Committee members and the mandate of the Audit & Risk Committee can be found in ATCO's annual information form which is available on SEDAR at www.sedar.com.

The committee also reviews risks that could materially affect the Company's ability to achieve strategic and operational objectives. The committee satisfies itself that management is addressing risks identified as significant to ATCO and that appropriate mitigation measures are implemented. The committee satisfies itself that each GBU has adequate systems to monitor and comply with applicable environmental legislation and conform to industry standards. The committee receives information regarding risks and significant trends and reviews the summary of our safety and environmental performance. The committee may seek advice from ATCO's officers who provide expertise and support for their specific areas of responsibility. ATCO's Chief Executive Officer reports to the Audit & Risk Committee.

5. **DADs:** Each GBU or business unit is assigned a DAD who is a director of either ATCO or Canadian Utilities. The purpose of the DAD is to provide oversight using the strengths and experience of directors from various industry sectors. The Audit & Risk Committee annually reviews the mandate of the DADs.

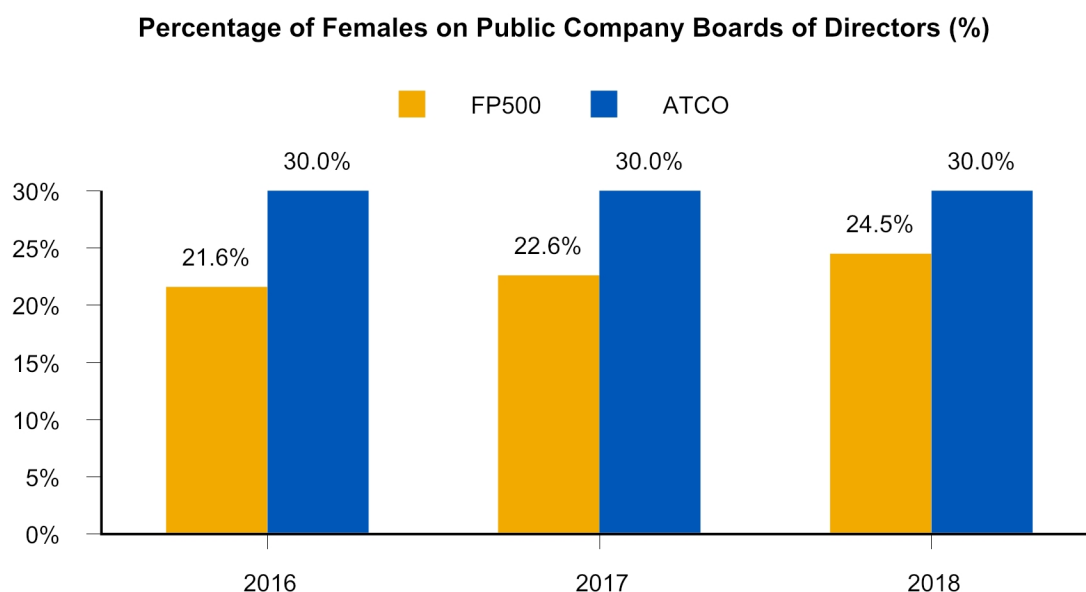
DADs perform both audit and risk functions. DADs meet quarterly with members of their respective GBU or business unit management, and annually with internal and external auditors. DADs review the financial statements and operating results quarterly, review risks twice yearly, and report on both operating results and risks to the Audit & Risk Committee.

BOARD DIVERSITY AND TERM LIMITS

ATCO believes that an effectively functioning board is critical to the success of the Company, and that the Board must have the flexibility to adopt director election and composition practices that suit its unique needs and circumstances. Directors are selected for their experience and expertise and we seek the most qualified persons regardless of gender or other characteristics that are unrelated to expertise and performance. Accordingly, we do not have written policies or set targets regarding the representation of women and we have no set term limits on directors. We have been a leader in women representation on our Board and have outperformed the Financial Post 500 ("FP500") for many years.

We want to be able to select from the most qualified pool of talent and consider candidates based on merit. Our approach enables us to make important decisions regarding the composition of our Board and our senior management team based on the best interests of the Company and its share owners.

We have consistently had a higher proportion of women in high profile positions compared to the average for Canadian public companies. In 2018, ATCO had three women on the Board, representing 30 per cent of the directors. In contrast, members of the FP500 in 2018 had an average female representation on their boards of directors of 24.5 per cent. The graph below shows the percentage of women on our Board, compared to the FP500 average from 2016 to 2018:



As of December 31, 2018, the Company had 12 female senior executive officers, representing 19 per cent of our senior executive officers. Appointments to the executive level are determined on merit, performance, expertise and experience of the individual. We voluntarily make public disclosure of information on gender diversity within the organization in our Sustainability Report, which is available on our website (www.ATCO.com).

GOCOM reviews the size and composition of the Board from time to time and evaluates the need for change to Board and committee composition based on an analysis of the skills, expertise and industry experience that align with the Company's strategic objectives. Along with our Board Chair, GOCOM considers potential candidates who have competencies believed to complement the Board or senior management.

Several mechanisms have been adopted by GOCOM and the Board in order to promote an appropriate level of Board renewal, while attributing high value to relevant industry experience, continuity and a solid track record of service in potential Board members. GOCOM spends a significant amount of time reviewing Board succession and recruitment (see "Performance Assessment" and "Director Retirement" below).

We have found that having long-standing directors on our Board does not negatively impact board effectiveness, but instead contributes to boardroom dynamics that have resulted in a consistently high-performing Board and corporate performance.

DIRECTOR ORIENTATION AND CONTINUING EDUCATION

All our new directors attend a briefing with the Chair, as well as several comprehensive meetings at which they receive briefings by senior management on all aspects of our business. Our new directors are also provided information about each of the business segments, the organizational structure, the by-laws, and the Board and committee mandates. Information is also provided to directors on corporate policies, including our Code of Ethics, Disclosure Practice, and Anti-Corruption Practice. Visits to various operating sites are also arranged for our directors from time to time.

Directors, together with senior management, attend an annual strategy conference which has been held every year since 1968. This conference kicks off our annual business planning process. Strategies for operating and financial growth are discussed over three to four days consisting of presentations, plenary sessions and directors' recommendations.

Throughout each year, management makes presentations to our Board and its committees on key business decisions and topical issues, including reviews of annual business plans, significant contracts, strategic transactions, financing, and major capital expenditures. Presentations are also made by management in response to directors' requests. An electronic resource centre, which is updated with timely relevant information, is available to all directors. Key information and education sessions that were attended by our directors in 2018 are listed below:

| Date | Event |
|-------------|--------------------------------------|
| April 16-19 | Strategy Conference |
| July 11 | Urban Pipeline Replacement Site Tour |
| November 8 | Business Planning |

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

PERFORMANCE ASSESSMENT

The performance of our Board, Board committees and directors is assessed at least annually. These assessments are facilitated by our Lead Director on behalf of our Chair. Board and Board committee performance evaluation questionnaires are distributed annually to each of our directors and Board committee members.

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

Our directors are encouraged to expand their responses beyond the specific questions in the questionnaires and provide open-ended comments.

DIRECTOR RETIREMENT

Any director who turns 70 years of age tenders a letter of resignation to our Chair. Our Chair, together with GOCOM, evaluates whether and when to accept the resignation depending on the Company's needs. The resignation will remain on file until it is accepted by our Chair. When it is accepted, it becomes effective at the next annual meeting of share owners.

ETHICAL BUSINESS CONDUCT

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

A copy of the Code is provided to each new director, officer and employee of the Company, and everyone must acknowledge in writing that he or she has reviewed and will abide by the Code as a precondition of his or her engagement. Furthermore, on an annual basis, each of our directors, officers and employees must confirm that he or she has reviewed the Code.

Directors who have, or may be reasonably perceived to have, a personal interest in a potential or current transaction or agreement involving ATCO are required to declare this interest at the Board meeting at which such matter is considered. These directors are asked to leave the meeting during the discussion on the matter containing a personal interest and must abstain from voting on such matter.

We did not file any material change reports in 2018 relating to a director's or executive officer's departure from the Code. No waivers of the Code have ever been granted to any ATCO director, officer or employee.

We maintain a hotline that employees are free to use in order to express any concerns about inappropriate business conduct. Concerns may be reported confidentially and anonymously either online or by phone. Non-employees may also submit complaints or concerns online or by phone as set out in the Integrity & Compliance section of our website (www.ATCO.com) or to an Audit & Risk Committee member via our Corporate Secretary at 4th Floor, West Building, 5302 Forand Street S.W., Calgary, Alberta T3E 8B4.

A copy of our Code can be accessed on our website (www.ATCO.com), on SEDAR (www.sedar.com) or by written request to our Corporate Secretary.

DISCLOSURE PRACTICE

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

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

BOARD COMMITTEES

Our Board and its committees have each adopted a mandate outlining their principal responsibilities. Our Board and Board committees review the mandates each year to ensure they reflect current developments in corporate governance. Any changes that are made to the mandates are approved by the Board. Our Board has also approved written position descriptions for the Chair, the Lead Director, each Board committee chair, and the Chief Executive Officer. GOCOM reviews all of these position descriptions annually.

Our Board has two standing committees that meet statutory and policy requirements:

- Audit & Risk
- GOCOM

Each committee updates the Board regularly on its respective activities and a report is provided to our Board after each committee meeting. Our Board reviews the composition of its committees each year and makes adjustments as needed.

Our Board's mandate outlines its roles and responsibilities and is attached to this Circular as Schedule A. The Board and Board committee mandates are available on our website (www.ATCO.com).

COMMITTEE REPORTS

This section includes reports from each of our Board's standing committees as of December 31, 2018.

Audit & Risk Committee

Members



**R.J. Urwin,
Chair**
Independent

**2018 Meeting
Attendance**
4 of 4 (100%)



**M.R.P.
Rayfield**
Independent

**2018 Meeting
Attendance**
4 of 4 (100%)



R.J. Routs
Independent

**2018 Meeting
Attendance**
4 of 4 (100%)



C.W. Wilson
Independent

**2018 Meeting
Attendance**
4 of 4 (100%)

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

The following highlights the actions taken by the Audit & Risk Committee in fulfilling its mandate in 2018:

Financial Reports

- Reviewed significant accounting and reporting issues to gain an understanding of how they impacted the financial statements
- Reviewed the analysis of the effects of new or revised IFRS guidance on the financial statements and reviewed the Company's impact assessments and implementation project plans for the IFRS guidance that has been issued but is not yet in effect
- Reviewed and approved quarterly consolidated financial statements, management's discussion and analysis, and earnings press releases
- Reviewed and recommended for Board approval the annual consolidated financial statements, management's discussion and analysis, annual information form and earnings press release
- Received quarterly reports from the DADs

Internal Controls

- Reviewed reports on the design and effectiveness of our disclosure controls and procedures as well as internal control over financial reporting
- Reviewed procedures for our financial information review and disclosure
- Reviewed and approved governance documents and committee mandates

External Auditor

- Reviewed our external auditor's appointment and compensation and recommended to our Board for approval
- Reviewed and approved our external auditor's non-audit services
- Reviewed our external auditor's report on its internal quality control procedures
- Reviewed and assessed our external auditor's independence
- Received reports from our external auditor on quarterly and annual consolidated financial statements and management's discussion and analysis

The following table shows the fees billed for services provided to us by PwC for the past two years.

| For the year ended December 31 | 2018 | 2017 |
|---------------------------------------|-------------|-------------|
| | \$MM | \$MM |
| Audit ¹ | 4.9 | 4.2 |
| Audit related ² | 0.1 | 0.1 |
| Tax ³ | 0.5 | 0.4 |
| Total | 5.5 | 4.7 |

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.

Internal Audit

- Reviewed and approved our annual Audit Plan and the Internal Audit annual budget and resource plan
- Ensured that our internal audit function has been effectively carried out and the internal auditor has adequate resources
- Reviewed internal audit reports, including management's responses, as well as quarterly reports on management's action plans to implement audit recommendations
- Ensured we have appropriate procedures for the confidential and anonymous receipt, retention and treatment of complaints received, and reviewed any reports received on the investigations of complaints

Risk Management

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

The Audit & Risk Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2018.

