

ATCO Ltd.  
Management Proxy Circular  
**NOTICE OF ANNUAL MEETING OF SHARE OWNERS**  
MAY 15, 2018



**ATCO**



# NOTICE OF ANNUAL MEETING OF SHARE OWNERS

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When

Tuesday, May 15, 2018  
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, 2017, 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 27, 2018 are entitled to vote at the meeting. The management proxy circular dated March 7, 2018 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 7, 2018

# ATCO

March 7, 2018

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 51st 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 Tuesday, May 15, 2018 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 2017 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](http://www.ATCO.com) shortly after the meeting. Please visit our website during the year for information about our Company.

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

Sincerely,

*[Signed by N.C. Southern]*

N.C. Southern  
Chair & Chief Executive Officer

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# FREQUENTLY USED TERMS

<b>AST Trust Company (Canada)</b>	ATCO's registrar and transfer agent
<b>Board</b>	Board of Directors of ATCO Ltd.
<b>CD&amp;A</b>	Compensation Discussion & Analysis
<b>CEO</b>	Chief Executive Officer
<b>Circular</b>	ATCO's Management Proxy Circular dated March 7, 2018
<b>Class I Shares</b>	Class I Non-Voting Shares
<b>Class II Shares</b>	Class II Voting Shares
<b>Code</b>	Code of Ethics
<b>DAD</b>	Designated Audit Director
<b>GBU</b>	Global Business Unit
<b>GOCOM</b>	Corporate Governance - Nomination, Compensation & Succession Committee
<b>IFRS</b>	International Financial Reporting Standards
<b>Non-Registered Share Owner</b>	Your shares are held in the name of a nominee (usually a bank, broker or trust company)
<b>Proxy Form</b>	Form of Proxy
<b>PwC</b>	PricewaterhouseCoopers LLP
<b>Registered Share Owner</b>	Your name appears on your share certificate
<b>SAR</b>	Share Appreciation Right
<b>SEDAR</b>	System for Electronic Disclosure and Retrieval
<b>Sentgraf</b>	Sentgraf Enterprises Ltd.
<b>VIF</b>	Voting Instruction Form

All information in this management proxy circular is as of March 7, 2018, 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 27, 2018 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 7, 2018, there were 13,318,255 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 the Margaret E. Southern Spousal Trust (the "Spousal Trust"). 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 a majority of the trustees.

	Number of Class II Shares Owned or Controlled	Percentage of Outstanding Class II Shares Owned or Controlled
Majority Share Owner	11,451,520	86.0%

The Spousal Trust owns 4,000 Class II Shares. The Spousal Trust is also the controlling share owner of Sentgraf Enterprises Ltd. ("Sentgraf"), which owns 11,447,520 Class II Shares. These combined shareholdings represent 86.0% of the outstanding Class II Shares. (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 27, 2018. 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 prior to the meeting, how will my shares be voted?

- A. Your shares will be voted as you instruct on the proxy form. If you properly complete and return your proxy form but do not specify how you wish the votes to be cast, your shares will be voted as your proxyholder sees fit. If neither you nor your proxyholder gives specific instructions, your shares will be voted as follows:

	<b>FOR the election as directors of those nominees set out in this Circular</b>
	<b>FOR the appointment of PricewaterhouseCoopers LLP as ATCO's auditor</b>

### Q. How do I properly complete my proxy form?

- A. Simply follow the instructions provided on your proxy form in order to ensure it is properly completed. After you have completed your proxy form, you need to sign it and submit it to be voted using one of the methods shown in the next section.

### 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 as your proxyholder 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.**

**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 Nancy C. Southern, Chair & Chief Executive Officer, or Charles W. Wilson, Lead Director, to vote your shares at the meeting.