Corporate Governance – Nomination, Compensation and Succession Committee

Members



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

**2018 Meeting
Attendance**
3 of 3 (100%)



R.T. Booth
Not Independent

**2018 Meeting
Attendance**
3 of 3 (100%)



R.J. Routs
Independent

**2018 Meeting
Attendance**
3 of 3 (100%)



R.J. Urwin
Independent

**2018 Meeting
Attendance**
3 of 3 (100%)



S.R. Werth
Independent

**2018 Meeting
Attendance**
3 of 3 (100%)

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

The following highlights the actions taken by GOCOM in fulfilling its mandate in 2018:

- Assessed our Chief Executive Officer's performance, base salary, annual incentive award and awards under the mid-term and long-term incentive plans
- Reviewed and approved our Chief Executive Officer's report on senior executive officers' performances and recommendations for base salary, annual incentive awards and awards under mid-term and long-term incentive plans
- Reviewed and approved our Chief Executive Officer's goals, objectives and corporate targets
- Reviewed succession plans for our Chief Executive Officer and senior executive officers
- Reviewed and made recommendations to our Board on potential senior executive officer appointments
- Reviewed and approved our senior executive officers' supplemental pension plan and perquisites
- Reviewed our corporate governance disclosure
- Reviewed and approved governance documents and Board and Board committee mandates
- Reviewed the evaluation process of Board committees, the Board and each individual director
- Reviewed and approved directors' compensation
- Reviewed the size and composition of our Board and considered persons as potential nominees as directors; recommending potential director nominees for approval by the Board and for the election by our share owners
- Together with our Board, reviewed the status of each director to determine whether he or she is independent based on the Canadian Securities Administrators' criteria as set out in *National Instrument 52-110 - Audit Committees*
- Continued to spend a significant amount of time on recent developments in corporate governance and disclosure
- Considered risk implications and managed risks as they relate to our compensation policies and practices

GOCOM is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2018.

DIRECTOR COMPENSATION

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

FEES AND RETAINERS

The table below shows the annual retainers and meeting attendance fees paid to our directors in 2018. Retainers for our Lead Director, committee chairs and committee members are paid in addition to the annual directors' retainer. Effective January 1, 2019, non-employee directors will receive flat fee retainers and will no longer receive meeting fees.

| Directors' remuneration | (\$) |
|--|-------------|
| Annual retainers | |
| Director ¹ | 195,000 |
| Lead Director | 50,000 |
| Audit & Risk Committee Chair | 25,000 |
| Audit & Risk Committee Members | 7,500 |
| GOCOM Chair | 25,000 |
| Meeting fees | |
| Board Meeting, Strategy, and Briefing Session (per day) | 2,000 |
| Board Meeting for routine administrative matters where the nature of the discussion is brief | 800 |
| Committee Meeting per day (Audit & Risk Committee) | 2,000 |
| Committee Meeting per day (GOCOM) | 1,500 |

¹ The Company has an agreement with Dr. Urwin that his retainer will be paid in the Canadian dollar equivalent of \$195,000. U.S.

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

From time to time, our Board forms ad hoc committees to undertake special initiatives. The chairs and members of ad hoc committees may receive fees that are determined when the committees are formed.

REMUNERATION SUMMARY

The table below provides a breakdown of the fees and retainers paid to our non-employee directors for the year ended December 31, 2018. Fees and retainers are paid quarterly. "**Other fees**" includes retainers and attendance fees paid to those directors who also serve on the boards and committees of ATCO's subsidiaries, as well as retainers and fees related to serving as DADs for the GBUs or business units. Fees are shared proportionately when meetings are held on the same day to consider group projects that require more than one level of board approval. No other forms of compensation were provided to the directors for the year ended December 31, 2018.

As our CEO, Ms. Southern is considered to be an employee of ATCO and did not receive compensation as the Chair or as a director. Ms. Southern's compensation is shown on Page 56 of this Circular.

| Name | Director retainer ¹ (\$) | Committee chair retainer (\$) | Committee member retainer (\$) | Board attendance fee (\$) | Committee attendance fee (\$) | Other fees ^{2,3,4,5} (\$) | Total fees earned (\$) |
|-----------------------------|--|----------------------------------|-----------------------------------|------------------------------|----------------------------------|---------------------------------------|---------------------------|
| Robert T. Booth | 195,000 | — | — | 11,600 | 4,500 | 35,800 | 246,900 |
| Denis M. Ellard | 195,000 | — | — | 11,600 | — | 19,000 | 225,600 |
| C. Anthony Fountain | 195,000 | — | — | 11,600 | — | 24,000 | 230,600 |
| Michael R.P. Rayfield | 195,000 | — | 7,500 | 11,600 | 8,000 | 19,000 | 241,100 |
| Robert J. Routs | 195,000 | — | 7,500 | 11,600 | 12,500 | 77,506 | 304,106 |
| Linda A. Southern-Heathcott | 195,000 | — | — | 11,600 | — | 230,200 | 436,800 |
| Roger J. Urwin | 253,403 | 25,000 | — | 11,600 | 8,500 | 113,959 | 412,462 |
| Susan R. Werth | 195,000 | — | — | 11,600 | 4,500 | 47,700 | 258,800 |
| Charles W. Wilson | 245,000 | 25,000 | 7,500 | 11,600 | 10,250 | 331,059 | 630,409 |
| Total | 1,863,403 | 50,000 | 22,500 | 104,400 | 48,250 | 898,224 | 2,986,777 |

1 **Director retainer:** Includes retainer for Lead Director for Mr. Wilson. The Company has an agreement with Dr. Urwin that his retainer will be paid in the Canadian dollar equivalent of \$195,000 U.S.

2 **Other fees:** Includes fees for attending the annual strategy conference and business plan meetings, and DAD retainers and meeting fees.

3 **Other fees:** Ms. Southern-Heathcott and Mr. Wilson received annual retainers and meeting attendance fees as directors of Canadian Utilities. Mr. Booth, Ms. Southern-Heathcott and Dr. Urwin received annual retainers and meeting attendance fees as directors of CU Inc. Ms. Werth received \$29,700 in fees for acting as a consultant to ATCO in 2018.

4 **Other fees:** Mr. Rayfield received an annual retainer and meeting attendance fees as chair of the Pension Fund Committee of ATCO Structures & Logistics Ltd. Ms. Southern-Heathcott and Ms. Werth received meeting fees for attendance as members of the Pension Fund Committee of ATCO Structures & Logistics Ltd. Mr. Wilson received meeting attendance fees as a director of ATCO Structures & Logistics (USA) Ltd.

5 **Other fees:** Dr. Routs, Dr. Urwin and Mr. Wilson received annual retainers, meeting attendance fees and superannuation contributions as directors of ATCO Australia Pty Ltd.

RETIRING ALLOWANCE

ATCO's program to provide certain non-employee directors with a one-time allowance when they retire was discontinued in November 2003. Mr. Wilson is the only current director entitled to the retirement allowance which was grandfathered when the program was discontinued.

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

DIRECTOR SHARE OWNERSHIP

All non-employee directors are required to directly or indirectly own Class I Shares and/or Class II Shares together having an aggregate market value of at least 2.0 times the value of the annual board retainer within five years of being appointed to the Board, or within five years of any change to the required market value holdings. A minimum of \$30,000 of the annual board retainer is paid in Class I Shares. Until the minimum share ownership requirement is met, directors are required to receive a minimum of \$50,000 of their annual board retainer in Class I Shares. A director may, with the approval of the chair of GOCOM, have this minimum contribution amount reduced if he or she makes alternative arrangements to meet the minimum share ownership requirement within the five year timeframe.

All of our directors are in compliance with the share ownership requirement. Directors have the option of receiving up to 50 per cent of their annual board retainer in Class I Shares and/or in Class A non-voting shares of Canadian Utilities.

The following table sets out each director's ownership of Class II Shares and Class I Shares in ATCO as at March 11, 2019, and any change in the ownership interest since the previous proxy circular dated March 7, 2018.

| Name | Equity Ownership as at March 7, 2018 | | Equity Ownership as at March 11, 2019 | | Net Change in Ownership | | Equity at risk ¹ | |
|--|--------------------------------------|----------------|---------------------------------------|----------------|-------------------------|----------------|-----------------------------|---|
| | Class II Shares | Class I Shares | Class II Shares | Class I Shares | Class II Shares | Class I Shares | Value (\$) | Multiple of 2018 annual director retainer |
| Robert T. Booth | — | 18,527 | — | 19,962 | — | 1,435 | 896,294 | 4.6 |
| Denis M. Ellard | 200 | 6,492 | 200 | 8,046 | — | 1,554 | 370,225 | 1.9 |
| C. Anthony Fountain | — | 5,141 | — | 7,781 | — | 2,640 | 349,367 | 1.8 |
| Michael R.P. Rayfield | — | 21,369 | — | 23,404 | — | 2,035 | 1,050,840 | 5.4 |
| Robert J. Routs | — | 9,732 | — | 12,417 | — | 2,685 | 557,523 | 2.9 |
| Nancy C. Southern ^{2,3} | 50,600 | 287,641 | 50,600 | 295,621 | — | 7,980 | 15,540,263 | n/a |
| Linda A. Southern-Heathcott ³ | 9,500 | 21,016 | 10,350 | 22,670 | 850 | 1,654 | 1,481,563 | 7.6 |
| Roger J. Urwin | — | 6,253 | — | 7,119 | — | 866 | 319,643 | 1.6 |
| Susan R. Werth | — | 16,295 | — | 17,142 | — | 847 | 769,676 | 3.9 |
| Charles W. Wilson | — | 58,308 | — | 59,687 | — | 1,379 | 2,679,946 | 13.7 |
| Total | 60,300 | 450,774 | 61,150 | 473,849 | 850 | 23,075 | 24,015,340 | |

¹ Equity at risk is shown as at March 11, 2019, and is the market value determined by reference to the closing price of Class I Shares (\$44.90) and Class II Shares (\$44.80) on the Toronto Stock Exchange.

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

³ The Spousal Trust owns 4,000 Class II Shares and 235,000 Class I Shares and is the controlling share owner of Sentgraf Enterprises Ltd., which owns 11,447,520 Class II Shares and 25,942,636 Class I Shares. Ms. Nancy Southern, Ms. Linda Southern-Heathcott and Mrs. Margaret Southern are the trustees of the Spousal Trust. These shareholdings are excluded. See "Majority Share Owner" on Page 1.

OUTSTANDING OPTIONS

Effective August 1, 2008, our non-employee directors were no longer eligible to receive options. There were no outstanding options held by the non-employee directors as at December 31, 2018.

HOW TO COMMUNICATE WITH THE BOARD

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

Chair
c/o Corporate Secretary
ATCO Ltd.
4th Floor, West Building
5302 Forand Street S.W.
Calgary, Alberta
T3E 8B4

COMPENSATION DISCUSSION & ANALYSIS

OVERVIEW

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

It discloses compensation of the Chief Executive Officer, Chief Financial Officer and the next three executives that received the highest pay as of December 31, 2018 (our named executives):

- Nancy C. Southern, Chair & Chief Executive Officer
- Dennis A. DeChamplain, Senior Vice President & Chief Financial Officer
- Siegfried W. Kiefer, President & Chief Strategy Officer
- Wayne K. Stensby, Managing Director, Electricity Global Business Unit
- George J. Lidgett, Managing Director, Pipelines & Liquids Global Business Unit

In 2018, all of the named executives had a dual role for ATCO and for Canadian Utilities, our subsidiary company. The exceptions are Wayne K. Stensby and George J. Lidgett. The compensation we report here is the compensation they receive from both companies.

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

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

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

| | Amount paid by ATCO | Amount paid by Canadian Utilities | Combined total reported in ATCO proxy circular |
|------|---------------------|-----------------------------------|--|
| 2018 | 12.5% | 87.5% | 100% |
| 2017 | 11.9% | 88.1% | 100% |
| 2016 | 13.2% | 86.8% | 100% |

GOVERNANCE

Executive compensation at ATCO and our subsidiaries is the overall responsibility of GOCOM.

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

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

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

COMPENSATION

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

Succession Planning for Executives

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

See Page 31 for more information about the committee and a summary of its activities in 2018.

GOCOM is also responsible for compensation of the directors on ATCO's Board. You can read about its approach starting on Page 32.

Compensation Approach

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

The approach includes three principles:

- Pay competitively
- Pay for performance
- Manage risk

Pay Competitively

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

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

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

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

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

| | | |
|--|--|--|
| Industries | Oil and gas, utilities, energy, general industry, manufacturing & logistics and capital intensive organizations | |
| Locations | Alberta, national and global | |
| Relevance | <p>Companies are selected based on their similarity to our operations. A comparator group is established for each business unit based on:</p> <ul style="list-style-type: none"> • Industry revenue • Number of employees • Market capitalization <p>When necessary, data is adjusted to reflect the appropriate size and scope.</p> | |
| <p>2018 comparator companies</p> <p>Willis Towers Watson used several companies including those in this list to create a customized comparator group for each business unit.</p> <p>For a full list of all comparator companies used, please refer to Schedule B.</p> | <p>Alberta Electric System Operator BC Hydro Power & Authority Bruce Power LP Calgary Co-operative Association Limited Canadian Natural Resources Ltd. Canadian Pacific Railway Ltd. Capital Power Corporation Cenovus Energy Inc. Crescent Point Energy Emera Inc. Enbridge Inc. Encana Corporation Energir ENMAX Corporation EPCOR Utilities Inc. FortisAlberta Inc. Graham Management Services LP Husky Energy Inc. Hydro One</p> | <p>Hydro Quebec Imperial Oil Ltd. MEG Energy Newfoundland Power Inc. Nova Scotia Power Nutrien, Ltd. Ontario Power Generation Pembina Pipeline Corporation Precision Drilling Corporation SaskPower Schneider Electric Canada Shaw Communications Inc. Stantec Consulting, Inc. Suncor Energy Inc. Syncrude Canada Ltd. Toronto Hydro Electric TransAlta Corporation TransCanada Corp. United Farmers of Alberta Co-operative Ltd.</p> |

Pay for Performance

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

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

Manage Risk

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

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

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

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

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

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

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

- The CEO holds more than 15 times her salary in ATCO shares
- While senior executives are not required to hold ATCO shares, a significant portion of their total compensation is in equity-based compensation

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

GOCOM is satisfied that:

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

Operate Independently

When making executive compensation decisions and director nominations, GOCOM operates independently from management. All of the members of the committee are independent except Mr. Booth. Mr. Booth is a partner at Bennett Jones LLP, ATCO's legal counsel.

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

Independent Advice

GOCOM hires independent consultants for advice on:

- The structure of our executive compensation program
- Legal matters related to executive compensation

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

Executive compensation advisory services in 2018

GOCOM approved the use of two independent consultants in 2018 for information and advice on compensation.

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

- Reviewing total compensation of executive positions to comparable roles in the marketplace
- Gathering information on competitive executive compensation practices
- Recommending an approach to our executive compensation program
- Providing surveys and studies

Mercer provided the following services:

- Advising on non-executive compensation
- Providing actuarial consulting services for pension and benefits
- Performing consulting services for regulatory hearings
- Providing surveys and studies

| | Fees in 2018 (\$) | Fees in 2017 (\$) |
|-------------------------------------|----------------------|----------------------|
| Willis Towers Watson | | |
| Executive compensation-related fees | 121,162 | 320,604 |
| All other fees | 163,323 | 166,624 |
| Mercer | | |
| Executive compensation-related fees | - | - |
| All other fees | 864,572 | 1,186,294 |

The total fees which are reported here are incurred by both ATCO and Canadian Utilities.

DECISION-MAKING PROCESS

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

| | | |
|----------|--|---|
| 1 | Review Compensation Plan | <p>At the beginning of every year, GOCOM analyzes the previous year's compensation plan against management proxy circular data from other companies and compensation data provided by outside advisors.</p> <p>It also reviews a tally sheet, prepared by management for the CEO and her direct reports, that includes a three-year history of salary, incentive plan payments, discretionary payments, perquisites, share plan ownership and grants, pension and benefits, and the expected value of long-term incentives.</p> <p>GOCOM makes any changes it believes are necessary to ensure the compensation plan:</p> <ul style="list-style-type: none">• Rewards these executives based on corporate, individual and business unit performance• Includes the appropriate variable components to align the interests of these executives with those of share owners• Focuses these executives on sustainable, profitable growth without encouraging excessive risk-taking |
| 2 | Set incentive plan targets and performance criteria | <p>GOCOM reviews and approves the performance measures for the short-term incentive pool and mid-term incentive plan payouts based on corporate and business unit financial targets.</p> |
| 3 | Set individual and operational goals and objectives | <p>GOCOM sets goals and objectives for the CEO based on ATCO's business strategy. The CEO establishes individual and operational goals and objectives for her direct reports, which support ATCO's business strategy and the CEO's goals, and presents them to GOCOM.</p> |
| 4 | Assess corporate and business unit performance | <p>GOCOM assesses ATCO and individual business unit performance against specified targets and, taking into consideration peer performance, market conditions and other factors, approves overall short-term incentive pool funding.</p> |
| 5 | Determine individual awards | <p>GOCOM assesses the CEO's performance. The CEO completes performance assessments for her direct reports, which include:</p> <ul style="list-style-type: none">• An analysis of performance against his or her goals and objectives, commenting on demonstrated delivery of results, alignment to ATCO's values and business objectives, and the executive's ability to develop and mentor high-potential employees• Recommendations for each senior executive's salary• Recommendations for short, mid and long-term incentives for each executive <p>GOCOM reviews this information, along with market data provided by independent advisors and approves each senior executive's compensation.</p> |

COMPONENTS

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

- Fixed (base salary)
- Variable (short, mid and long-term incentives)

Indirect compensation includes a pension plan and other benefits, which are described on Page 47.

Direct Compensation

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

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

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

| | | | CEO | Other senior executives |
|--------------------------|--------|---------------------------|-------------------|-------------------------|
| Fixed | Cash | Salary | 25% to 40% | 35% to 50% |
| Variable | Cash | Short-term incentive plan | 35% to 75% | 35% to 60% |
| | Equity | Mid-term incentive plan | 0% to 35% | 0% to 25% |
| | Equity | Long-term incentive plan | 0% to 35% | 0% to 25% |
| Total pay at risk | | | 75% to 60% | 65% to 50% |
| Total | | | 100% | 100% |

Fixed Compensation

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

Variable Compensation

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

Corporate Performance

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

Business Unit Performance

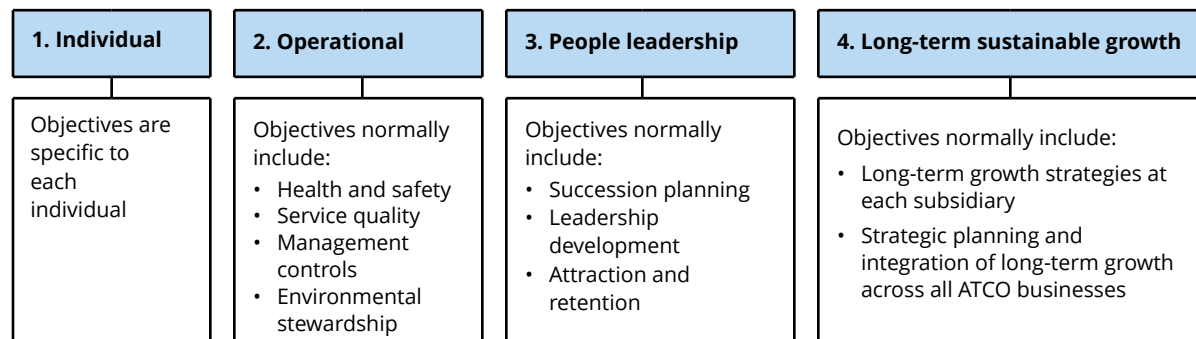
Business unit performance has a direct impact on the amount allocated from the short-term incentive pool to the business unit's incentive pool.

Individual Performance

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

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

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



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

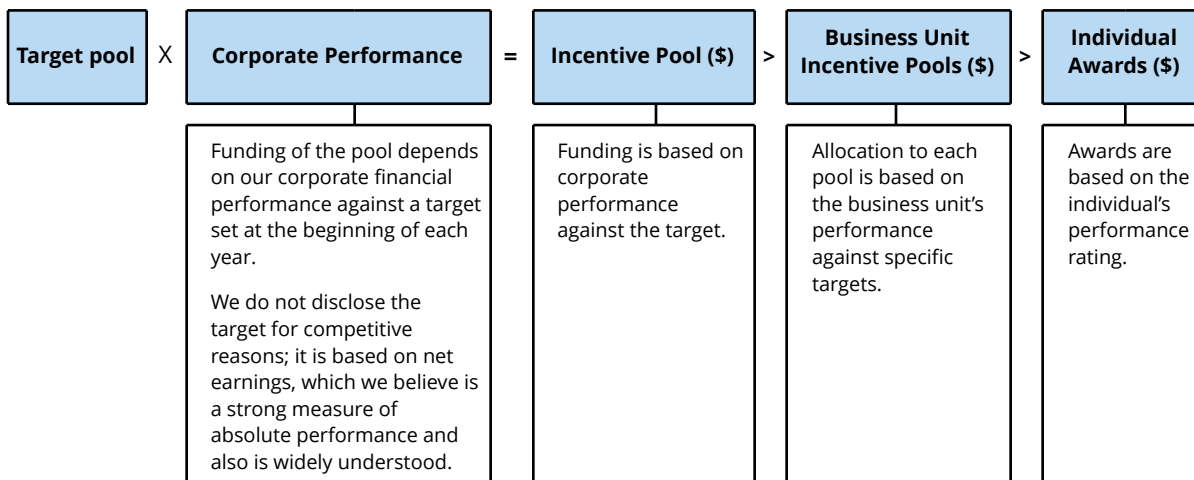
GOCOM also has broad discretion to not make incentive payments when, for example, a senior executive:

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

Short-Term Incentive

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

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



Mid-Term Incentive

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

Form of Award

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

Performance Criteria

Shares vest at the end of two or three years based on performance criteria including:

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

Long-Term Incentive

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

Form of Award

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

Performance Criteria

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

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

The plans do not limit insider participation and there is no limit on the number of awards to any one person. GOCOM can suspend or terminate either plan at any time. It can add, remove or modify any term of a plan or a grant without share owner approval as long as the change:

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

Indirect Compensation

Perquisites

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

Employee Share Purchase Plan

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

Pension Plan

The named executives participate in the Retirement Plan for Employees of Canadian Utilities Limited and Participating Companies (Canadian Utilities plan), which has both a defined benefit (DB) and defined contribution (DC) component. All named executives except Dennis A. DeChamplain and Wayne K. Stensby participate in the DB component.

How the DB component works:

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

How we calculate the pension benefit:

$$\left[1.4\% \times \begin{array}{l} \text{average year's maximum} \\ \text{pensionable earnings} \\ (\$54,440 \text{ in } 2018) \end{array} + 2\% \times \begin{array}{l} \text{average salary (highest five consecutive} \\ \text{years of base salary, not including} \\ \text{short-term incentive) } \textit{minus} \$54,440 \end{array} \right] \times \begin{array}{l} \text{Years of} \\ \text{service} \end{array}$$

Dennis A. DeChamplain and Wayne K. Stensby participate in the DC component.

How the DC component works:

- Executives do not contribute to the plan
- The Company contributes 10 per cent of base salary up to the maximum permitted by the Income Tax Act (\$26,500 in 2018)
- Participants are responsible for the investment decisions in the DC plan and may invest contributions in a broad selection of funds

Supplemental Pension Benefits

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

How it works:

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

Nancy C. Southern's supplemental pension benefit is part of her employment agreement with ATCO (see Page 56). Her benefits are calculated as 80 per cent of the average of the highest five years of cash compensation (salary and short-term incentives) during her last 10 years before retirement.

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

2018 PERFORMANCE AND AWARDS

Performance in 2018

Key accomplishments included the following:

- In September, we continued our diversification strategy as we acquired a 40 per cent interest in Neltume Ports in South America for approximately \$450 million. Neltume Ports is a leading port operator and developer with 16 port facilities and three port operation service businesses primarily located in Chile and Uruguay. Their portfolio is highly diversified across cargo types and volume mix and employs 6,672 people. Neltume Ports contributed \$4 million to ATCO's adjusted earnings in 2018.
- In December, Structures & Logistics won two workforce housing contracts. The first is in support of LNG Canada and Coastal GasLink in B.C. In partnership with the Haisla First Nation, we will be providing workforce housing and operational support services for three camps in support of the pipeline. Operations will commence in March 2019 and continue until August 2022. The second is a joint venture with a subsidiary of Bird Construction to design, engineer and construct a 4,500-person workforce accommodation centre. The joint venture will execute the project through a joint venture between ATCO and Haisla Nation. The project is one of the largest accommodation facilities ever built in Canada.
- In September, ATCO Energia entered Mexico's wholesale electricity market after receiving approval from the National Center for Energy Control. The company is able to provide electricity and related services as a Qualified Supplier.
- In December, we sold 42 acres of land in east London, UK. This is the location of the former Barking Power Station that was mothballed in 2014. The total proceeds received from the sale of the Barking Power assets were \$219 million.
- We continued construction on the 500 km Fort McMurray West 500-kV Project. The capital investment of \$664 million in 2018 was mainly due to tower foundation installation and tower assembly, and the target energization date has been advanced to March 2019.
- In February, we 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.
- In March, we partnered with RANMAN Energy to build a 26 MW cogeneration project, known as the La Laguna Cogeneration facility in Mexico. This facility will provide low-carbon and cost-effective electricity and heat under a long-term agreement. The total investment is approximately \$70 million and the facility is expected to be operational in 2020.
- In the second quarter of 2018, Structures & Logistics completed the construction of a 100,000 sq. ft. modular structures manufacturing facility in Santiago, Chile through our partnership with Ultramar in ATCO Sabinco S.A. In the third quarter, Structures & Logistics opened a custom-built manufacturing plant and hire yard facility on the Gold Coast, Queensland. The state-of-the-art factory is the latest in a series of new and modern ATCO facilities, including plants in Perth and Santiago, Chile, which provide the most advanced manufacturing capabilities in the industry, with access to the world's fastest-growing markets.
- In October, ATCO partnered with the Homes For Heroes Foundation, which assists homeless Canadian Armed Forces veterans. Twenty affordable modular 'tiny homes' will be built as transitional housing for veterans so they can progress with dignity towards a long-term living arrangement in a neighbourhood. The first Homes For Heroes village is scheduled to open in early 2019.
- On January 10, 2019, the Board of Directors declared a first quarter dividend of 40.48 cents per share. Dividends paid to Class I and Class II Share owners totaled \$173 million in 2018. We have increased our common share dividend each year since 1993.

- In April, Structures & Logistics executed a contract extension for accommodations for 750 persons at the Lake Charles, Louisiana project. The 29-month contract, originally awarded in 2015 for the design, construction, transportation, installation and rental of modular units for a 1,900-person village, was scheduled for completion in May 2018. The extension agreement ran until the end of 2018, with an option to extend to April 2019.
- In 2018, we maintained an 'A (low)' credit rating with a stable trend from DBRS and an 'A-' credit rating with a stable outlook from Standard & Poor's.
- ATCO Structures & Logistics expanded its permanent modular construction product offerings and completed several projects, including classrooms, community centres, hotels and independent apartment complexes in Australia and North America. We also completed two affordable housing projects in Surrey, British Columbia in 2018 and were awarded three additional projects in British Columbia.
- We launched ATCO Investments, which includes commercial real estate investments held for sale, lease, or development. The company sold four properties in its portfolio for adjusted earnings of \$13 million.
- We commissioned ATCO Park, our new headquarters in Calgary, with a grand opening in May.

INNOVATION

OBJECTIVE



Explore and test new products and methods of energy delivery to meet the needs of our customers now and into the future.

- The Clean Energy Innovation Hub (CEIH), supported by funding from the Australian Renewable Energy Agency (ARENA), will be a test bed for hybrid energy solutions that integrate natural gas, solar and battery storage.
- ATCO partnered with the Homes For Heroes Foundation, which assists homeless Canadian Armed Forces veterans. Twenty affordable modular 'tiny homes' will be built as transitional housing for veterans so they can progress with dignity towards a long-term living arrangement in a neighbourhood. The first Homes For Heroes village is scheduled to open in early 2019.
- Through our Inter-pipeline agreement, we have invested more than \$70 million in Alberta's Industrial Heartland to develop a multi-user industrial water system that leverages common infrastructure to provide a range of water services including transportation, storage and clarification to industrial customers in this region.
- We began installing shared energy infrastructure for apartment buildings in Australia through a mix of solar technology and energy from the grid, alleviating some of the high capital costs of investing in renewable energy.
- We completed work on Battle River unit 4 to enable the unit to co-fire with natural gas. Natural gas can now be used for approximately half of the unit's 155 MW total electricity generation capacity.

GROWTH


OBJECTIVE



Continued driving growth through regulated and long-term contracted capital investment.


- We expanded our portfolio in Mexico with the announcement of a new cogeneration power project in partnership with RANMAN Energy. The 26 MW project uses cogeneration technology to simultaneously produce electricity and recover waste heat, making it a highly efficient method of generating power while significantly lowering CO2 emissions.
- We continue to work towards the completion of Alberta PowerLine, a partnership with Quanta Services, to build the Fort McMurray West 500 kilovolt (kV) Transmission Project stretching 500 km northeast from Wabamun, near Edmonton to Fort McMurray. This project is a critical addition to the province's transmission system and will enable continued growth in northern Alberta, with the region consuming about the same amount of power as either of Alberta's major cities, Edmonton and Calgary.

- We 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.

| | | |
|------------------|---|---|
| OBJECTIVE |  | Achieve growth through diversification into new geographies and new lines of business. |
|------------------|---|---|


- In September, we acquired a 40 per cent interest in Neltume Ports for approximately \$450 million. Neltume Ports, a subsidiary of Ultramar, operates in 16 port facilities and three port operation service businesses primarily located in Chile and Uruguay. The transaction complements our existing businesses and further cements our position as a premier global infrastructure holding company.
- In September, ATCO Energia entered Mexico's wholesale electricity market after receiving approval from the National Center for Energy Control. The company is able to provide electricity and related services as a Qualified Supplier.
- In December, ATCO further diversified its growing portfolio in Mexico by acquiring a leading modular building manufacturer, which will now operate under the name ATCO Espaciomovil. With a 182,000 sq. ft. manufacturing plant and 1,300 modular rental units in operation, ATCO is now the largest manufacturer of modular products in the Mexican market, with the second largest fleet of rental assets in the country. The fleet is currently 80 per cent utilized on existing rental contracts.
- Through Frontec, we opened our first permanent African hub in Nairobi, Kenya with the mission of growing our business in this market of huge potential. Our focus is on remote site workforce camps. We have developed a fully integrated camp system that can be tailored to clients' needs and deployed in as little as two weeks. We are also in discussions with potential clients about how our products and services can provide support in times of crisis. Opportunities include infrastructure development, technical knowledge transfer, and the renewable and non-renewable resource and power sectors.

FINANCIAL STRENGTH

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

- Adjusted earnings of \$355 million for the year ended December 31, 2018 which was below the performance target set by the Board of Directors at the beginning of the year.

**Adjusted earnings as reported in the consolidated financial statements for the year ended December 31, 2018, are earnings attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses associated with the rate regulated activities. Adjusted earnings also exclude one-time gains and losses, significant impairments and items that are not in the normal course of business or a result of day-to-day operations.*

| | | |
|------------------|---|---|
| OBJECTIVE |  | Maintain investment grade credit rating. |
|------------------|---|---|

- In 2018, we maintained an 'A (low)' credit rating with a stable trend from DBRS and an 'A-' credit rating with a stable outlook from Standard & Poor's.


| | | |
|------------------|---|--|
| OBJECTIVE |  | Maintain access to capital markets at attractive rates. |
|------------------|---|--|

- In 2018, we raised \$385 million in 30 year debentures at 3.95 per cent, one of the lowest long-term coupons achieved in the Company's history. We also completed the Company's inaugural hybrid bond offering with a \$200 million financing at an attractive rate of 5.5 per cent.

| | | |
|------------------|---|--|
| OBJECTIVE |  | Maintain and enhance management and financial processes and controls to ensure that no reportable weaknesses in control over financial reporting exist. |
|------------------|---|--|

- Testing conducted in 2018 revealed no reportable weaknesses in internal control over financial reporting.

PEOPLE LEADERSHIP


| | | |
|------------------|---|---|
| OBJECTIVE |  | Continue to improve labour relations by fostering a productive and collaborative environment with our employee associations. |
|------------------|---|---|

- We successfully negotiated four balanced collective agreements between the Canadian Energy Workers Association (CEWA), Public Service Alliance of Canada (PSAC), Alberta Regional Council of Carpenters and Allied Workers Local Union 2010, and the United Utility Workers' Association (UUWA). As well in 2018, four ATCO companies were engaged in collective bargaining with the Canadian Energy Workers Association (CEWA) Natural Gas Employees Association, and the Australian Services Union. Those proceedings continue to progress toward resolution.


| | | |
|------------------|---|--|
| OBJECTIVE |  | Continue to build our leadership capability and foster a high performing culture. |
|------------------|---|--|

- Over 70 per cent of our employees participated in our first Global Employee Engagement Pulse Check which provided invaluable insights into areas of significant strength and areas for improvement.
- We launched our 360 Feedback process to continue to support the growth and development of our leaders to improve their leadership effectiveness.
- We supported developing employee and leadership competencies through various learning programs: Leading Breakthrough Change, Managing Change and Transition, Taking Action During times of Change and Uncertainty, Facilitation First, Foundations of Leadership, Ivey Executive Leadership, and the Indigenous Relations Leadership Certificate Program. We also have 34 Lumina Spark Practitioners that help build high performing teams through leveraging individual differences.

OPERATIONAL EXCELLENCE

| | | |
|------------------|---|---|
| OBJECTIVE |  | Improve the health and safety of our employees and contractors by striving for an incident-free environment, while continuing to be a strong advocate for the safety of our customers. |
|------------------|---|---|

- ATCO achieved a 36 per cent reduction in the lost time incident rate in 2018 to 0.16 cases/200,000 hours worked.
- We achieved a total recordable incident rate of 1.37 cases/200,000 hours worked. This was achieved through awareness and incident prevention campaigns and we continue to compare favourably to industry benchmarks.
- Our natural gas transmission business has reported zero lost-time injuries for the past 16 years.
- We rolled out the Not Myself Today campaign focusing on mental well-being. Over 100 champions across ATCO continually help to create awareness and break down the stigma of mental health.

| | | |
|------------------|---|--|
| OBJECTIVE |  | Continue to provide exceptional customer service to our municipal, residential, commercial and industrial customers around the world. |
|------------------|---|--|

- Within the Alberta electricity and natural gas distribution businesses, more than 95 per cent of customers agreed that Canadian Utilities provides good service. Within the energy retail operations, 76 per cent of customers who interact with call centres are "very satisfied" compared with an industry average of 72 per cent.

COMMUNITY INVOLVEMENT

| | | |
|------------------|---|--|
| OBJECTIVE |  | Continue to establish meaningful partnerships with Indigenous communities that drive economic and social development. |
|------------------|---|--|

- The Alberta Powerline partnership with Quanta Services has included extensive Indigenous consultation and engagement, and the development of a comprehensive Indigenous contracting strategy. We have awarded \$85 million worth of contracts to Indigenous communities and contractors engaged on the project. These contracts are helping to create jobs and training opportunities.
- ATCO piloted the Indigenous Youth Leadership & Career Development program across Alberta. Grade 9 students from seven Indigenous communities participated. They traveled the province and learned about education, career opportunities and resources available to help them succeed. Professionals and community leaders helped to broaden their perspectives on the future. The four-day program ended with releasing a rehabilitated eagle back into the wild.
- We continued with the Canada-wide expansion of the Indigenous Education Awards program, providing 50 awards totaling \$65,500 in 2018.
- ATCO's Frontec division secured a new three-year contract to provide camp support to Coeur Mining, Inc.'s Silvertip mine in B.C. As part of the contract, Frontec will provide various services for the 300-person facility. We have partnered with local Indigenous companies to assist in the completion of the contract and provide employment and training opportunities to local Indigenous Peoples.
- The focus of our Indigenous Reconciliation Action Plan in Australia is to strengthen our relationships with Aboriginal and Torres Strait Islander Peoples. Our action plan outlines our commitment to Reconciliation, including the development of employment practices and supplier selection to build employment and grow business opportunities in our communities.
- Eight communities and 119 youth engaged in the inaugural Governor General Indigenous Youth Leaderships Program (now called ATCO Explore for 2019).

| | | |
|------------------|---|---|
| OBJECTIVE |  | Continue to support the communities we have the privilege to serve around the world through community investment, partnerships and volunteerism. |
|------------------|---|---|

- With the combined efforts of our employees around the world, ATCO donated more than \$2.72 million to support hundreds of community charities through our annual ATCO EPIC (Employees Participating in Communities) campaign, taking the program's cumulative fundraising total to more than \$41.3 million since its inception in 2006. The administration of the employee-led campaign is funded by ATCO, ensuring 100 per cent of the employee donations go towards employees' charity of choice.
- The Blue Flame Kitchen hosted a Blue Flame Kitchen Skills program, visiting seven communities and engaging with 539 students.
- Thirty-four communities were visited with 4,570 students involved and 38 schools engaged in the Spirit North program, supported by ATCO.

Compensation in 2018

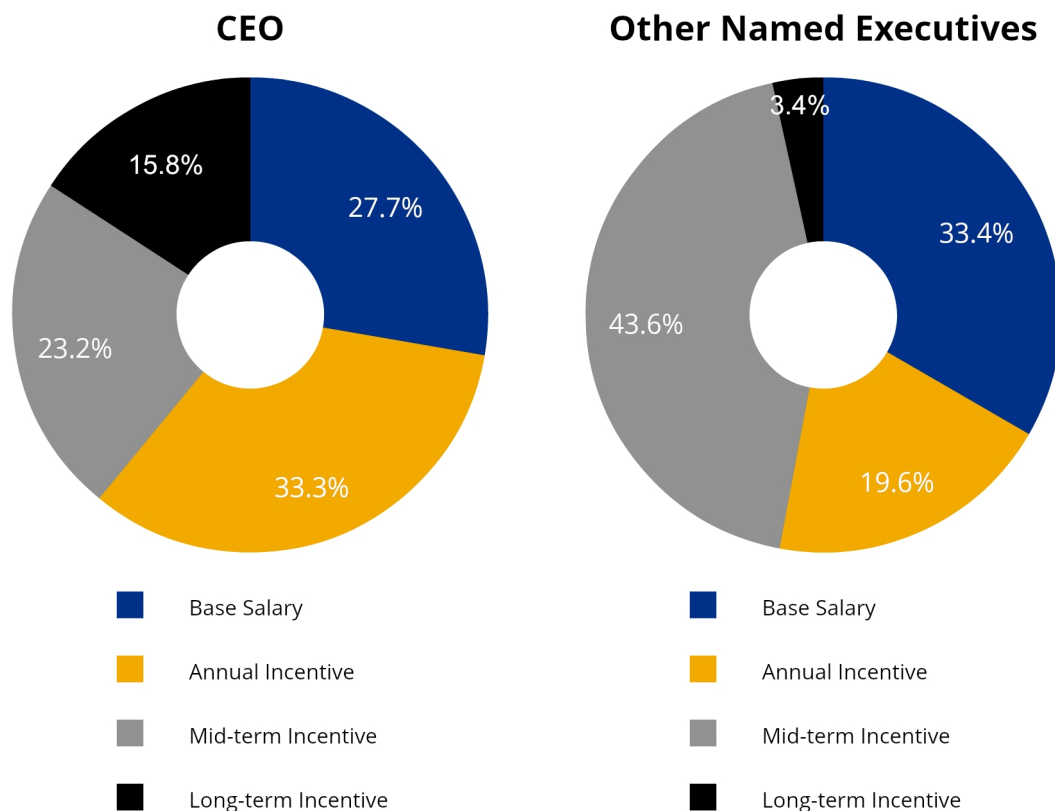
The table below is a summary of total direct compensation awarded to the named executives in 2018.

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

Please see Page 61 for the summary compensation table, which shows total compensation for the past three years, and the assumptions used for the mid and long-term incentive values.

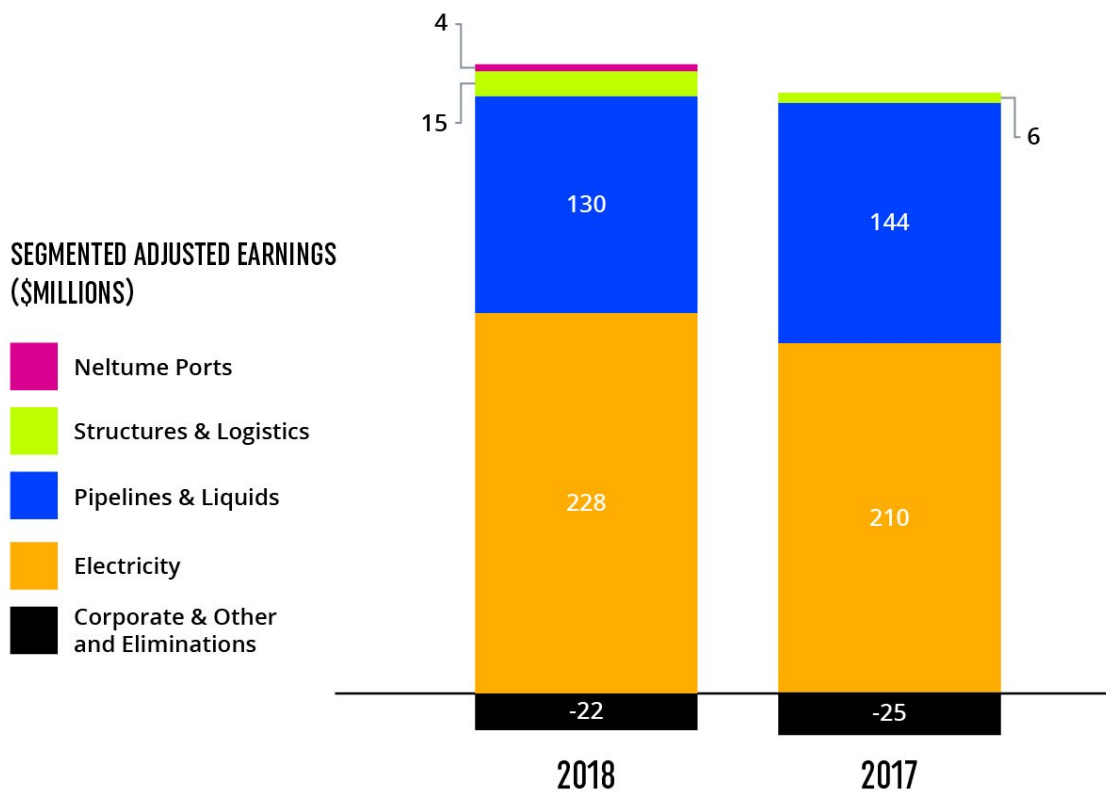
| | Total cash compensation received from <i>both</i> companies (\$) | | | | Equity (\$) | Total direct compensation (\$) |
|-----------------------|--|----------------------|--------------------|---------------------|-------------|--------------------------------|
| | Salary | Short-term incentive | Mid-term incentive | Long-term incentive | | |
| Nancy C. Southern | 1,000,000 | 1,200,000 | 837,193 | 571,470 | 3,608,663 | |
| Dennis A. DeChamplain | 380,876 | 275,000 | 556,424 | 43,960 | 1,256,260 | |
| Siegfried W. Kiefer | 837,500 | 500,000 | 1,128,188 | 87,918 | 2,553,606 | |
| Wayne K. Stensby | 450,000 | 250,000 | 557,437 | 43,960 | 1,301,397 | |
| George J. Lidgett | 468,750 | 230,000 | 551,997 | 43,960 | 1,294,707 | |

2018 Pay Mix



Compensation Linked to Financial Performance

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



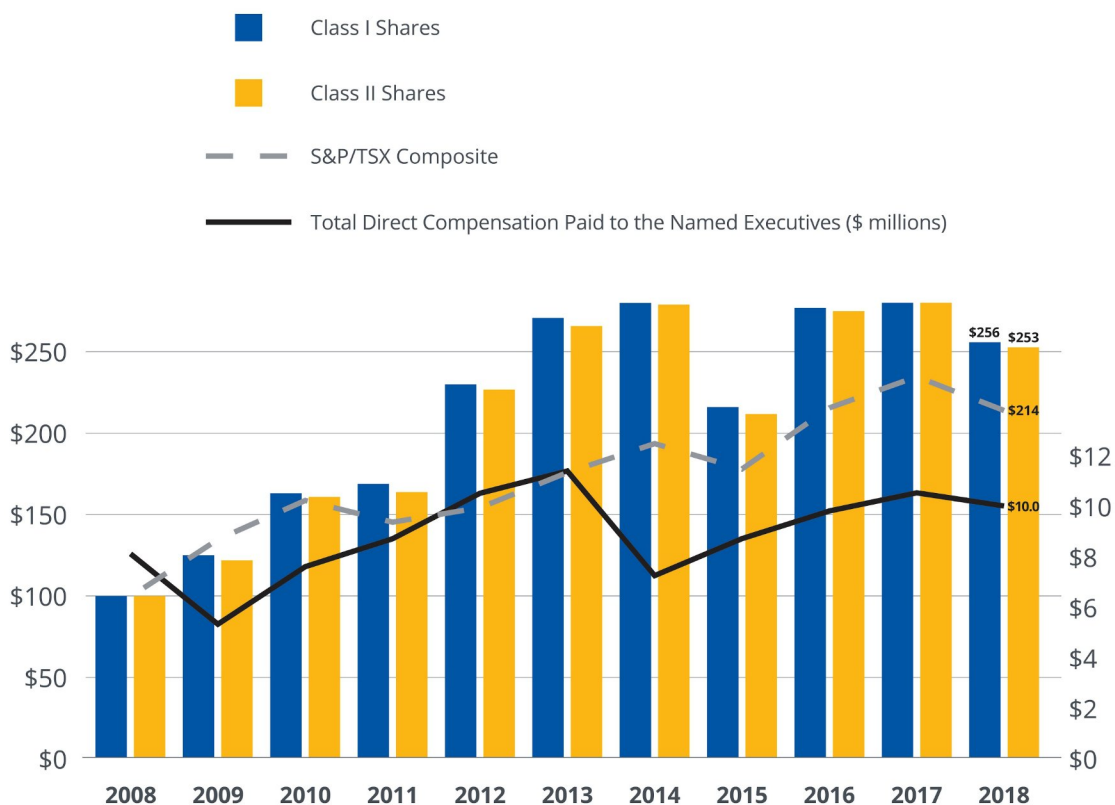
| (\$millions) | 2018 | 2017 |
|--|------|------|
| Adjusted earnings | 355 | 335 |
| Total direct compensation paid to the named executives | 10.0 | 10.5 |
| As a % of adjusted earnings | 2.8% | 3.1% |

Compensation Linked to Share Owner Return

The graph below compares the cumulative value of \$100 invested in ATCO Class I Shares and Class II Shares (assuming reinvestment of dividends) on January 1, 2008, with the cumulative value of \$100 invested in the S&P/TSX Composite Index over the same period.

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

Total Shareholder Return (TSR) (\$) and Total Direct Compensation Paid to the Named Executives (\$ millions)



Total direct compensation includes:

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



NANCY C. SOUTHERN

Chair & Chief Executive Officer

Calgary, Canada

Years of Service 29

Age 62

Ms. Southern is Chair & Chief Executive Officer of ATCO and Canadian Utilities and has full responsibility for ATCO's strategic direction and operations. She reports to the Board of Directors and has been a director of ATCO since 1989.

Under Ms. Southern's guidance, adjusted earnings have increased from \$266 million in 2008 to \$355 million in 2018 (an increase of 33 per cent). ATCO's total assets have grown from approximately \$9 billion in 2008 to \$23 billion in 2018.

COMPENSATION

| | 2018 (\$) | 2017 (\$) | 2016 (\$) |
|--|------------------|------------------|------------------|
| Cash | | | |
| Base salary | 1,000,000 | 1,000,000 | 1,000,000 |
| Short-term incentive | 1,200,000 | 1,000,000 | 1,600,000 |
| Total cash compensation from both ATCO and Canadian Utilities | 2,200,000 | 2,000,000 | 2,600,000 |
| Equity | | | |
| Mid-term incentive | 837,193 | 655,534 | 568,215 |
| Long-term incentive | | | |
| Stock options | 285,735 | 437,506 | 564,478 |
| Share appreciation rights | 285,735 | 437,506 | 564,478 |
| Total equity | 1,408,663 | 1,530,546 | 1,697,171 |
| Total direct compensation from both ATCO and Canadian Utilities | 3,608,663 | 3,530,546 | 4,297,171 |

EMPLOYMENT AGREEMENT

Ms. Southern has an employment agreement with ATCO that is reviewed and approved on an annual basis. It is currently extended to February 28, 2020. The agreement includes insurance benefits if Ms. Southern dies or becomes disabled before she retires or employment is terminated. The amount is based on her salary, using formulas that take into account the amounts payable to her under ATCO's group life insurance policies and disability income programs. It also includes supplemental pension benefits, which are described on Page 47.



DENNIS A. DECHAMPLAIN

Senior Vice President & Chief Financial Officer

Calgary, Canada

Years of service 26

Age 55

Mr. DeChamplain is Senior Vice President & Chief Financial Officer of ATCO and Canadian Utilities. He is responsible for Finance, Accounting, Treasury, Taxation, Regulatory Strategy, Corporate Governance & Secretarial, Pension & Risk Management and the administration of Internal Audit. He joined ATCO in 1992 and has held progressively senior roles in ATCO and Canadian Utilities. He was appointed to his current role in 2017.

COMPENSATION

| | 2018 (\$) | 2017 (\$) | 2016 (\$) |
|--|------------------|------------------|----------------|
| Cash | | | |
| Base salary | 380,876 | 347,917 | 310,000 |
| Short-term incentive | 275,000 | 175,000 | 180,000 |
| Total cash compensation from both ATCO and Canadian Utilities | 655,876 | 522,917 | 490,000 |
| Equity | | | |
| Mid-term incentive | 556,424 | 631,607 | 267,248 |
| Long-term incentive | | | |
| Stock options | 21,980 | 31,628 | 8,876 |
| Share appreciation rights | 21,980 | 31,628 | 8,876 |
| Total equity | 600,384 | 694,863 | 285,000 |
| Total direct compensation from both ATCO and Canadian Utilities | 1,256,260 | 1,217,780 | 775,000 |



SIEGFRIED W. KIEFER

President & Chief Strategy Officer

Calgary, Canada

Years of service 36

Age 60

Mr. Kiefer is President & Chief Strategy Officer of ATCO and Canadian Utilities. He is responsible for recommending and executing strategic initiatives that ensure the Company's profitable growth and achievement of its business objectives. He joined ATCO in 1983 and has held progressively senior roles in ATCO and Canadian Utilities. He was appointed to his current role in 2018.

COMPENSATION

| | 2018 (\$) | 2017 (\$) | 2016 (\$) |
|--|------------------|------------------|------------------|
| Cash | | | |
| Base salary | 837,500 | 790,000 | 760,000 |
| Short-term incentive | 500,000 | 375,000 | 600,000 |
| Total cash compensation from both ATCO and Canadian Utilities | 1,337,500 | 1,165,000 | 1,360,000 |
| Equity | | | |
| Mid-term incentive | 1,128,188 | 1,260,901 | 571,653 |
| Long-term incentive | | | |
| Stock options | 43,959 | 67,309 | 67,737 |
| Share appreciation rights | 43,959 | 67,309 | 67,737 |
| Total equity | 1,216,106 | 1,395,519 | 707,127 |
| Total direct compensation from both ATCO and Canadian Utilities | 2,553,606 | 2,560,519 | 2,067,127 |



WAYNE K. STENSBY

Managing Director, Electricity Global Business Unit

Calgary, Canada

Years of service 30

Age 52

Mr Stensby is Managing Director of the Electricity Global Business Unit of ATCO and Canadian Utilities which encompasses electricity generation, transmission and distribution. Mr. Stensby is tasked with leading the strategy and development for the Business Unit's long-term products and services growth. He joined ATCO in 1988 and has held a number of senior operational and engineering management roles during his tenure. He was appointed to his current role in 2015.

COMPENSATION

| | 2018 (\$) | 2017 (\$) | 2016 (\$) |
|--|------------------|------------------|------------------|
| Cash | | | |
| Base salary | 450,000 | 442,500 | 411,250 |
| Short-term incentive | 250,000 | 200,000 | 400,000 |
| Total cash compensation from both ATCO and Canadian Utilities | 700,000 | 642,500 | 811,250 |
| Equity | | | |
| Mid-term incentive | 557,437 | 609,658 | 259,958 |
| Long-term incentive | | | |
| Stock options | 21,980 | 33,654 | 22,579 |
| Share appreciation rights | 21,980 | 33,654 | 22,579 |
| Total equity | 601,397 | 676,966 | 305,116 |
| Total direct compensation from both ATCO and Canadian Utilities | 1,301,397 | 1,319,466 | 1,116,366 |



GEORGE J. LIDGETT

Managing Director, Pipelines & Liquids Global Business Unit

Calgary, Canada

Years of service 33

Age 57

Mr. Lidgett is Managing Director of the Pipelines & Liquids Global Business Unit of ATCO and Canadian Utilities which encompasses Gas Distribution, Gas Transmission and Storage and Liquids. Mr. Lidgett is tasked with leading the strategy and development for the Business Unit's long-term products and services growth. He joined ATCO in 1985 and has held a number of senior operational and commercial management roles during his tenure. He was appointed to his current role in 2015.

COMPENSATION

| | 2018 (\$) | 2017 (\$) | 2016 (\$) |
|--|------------------|------------------|------------------|
| Cash | | | |
| Base salary | 468,750 | 441,250 | 415,000 |
| Short-term incentive | 230,000 | 275,000 | 450,000 |
| Total cash compensation from both ATCO and Canadian Utilities | 698,750 | 716,250 | 865,000 |
| Equity | | | |
| Mid-term incentive | 551,997 | 607,817 | 162,250 |
| Long-term incentive | | | |
| Stock options | 21,980 | 33,654 | 13,547 |
| Share appreciation rights | 21,980 | 33,654 | 13,547 |
| Total equity | 595,957 | 675,125 | 189,344 |
| Total direct compensation from both ATCO and Canadian Utilities | 1,294,707 | 1,391,375 | 1,054,344 |

2018 COMPENSATION DETAILS

Summary Compensation Table

The table below summarizes the total compensation of each of the named executives received or awarded for the years ended December 31, 2016, 2017 and 2018. In 2018, all of the named executives have a dual role for ATCO and for Canadian Utilities, our subsidiary company. The exceptions are Mr. Stensby and Mr. Lidgett. The table below shows how the compensation expense for executives with dual roles has been shared over the past three years.

| | Amount paid by ATCO | Amount paid by Canadian Utilities | Combined total reported in ATCO proxy circular |
|------|------------------------|--------------------------------------|--|
| 2018 | 12.5% | 87.5% | 100% |
| 2017 | 11.9% | 88.1% | 100% |
| 2016 | 13.2% | 86.8% | 100% |

The compensation we report below for all named executives is the compensation they receive from both ATCO and Canadian Utilities.

| | Salary | Share based awards ¹ | Option based awards ^{2,3} | Non-equity incentive plan compensation | | Pension value ⁴ | All other compensation ⁵ | Total compensation |
|---|-----------|---------------------------------------|--|---|------------------------------------|-------------------------------|--|-----------------------|
| | | | | Annual incentive plans | Long term incentive plans | | | |
| Nancy C. Southern | | | | | | | | |
| Chair & Chief Executive Officer | | | | | | | | |
| 2018 | 1,000,000 | 837,193 | 571,470 | 1,200,000 | - | 1,199,093 | 35,000 | 4,842,756 |
| 2017 | 1,000,000 | 655,534 | 875,012 | 1,000,000 | - | 2,410,439 | 35,000 | 5,975,985 |
| 2016 | 1,000,000 | 568,215 | 1,128,956 | 1,600,000 | - | 1,039,369 | 35,000 | 5,371,540 |
| Dennis A. DeChamplain | | | | | | | | |
| Senior Vice President & Chief Financial Officer | | | | | | | | |
| 2018 | 380,876 | 556,424 | 43,960 | 275,000 | - | 26,500 | 7,093 | 1,289,853 |
| 2017 | 347,917 | 631,607 | 63,256 | 175,000 | - | 26,230 | 0 | 1,244,010 |
| 2016 | 310,000 | 267,248 | 17,752 | 180,000 | - | 26,010 | 1,447 | 802,457 |
| Siegfried W. Kiefer | | | | | | | | |
| President & Chief Strategy Officer | | | | | | | | |
| 2018 | 837,500 | 1,128,188 | 87,918 | 500,000 | - | 437,544 | 29,313 | 3,020,463 |
| 2017 | 790,000 | 1,260,901 | 134,618 | 375,000 | - | 385,042 | 27,650 | 2,973,211 |
| 2016 | 760,000 | 571,653 | 135,474 | 600,000 | - | 319,810 | 26,600 | 2,413,537 |
| Wayne K. Stensby | | | | | | | | |
| Managing Director, Electricity Global Business Unit | | | | | | | | |
| 2018 | 450,000 | 557,437 | 43,960 | 250,000 | - | 83,278 | 15,750 | 1,400,425 |
| 2017 | 442,500 | 609,658 | 67,308 | 200,000 | - | 412,069 | 15,488 | 1,747,023 |
| 2016 | 411,250 | 259,958 | 45,158 | 400,000 | - | 2,631,887 | 14,394 | 3,762,647 |
| George J. Lidgett | | | | | | | | |
| Managing Director, Pipelines & Liquids Global Business Unit | | | | | | | | |
| 2018 | 468,750 | 551,997 | 43,960 | 230,000 | - | 251,971 | 3,516 | 1,550,194 |
| 2017 | 441,250 | 607,817 | 67,308 | 275,000 | - | 3,793,756 | 2,531 | 5,187,662 |
| 2016 | 415,000 | 162,250 | 27,094 | 450,000 | - | 65,325 | 0 | 1,119,669 |

1 The grant date fair value for MTIP granted in the last three years was determined in consultation with our independent advisors. The accounting fair value is based on the full value share price at the time of grant and the grant date fair value used for compensation benchmarking purposes reflects a discount applied to account for performance hurdles that have to be met in order for the MTIP to vest. The share based awards value includes the dividends received during the respective calendar year.

| | 2018 | | 2017 | | | | 2016 | |
|-------------------------|-------|--------------------|-------|--------------------|-------|--------------------|-------|--------------------|
| | March | | March | | June | | March | |
| | ATCO | Canadian Utilities | ATCO | Canadian Utilities | ATCO | Canadian Utilities | ATCO | Canadian Utilities |
| MTIP Assumptions | | | | | | | | |
| Grant date fair value | 27.01 | 22.10 | 32.24 | 25.22 | 32.99 | 27.00 | 25.30 | 23.45 |
| Accounting fair value | 41.55 | 34.00 | 49.60 | 38.80 | 50.75 | 41.54 | 38.93 | 36.08 |

In 2017, Mr. DeChamplain was granted share-based awards for performance in his previous role as Senior Financial Officer. He was granted additional share-based awards following his appointment to the Senior Vice President & Chief Financial Officer role.

2 The option values shown for the last three years are the grant date fair values determined using the Black-Scholes method, the same method used for determining the accounting fair values. The assumptions used were as follows:

| | 2018 | | 2017 | | | | 2016 | |
|---------------------------|--------|--------------------|--------|--------------------|--------|--------------------|--------|--------------------|
| | March | | March | | June | | March | |
| | ATCO | Canadian Utilities | ATCO | Canadian Utilities | ATCO | Canadian Utilities | ATCO | Canadian Utilities |
| Option Assumptions | | | | | | | | |
| Expected life (years) | 7.2 | 6.9 | 7.2 | 6.9 | 7.2 | 6.9 | 7.2 | 6.9 |
| Risk free rate of return | 1.96% | 1.96% | 1.21% | 1.21% | 1.12% | 1.12% | 0.73% | 0.73% |
| Volatility | 16.13% | 9.92% | 17.01% | 13.09% | 15.80% | 10.91% | 25.86% | 18.65% |
| Dividend yield | 3.58% | 4.61% | 2.68% | 3.76% | 2.58% | 3.44% | 2.93% | 3.60% |

The SAR values shown for the last three years are the grant date fair values determined using the Black-Scholes method, the same method used for determining the accounting fair values. The assumptions used were as follows:

| | 2018 | | 2017 | | | | 2016 | |
|--------------------------|--------|--------------------|--------|--------------------|--------|--------------------|--------|--------------------|
| | March | | March | | June | | March | |
| | ATCO | Canadian Utilities | ATCO | Canadian Utilities | ATCO | Canadian Utilities | ATCO | Canadian Utilities |
| SAR Assumptions | | | | | | | | |
| Expected life (years) | 6.2 | 6.1 | 6.2 | 6.1 | 6.2 | 6.1 | 6.2 | 6.1 |
| Risk free rate of return | 1.96% | 1.96% | 1.21% | 1.21% | 1.12% | 1.12% | 0.73% | 0.73% |
| Volatility | 12.94% | 7.69% | 14.22% | 10.17% | 13.24% | 8.27% | 21.81% | 15.23% |
| Dividend yield | 3.58% | 4.61% | 2.68% | 3.76% | 2.58% | 3.44% | 2.93% | 3.60% |

In 2017, Mr. DeChamplain was granted SARs and option-based awards for performance in his previous role as Senior Financial Officer. He was granted additional SARs and option-based awards following his appointment to the Senior Vice President & Chief Financial Officer role.

- Total ATCO and Canadian Utilities stock options and share appreciation rights.
- Estimated using a prescribed formula based on several assumptions. Also includes other compensatory items. Mr. Stensby and Mr. Lidgett joined the supplemental pension plan for all service, effective 2016 and 2017 respectively.
- Employer contribution to the Employee Share Purchase Plan.

Outstanding Option-Based and Share-Based Awards

The table below shows each named executive's outstanding incentive plan awards as of December 31, 2018.

| | Option-based awards | | | | | | | | |
|------------------------------|---|----------------------|--------------------|--------|----------------------------|-------|------------------------|---|--------------------|
| | Number of securities underlying unexercised options (#) | | | | Option exercise price (\$) | | Option expiration date | Value of unexercised in-the-money options ³ (\$) | |
| | ATCO | | Canadian Utilities | | | | | ATCO | Canadian Utilities |
| Options ¹ | SARs ² | Options ³ | SARs ⁴ | ATCO | Canadian Utilities | | ATCO | Canadian Utilities | |
| Nancy C. Southern | | | | | | | | | |
| 2018 | 65,000 | 65,000 | 65,000 | 65,000 | 42.08 | 34.13 | 15-03-28 | 0 | 0 |
| 2017 | 65,000 | 65,000 | 65,000 | 65,000 | 48.82 | 38.07 | 15-03-27 | 0 | 0 |
| 2016 | 62,500 | 62,500 | 62,500 | 62,500 | 38.93 | 36.08 | 25-03-26 | 0 | 0 |
| 2015 | 50,000 | 50,000 | 50,000 | 50,000 | 46.98 | 40.78 | 15-03-25 | 0 | 0 |
| 2014 | 50,000 | 50,000 | 50,000 | 50,000 | 51.96 | 39.45 | 15-03-24 | 0 | 0 |
| 2013 | 60,000 | 60,000 | 60,000 | 60,000 | 44.97 | 39.04 | 15-03-23 | 0 | 0 |
| 2012 | 50,000 | 50,000 | 50,000 | 50,000 | 35.12 | 33.18 | 15-03-22 | 349,500 | 0 |
| 2011 | 25,000 | 25,000 | 25,000 | 25,000 | 28.32 | 24.74 | 15-03-21 | 514,750 | 329,250 |
| 2010 | 75,000 | 75,000 | 75,000 | 75,000 | 25.35 | 23.65 | 15-03-20 | 1,989,000 | 1,151,250 |
| Dennis A. DeChamplain | | | | | | | | | |
| 2018 | 5,000 | 5,000 | 5,000 | 5,000 | 42.08 | 34.13 | 15-03-28 | 0 | 0 |
| 2017 | 4,000 | 4,000 | 4,000 | 4,000 | 50.75 | 41.54 | 25-06-27 | 0 | 0 |
| 2017 | 1,000 | 1,000 | 1,000 | 1,000 | 48.82 | 38.07 | 15-03-27 | 0 | 0 |
| 2016 | - | - | 3,000 | 3,000 | - | 36.08 | 25-03-26 | 0 | 0 |
| 2015 | 1,000 | 1,000 | 1,000 | 1,000 | 46.98 | 40.78 | 15-03-25 | 0 | 0 |
| 2014 | 1,500 | 1,500 | 1,500 | 1,500 | 51.96 | 39.45 | 15-03-24 | 0 | 0 |
| 2013 | - | - | 2,000 | 2,000 | - | 39.04 | 15-03-23 | 0 | 0 |
| 2012 | - | - | 2,000 | 2,000 | - | 33.18 | 15-03-22 | 0 | 0 |
| 2011 | 2,000 | 2,000 | 2,000 | 2,000 | 28.32 | 24.74 | 15-03-21 | 41,180 | 26,340 |
| Siegfried W. Kiefer | | | | | | | | | |
| 2018 | 10,000 | 10,000 | 10,000 | 10,000 | 42.08 | 34.13 | 15-03-28 | 0 | 0 |
| 2017 | 10,000 | 10,000 | 10,000 | 10,000 | 48.82 | 38.07 | 15-03-27 | 0 | 0 |
| 2016 | 7,500 | 7,500 | 7,500 | 7,500 | 38.93 | 36.08 | 25-03-26 | 0 | 0 |
| 2015 | 7,500 | 7,500 | 7,500 | 7,500 | 46.98 | 40.78 | 15-03-25 | 0 | 0 |
| 2014 | 10,000 | 10,000 | 10,000 | 10,000 | 51.96 | 39.45 | 15-03-24 | 0 | 0 |
| 2013 | 10,000 | 10,000 | 10,000 | 10,000 | 44.97 | 39.04 | 15-03-23 | 0 | 0 |
| 2012 | 7,500 | 7,500 | 7,500 | 7,500 | 35.12 | 33.18 | 15-03-22 | 52,425 | 0 |
| 2011 | 5,000 | 5,000 | 5,000 | 5,000 | 28.32 | 24.74 | 15-03-21 | 102,950 | 65,850 |
| 2010 | 5,000 | 5,000 | 5,000 | 5,000 | 25.35 | 23.65 | 15-03-20 | 132,600 | 76,750 |
| Wayne K. Stensby | | | | | | | | | |
| 2018 | 5,000 | 5,000 | 5,000 | 5,000 | 42.08 | 34.13 | 15-03-28 | 0 | 0 |
| 2017 | 5,000 | 5,000 | 5,000 | 5,000 | 48.82 | 38.07 | 15-03-27 | 0 | 0 |
| 2016 | 2,500 | 2,500 | 2,500 | 2,500 | 38.93 | 36.08 | 25-03-26 | 0 | 0 |
| 2015 | - | 4,000 | 1,000 | 1,000 | 46.98 | 36.78 | 15-05-25 | 0 | 0 |
| 2014 | - | - | 2,000 | 2,000 | - | 39.45 | 15-03-24 | 0 | 0 |
| 2013 | - | - | 1,000 | 1,000 | - | 39.04 | 15-03-23 | 0 | 0 |
| 2012 | - | - | 1,000 | 1,000 | - | 34.80 | 15-08-22 | 0 | 0 |
| George J. Lidgett | | | | | | | | | |
| 2018 | 5,000 | 5,000 | 5,000 | 5,000 | 42.08 | 34.13 | 15-03-28 | 0 | 0 |
| 2017 | 5,000 | 5,000 | 5,000 | 5,000 | 48.82 | 38.07 | 15-03-27 | 0 | 0 |
| 2016 | 1,500 | 1,500 | 1,500 | 1,500 | 38.93 | 36.08 | 25-03-26 | 0 | 0 |
| 2015 | 1,000 | 1,000 | 1,000 | 1,000 | 46.98 | 40.78 | 15-03-25 | 0 | 0 |
| 2014 | 2,000 | 2,000 | - | - | 51.96 | - | 15-03-24 | 0 | 0 |
| 2013 | 2,000 | 2,000 | - | - | 44.97 | - | 15-03-23 | 0 | 0 |
| 2012 | 2,000 | 2,000 | - | - | 35.12 | - | 15-03-22 | 13,980 | 0 |

| Share-based awards | | | | | |
|---|--------------------|---|-------------------------|--|--------------------|
| Number of shares that have not vested (#) | | Market or payout value of share based awards that have not vested ⁶ (\$) | | Market or payout value of vested share-based awards not paid or distributed (\$) | |
| ATCO | Canadian Utilities | ATCO MTIP | Canadian Utilities MTIP | ATCO | Canadian Utilities |
| 15,000 | 15,000 | 579,150 | 469,800 | - | - |
| 10,000 | 10,000 | 386,100 | 313,200 | - | - |
| 10,000 | 10,000 | 386,100 | 313,200 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 10,000 | 10,000 | 386,100 | 313,200 | - | - |
| 8,000 | 8,000 | 308,880 | 250,560 | - | - |
| 2,000 | 2,000 | 77,220 | 62,640 | - | - |
| - | 6,000 | - | 187,920 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 20,000 | 20,000 | 772,200 | 626,400 | - | - |
| 20,000 | 20,000 | 772,200 | 626,400 | - | - |
| 10,000 | 10,000 | 386,100 | 313,200 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 10,000 | 10,000 | 386,100 | 313,200 | - | - |
| 10,000 | 10,000 | 386,100 | 313,200 | - | - |
| 5,000 | 5,000 | 193,050 | 156,600 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 10,000 | 10,000 | 386,100 | 313,200 | - | - |
| 10,000 | 10,000 | 386,100 | 313,200 | - | - |
| 3,000 | 3,000 | 115,830 | 93,960 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |

¹ Options to buy ATCO Class I Shares.

² Share appreciation rights based on ATCO Class I Shares.

³ Options to buy Canadian Utilities Class A shares.

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

⁵ The difference between the market value as at December 31, 2018, of ATCO Class I Shares (\$38.61) and Canadian Utilities Class A shares (\$31.32) underlying the option-based awards and the exercise price of the option-based awards.

⁶ Based on the market value as at December 31, 2018, of ATCO Class I Shares (\$38.61) and Canadian Utilities Class A shares (\$31.32).

The table below shows the total holdings and value of options and SARs held by the named executives at the end of the year, and the options and SARs they exercised in 2018.

| Aggregate holdings and value of options and SARs held on December 31, 2018 | | | | | Options and SARs exercised in 2018 | |
|---|---------------|---|---------------|-------------------------------------|------------------------------------|-----------|
| Number of unexercised options/SARs (#) | | Value of unexercised in-the-money options/SARs (\$) | | Securities acquired on exercise (#) | Aggregate value realized (\$) | |
| Exercisable | Unexercisable | Exercisable | Unexercisable | | | |
| Nancy C. Southern | | | | | | |
| In 2018, Ms. Southern exercised: | | | | | | |
| •100,000 options on ATCO Ltd. Class I Non-Voting Shares. | | | | | | |
| ATCO Class I Non-Voting | | | | | | |
| Options | 318,000 | 184,500 | 1,426,625 | 0 | 100,000 | 1,907,072 |
| SARs | 318,000 | 184,500 | 1,426,625 | 0 | - | - |
| Canadian Utilities Class A non-voting | | | | | | |
| Options | 318,000 | 184,500 | 740,250 | 0 | - | - |
| SARs | 318,000 | 184,500 | 740,250 | 0 | - | - |
| Dennis A. DeChamplain | | | | | | |
| Mr. DeChamplain did not exercise any options or SARs in 2018 | | | | | | |
| ATCO Class I Non-Voting | | | | | | |
| Options | 4,800 | 9,700 | 20,590 | 0 | - | - |
| SARs | 4,800 | 9,700 | 20,590 | 0 | - | - |
| Canadian Utilities Class A non-voting | | | | | | |
| Options | 10,000 | 11,500 | 13,170 | 0 | - | - |
| SARs | 10,000 | 11,500 | 13,170 | 0 | - | - |
| Siegfried W. Kiefer | | | | | | |
| In 2018, Mr. Kiefer exercised: | | | | | | |
| •10,000 options and 10,000 SARs on ATCO Ltd. Class I Non-Voting Shares | | | | | | |
| •20,000 options and 20,000 SARs on Canadian Utilities Class A non-voting shares | | | | | | |
| ATCO Class I Non-Voting | | | | | | |
| Options | 45,000 | 27,500 | 143,988 | 0 | 10,000 | 191,600 |
| SARs | 45,000 | 27,500 | 143,988 | 0 | - | 199,600 |
| Canadian Utilities Class A non-voting | | | | | | |
| Options | 45,000 | 27,500 | 71,300 | 0 | 20,000 | 236,600 |
| SARs | 45,000 | 27,500 | 71,300 | 0 | - | 239,600 |
| Wayne K. Stensby | | | | | | |
| Mr. Stensby did not exercise any options or SARs in 2018 | | | | | | |
| ATCO Class I Non-Voting | | | | | | |
| Options | 2,000 | 10,500 | 0 | 0 | - | - |
| SARs | 2,000 | 14,500 | 0 | 0 | - | - |
| Canadian Utilities Class A non-voting | | | | | | |
| Options | 6,200 | 11,300 | 0 | 0 | - | - |
| SARs | 6,200 | 11,300 | 0 | 0 | - | - |
| George J. Lidgett | | | | | | |
| Mr. Lidgett did not exercise any options or SARs in 2018 | | | | | | |
| ATCO Class I Non-Voting | | | | | | |
| Options | 7,800 | 10,700 | 6,990 | 0 | - | - |
| SARs | 7,800 | 10,700 | 6,990 | 0 | - | - |
| Canadian Utilities Class A non-voting | | | | | | |
| Options | 2,200 | 10,300 | 0 | 0 | - | - |
| SARs | 2,200 | 10,300 | 0 | 0 | - | - |

Incentive plan awards — value vested or earned during the year

The table below shows incentive plan awards that have vested or were earned for each named executive during 2018.

| Year ended December 31, 2018 | | Option-based awards | | | | Share-based awards | | Non-equity incentive plan compensation |
|---------------------------------|--------|--|----------------------|-------------------|---------|---|-----------|--|
| | | Amount vested during the year (\$) | | | | Value vested during the year (\$) | | Value earned during the year (\$) |
| ATCO | | Canadian Utilities | | ATCO | | Canadian Utilities | | |
| Options ¹ | | SARs ² | Options ³ | SARs ⁴ | | | | |
| Nancy C. Southern | 24,750 | 24,750 | 0 | 0 | 47,485 | 53,096 | 1,200,000 | |
| Dennis A. DeChamplain | 0 | 0 | 0 | 0 | 228,426 | 205,723 | 275,000 | |
| Siegfried W. Kiefer | 2,970 | 2,970 | 0 | 0 | 696,045 | 590,893 | 500,000 | |
| Wayne K. Stensby | 990 | 990 | 0 | 0 | 29,392 | 36,970 | 250,000 | |
| George J. Lidgett | 594 | 594 | 0 | 0 | 27,885 | 33,037 | 230,000 | |

1 Options to buy ATCO Class I Shares.

2 Share appreciation rights based on ATCO Class I Shares.

3 Options to buy Canadian Utilities Class A shares.

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

Equity compensation plan information

| | Non-voting shares to be issued upon exercise of outstanding options | Weighted average exercise price of outstanding options | Non-voting shares remaining available for future issuance under equity compensation plans (not including outstanding options) | Total number of outstanding non-voting shares | Non-voting shares to be issued upon exercise of outstanding options (as a % of total outstanding non-voting shares) | Non-voting shares available for future issuance (as a % of total outstanding non-voting shares) |
|--------------------------|--|---|--|---|---|--|
| December 31, 2018 | | | | | | |
| ATCO | 705,500 | \$41.31 | 2,539,900 | 101,428,881 | 0.7% | 2.5% |
| Canadian Utilities | 797,200 | \$35.09 | 5,146,900 | 199,366,495 | 0.4% | 2.6% |
| March 11, 2019 | | | | | | |
| ATCO | 701,950 | \$41.31 | 2,541,700 | 101,432,631 | 0.7% | 2.5% |
| Canadian Utilities | 796,400 | \$35.08 | 5,147,700 | 199,389,295 | 0.4% | 2.6% |

Incentive Plan Awards

| Plan details for Stock Option Plans | | |
|---|---|--|
| | ATCO | Canadian Utilities |
| Maximum number of shares that can be issued: | <ul style="list-style-type: none"> • 10,200,000 ATCO Class I Shares • (8.9% of outstanding ATCO Class I and Class II Shares as of December 31, 2018) | <ul style="list-style-type: none"> • 12,800,000 Canadian Utilities Class A shares • (4.7% of outstanding Canadian Utilities Class A shares and Class B shares as of December 31, 2018) |
| Number of outstanding securities awarded: | <ul style="list-style-type: none"> • 9,443,750 ATCO Class I Shares • (8.2% of outstanding ATCO Class I and Class II Shares as of December 31, 2018) | <ul style="list-style-type: none"> • 9,239,250 Canadian Utilities Class A shares • (3.4% of outstanding Canadian Utilities Class A shares and Class B shares as of December 31, 2018) |
| Activity in 2018: | <ul style="list-style-type: none"> • 110,750 options were granted • 117,200 ATCO Class I Shares were issued on the exercise of options • 18,100 options were cancelled | <ul style="list-style-type: none"> • 128,250 options were granted • 39,000 Canadian Utilities Class A shares were issued on the exercise of options • 24,300 options were cancelled |

Dilution Measure

Burn rate is calculated as the number of shares granted divided by the weighted average number of securities outstanding. The weighted average number of securities outstanding during the period is the number of securities outstanding at the beginning of the period, adjusted by the number of securities bought back or issued during the period multiplied by a time-weighting factor. The table below provides the burn rate for each company for the past three fiscal years.

| | December 31, 2018 | December 31, 2017 | December 31, 2016 |
|--------------------|-------------------|-------------------|-------------------|
| ATCO | 0.10% | 0.09% | 0.08% |
| Canadian Utilities | 0.05% | 0.05% | 0.04% |

Pension and Retirement Benefits

Defined benefit

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

| | Number of years credited service (#) | Annual benefits payable (\$) | | Opening present value of defined benefit obligation (\$) | Compensatory change (\$) | Non-compensatory change (\$) | Closing present value of defined benefit obligation (\$) |
|---------------------|--------------------------------------|------------------------------|-----------|--|--------------------------|------------------------------|--|
| | | At year end | At Age 65 | | | | |
| Nancy C. Southern | 23.00 | 1,984,000 | 1,984,000 | 28,456,617 | 1,199,093 | 169,648 | 29,825,358 |
| Siegfried W. Kiefer | 35.00 | 534,568 | 534,568 | 12,656,946 | 437,544 | (224,546) | 12,869,944 |
| Wayne K. Stensby | 29.08 | 145,793 | 171,202 | 4,150,869 | 56,778 | 2,950 | 4,210,597 |
| George J. Lidgett | 33.17 | 271,581 | 286,593 | 6,509,329 | 251,971 | 25,480 | 6,786,780 |

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

Annual benefits payable at year end is based on the defined benefit credited service and actual average pensionable earnings at December 31, 2018. The benefits are reduced if a named executive is eligible for early retirement.

Annual benefits payable at age 65 is based on actual average pensionable earnings at December 31, 2018, and their projected service at age 65, to a maximum of 35 years.

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

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

The non-compensatory change includes interest on the obligation and the impact of assumption changes. See Note 21, Retirement Benefits, in the Company's consolidated financial statements for the year ended December 31, 2018, for more information about the methods and assumptions used to calculate accrued obligations.

Defined Contribution

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

| | Accumulated value at start of year | Compensatory (\$) | Accumulated value at year end (\$) |
|-----------------------|------------------------------------|-------------------|------------------------------------|
| Dennis A. DeChamplain | 713,405 | 26,500 | 678,365 |
| Wayne K. Stensby | 603,568 | 26,500 | 625,664 |

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

Termination and Change of Control

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

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

We have an employment agreement with Ms. Southern, ATCO'S Chair & Chief Executive Officer. See Page 56 for more information.

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

The table below shows incremental amounts that would be paid to the named executives if their employment had been terminated on December 31, 2018, because of retirement, resignation, termination or a change of control.

| | Incremental Amounts | Retirement (\$) | Resignation (\$) | Termination (\$) | Change of control (\$) |
|------------------------------|------------------------|--------------------|---------------------|---------------------|------------------------------|
| Nancy C. Southern | | | | | |
| | Cash payment | | | | |
| | Share-based awards | | | | 2,447,550 |
| | Pension | | | | |
| | Benefits | | | | |
| | Perquisites | | | | |
| | Total | | | | 2,447,550 |
| Dennis A. DeChamplain | | | | | |
| | Cash payment | | | | |
| | Share-based awards | | | | 1,586,520 |
| | Pension | | | | |
| | Benefits | | | | |
| | Perquisites | | | | |
| | Total | | | | 1,586,520 |
| Siegfried W. Kiefer | | | | | |
| | Cash payment | | | | |
| | Share-based awards | | | | 3,496,500 |
| | Pension | | | | |
| | Benefits | | | | |
| | Perquisites | | | | |
| | Total | | | | 3,496,500 |
| Wayne K. Stensby | | | | | |
| | Cash payment | | | | |
| | Share-based awards | | | | 1,748,250 |
| | Pension | | | | |
| | Benefits | | | | |
| | Perquisites | | | | |
| | Total | | | | 1,748,250 |
| George J. Lidgett | | | | | |
| | Cash payment | | | | |
| | Share-based awards | | | | 1,608,390 |
| | Pension | | | | |
| | Benefits | | | | |
| | Perquisites | | | | |
| | Total | | | | 1,608,390 |

OTHER INFORMATION

Directors and Officers Liability Insurance

ATCO and its subsidiaries have purchased insurance with an annual aggregate limit of \$200 million. Coverage for the directors and officers is \$200 million, with coverage for ATCO and its subsidiaries limited to \$175 million. ATCO paid a premium of \$472,879 in the financial year ended December 31, 2018. No part of the premium was paid by a director or officer. ATCO is responsible for the first \$1 million of any securities claim and for the first \$500,000 of any other loss. There is no deductible in respect of claims against any director or officer.

Loans to Directors and Officers

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

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

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

Additional Information

Additional information about ATCO is available on SEDAR at www.sedar.com. Information about ATCO's business is provided in its annual information form dated February 27, 2019. Financial information is provided in ATCO's financial statements and the management's discussion and analysis for the year ended December 31, 2018.

Copies of these documents and additional copies of this Circular may be obtained upon request from Investor Relations at 3rd Floor, West Building, 5302 Forand Street S.W., Calgary, Alberta, T3E 8B4.

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

SCHEDULE A – BOARD OF DIRECTORS MANDATE

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

COMPOSITION AND OPERATION

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

RESPONSIBILITIES

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

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

SPECIFIC DUTIES

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

1. Legal Requirements

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

2. Independence

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

3. Strategic Planning

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

4. Risk Management

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

5. Appointment, Training and Monitoring of Senior Management

The Board is responsible for:

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

6. Reporting and Communication

The Board is responsible for:

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

7. Monitoring and Acting

The Board is responsible for:

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

8. Other

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

SCHEDULE B – 2018 COMPARATOR COMPANIES

General Industry

AbbVie
Accenture
Addenda Capital
Adecco
AFSC
Agropur, Coopérative agro-alimentaire
AIG Insurance Company of Canada
Aimia
Air Canada
Alberta Electric System Operator
Alberta Energy Regulator
Alberta Health Services
Alberta Investment Management
Alberta Pacific Forest Industries
Alberta Teachers' Retirement Fund Board
Alcoa
Alithya
Allstate
Alorica
Alterna Savings & Credit Union
Altex Energy
Altus Group
American Greetings
American Sugar Refining
American Tire Distributors
Amgen
Amp Energy
Aon Reed Stenhouse
Apotex
Arrow Electronics
Arup Group
Assumption Vie
ATB Financial
Atlantic Central
Axalta Coating Systems
AXA Partners
Axium Infrastructure
Ball
Bank of Montreal
Banque Laurentienne
Barclays
Barrick Gold
Bell Canada
Belron Canada
BIC Group
Bombardier
Bombardier Aerospace
Bombardier Transportation
BP Canada Energy
The Brick Group
Brink's
Bristol-Myers Squibb
British Columbia Hydro and Power Authority
British Columbia Investment Management
Brock Group
Brock White Canada
Brookfield Global Integrated Solutions
Bruce Power
Bunge
Cadillac Fairview Corporation
CAE
Caisse de dépôt et placement du Québec
Calea & Fresenius Kabi Canada
Calgary Co-operative Association
Campbell Soup
Canada Post
Canadian Hearing Society
Canadian Imperial Bank of Commerce
Canadian National Railway
Canadian Natural Resources
Canadian Pacific Railway
Canadian Tire Corporation
Canadian Western Bank
La Capitale groupe financier
Capital Power
Cargill
Catalyst Paper
CDW
Celestica

Cenovus Energy
CGI- Conseillers en Gestion et Informatique
Chartwell Retirement Residences
Chevron Canada Resources (upstream)
Chubb
Cimpress
Citigroup
C & J Clarks
CNA Canada
CN Investment Division
Cogeco Connexion
The Commonwell Mutual Insurance Group
Computershare Trust Company of Canada
Connect First Credit Union
Connor, Clark & Lunn Financial Group
ConocoPhillips
Co-operators General Insurance
Corix
CPP Investment Board
Credit Suisse
Crescent Point Energy
Cushman & Wakefield
Dali Wireless
DENSO International
Devon Canada
DHL Supply Chain
Dynacare
Echelon Insurance
Ecolab
Economical Insurance Group. The
EDF Renewable Energy
Edward Jones
Eisai
Element Fleet Management
Emera
Empire Life
Enbridge
Encana
Energir
ENGIE Energy North America
ENMAX Corporation
Entertainment One
EPCOR Utilities
Epsilon
Equifax
Ernst & Young
Export Development Canada
FCT Insurance
Federal Express
FGF Brands
FGL Sports
Finning International
FirstGroup America
Fluor
FortisAlberta Inc.
Fortune Brands Home & Security
Four Seasons Hotels
Fujitsu
Galderma
Gateway Casinos & Entertainment
GE Aviation
GE Healthcare
General Dynamics Land Systems Canada
General Electric
Genworth Financial
Gildan Activewear
Gilead Sciences
Global Payments
GL&V
Goldcorp
Gore Mutual Insurance Company
Graham Management Services LP
Graphic Packaging
Groupe Cirque du Soleil
Henry Schein
Herc Rentals
Hilton Worldwide
Holt Renfrew
Home Trust Company
HOOPP
HP Inc.
HSBC Bank
Husky Energy
Husky Injection Molding Systems
H.W. Siebens Charitable Foundation
Hydro One
Hydro-Québec
IAMGOLD Corporation
IBM
IDEX Corporation
Imperial Oil
Indigo Books Music & Café
Insurance Corporation of British Columbia
Intact Financial Co.
Intact Investment Management
Intercontinental Hotels Group

Interfor
International Game Technology
Investment Management Corporation of Ontario
IPEX Management
Ipsen
Iron Mountain
Irving Oil Limited
Ivari
Jabil Circuit
J.M. Smucker
Johnson & Johnson
Jones Lang LaSalle
Kal Tire
Kantar Group
Kellogg
Keurig Green Mountain
Kinder Morgan
Kinross Gold
Kruger
LafargeHolcim
Ledcor Group of Companies
Lehigh Hanson
Liberty International Underwriters Canada
Life Labs
Linedata Services
Loblaws Inc.
Loto-Québec
LoyaltyOne
L3 Technologies
Lululemon Athletica
Manpower
Manulife Financial
Maple Leaf Foods
Mark's Work Warehouse
Marsh
Mars North America
McCain Foods
McKesson
MD Financial Management
MEG Energy
Merck & Co
Mercury Marine
Metrie
Molson Coors Brewing
Morgan Stanley
Mouvement Desjardins
MTD Products
Munich Re Group
Navblue
NAV Canada
NDT Global
Neopost
Newfoundland Power
Nexen Energy
Nike
Nissan North America
Northbridge
NOVA Chemicals
Nova Scotia Power
Novo Nordisk
NOW Foods
Numeris
Nutrien
Obsidian Energy Ltd.
Old Republic Insurance Company of Canada
OMERS
Ontario Power Generation
Ontario Teachers Pension Plan Board
OPSEU Pension Trust
Paladin Labs
Parmalat
PC Financial
Pembina Pipeline
PepsiCo
PetSmart
Pet Valu Canada
Pfizer
Pilot Flying J
Power Corporation of Canada
Precision Drilling
Preformed Line Products
Premier Tech
PSP Investments
Purolator
PVH Corp.
QuadReal
Randa Accessories
Rayonier Advanced Materials Canada
RBC Financial Group
Reinsurance Group of America (RGA)
Repsol Gas & Oil
Restaurant Brands International
Richardson GMP
Ricoh Americas
Riocan Management
Rio Tinto

Rocky Mountaineer
Rogers Communications Canada Inc.
Roots Canada
RSA
Sage
Saipem
Samuel, Son & Co. Limited
Sanimax
Sanofi
Saputo Produits laitiers Canada s.e.n.c.
Saskatchewan Blue Cross
Saskpower
Schneider Electric Industry
SCM Insurance Services
Scotiabank
SGI Canada
SGS - Société Générale de Surveillance
Shaw Communications
ShawCor
Shell
OPSEU Pension Trust
Shire
SNC-Lavalin
Stantec
Staples
Stars Group (The)
Sunbelt Rentals
Suncor Energy
Sun Life Financial
Syn crude Canada
Sysco Corporation

Tech Data
Telus
Tempur Sealy
Teranet
Thyssenkrupp
TJX Companies
TMX Group Limited
Toronto Hydro Electric Systems
TransAlta Corporation
TransCanada
TrueBlue
UAP
UBS
UFA - United Farmers of Alberta
United Rentals
University of Calgary
University of Saskatchewan
Veritiv
Vestcor Investments
Via Rail Canada
Viterra
Walmart
Wendy's Group
Western Forest Products
Western Union
Winpak Portion Packaging
Workers' Compensation Board of Alberta
Workplace Safety and Insurance Board
The Workshop
York University
Zurich North America



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