### 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 11, 2018)

**Important Note:** Regardless of which voting method you use, your vote must **be received** by AST Trust Company (Canada) **before 5:00p.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><b>Attend the meeting in person</b></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><b>Vote by telephone</b> <b>1 (888) 489-5760</b></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 in the lower left corner of 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><b>Vote by fax (Please ensure your proxy form is signed and dated)</b></p> <p>Fax your completed proxy form to AST Trust Company (Canada):</p> <p>Within Canada and the U.S.: 1 (866) 781-3111</p> <p>Outside Canada and the U.S.: 1 (416) 368-2502</p> <p>You may appoint anyone as a proxyholder using this voting method.</p>
	<p><b>Vote by email</b> <b>proxyvote@astfinancial.com</b></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><b>Vote by smartphone</b></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 in the lower left corner of the enclosed proxy form to enter your voting instructions. You may appoint anyone as a proxyholder using this voting method.</p>
	<p><b>By mail (Please ensure your proxy form is signed and dated)</b></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.</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 the day of the meeting 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](http://astfinancial.com) or [inquiries@astfinancial.com](mailto: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 voting instruction form ("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 2018) 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 that are provided 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 6, 2018.

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](http://www.sedar.com)) and on AST Trust Company (Canada)'s website ([www.meetingdocuments.com/ASTca/atco](http://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 6, 2019.

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, 2017, 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](http://www.ATCO.com) and on SEDAR at [www.sedar.com](http://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 55 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	65
Not Independent	Mr. Booth is not independent because he is a partner in the firm that is ATCO's legal counsel.

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

Mr. Booth'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	
Primary industry background	Functional experience
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 2017		Attendance	Percentage of meetings attended	
	Board	8 of 8	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	18,527	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
<b>Total compensation in 2017:**</b>		<b>\$218,900</b>		

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

\*\*Consists of ATCO board retainer and meeting attendance fees, plus 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	71
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	Functional experience	
Energy Utilities	Human resources/compensation Government/regulatory Accounting/finance/economics Operations	Risk management Safety and health Climate change and environment

ATCO Board/ Committee memberships in 2017		Attendance	Percentage of meetings attended	
Board		8 of 8	100%	
Other public company boards and committee memberships	Company	Since	Position	
-		-	-	
Shares held	ATCO		Canadian Utilities	
	Class I Shares	6,492	Class A non-voting	9,694
	Class II Shares	200	Class B common	200
<b>Total compensation in 2017:*</b>		<b>\$197,600</b>		

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



## C. ANTHONY FOUNTAIN

Primary residence	Wadhurst, East Sussex, England
Director since	2015
Age	57
Independent	

Mr. Fountain is Chairman of Essar Oil Limited, a major oil and gas refining and marketing company headquartered in Mumbai, India. Prior to this role he was Chairman of Sellafeld Ltd., a U.K. company responsible for reprocessing spent nuclear fuel, storage and decommissioning with some 12,000 employees. 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 2017	Attendance		Percentage of meetings attended	
	Board	8 of 8	100%	
Special Committee*	2 of 2	100%		
Other public company boards and committee memberships	Company	Since	Position	
	—	—	—	
Shares held	ATCO		Canadian Utilities	
	Class I Shares	5,141	Class A non-voting	—
	Class II Shares	—	Class B common	—
<b>Total compensation in 2017:**</b>		<b>\$205,233</b>		

\*A special committee was formed in December 2016 and held two meetings in 2017 before its termination.

\*\*Consists of ATCO board retainer, committee retainer and meeting attendance fees, plus 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 75  
 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 Latin America, Australia and Japan. Mr. Rayfield is also a director of ATCO Structures & Logistics Ltd.

Mr. Rayfield is a graduate of The Chartered Institute of Bankers 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	
<b>Primary industry background</b>		
Energy Utilities Industrials Financial services	Governance International business Accounting/finance/economics	Marketing/sales Risk management

ATCO Board/ Committee memberships in 2017		Attendance	Percentage of meetings attended	
	Board	8 of 8	100%	
	Audit & Risk	4 of 4	100%	
	Special Committee*	2 of 2	100%	
Other public company boards and committee memberships	Company	Since	Position	
	-	-	-	
Shares held	ATCO		Canadian Utilities	
	Class I Shares	21,369	Class A non-voting	17,039
	Class II Shares	—	Class B common	—
<b>Total compensation in 2017:**</b>		<b>\$213,100</b>		

\*A special committee was formed in December 2016 and held two meetings in 2017 before its termination.

\*\*Consists of ATCO board retainer, committee retainers and meeting attendance fees, plus 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	71
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 2017		Attendance	Percentage of meetings attended
	Board	8 of 8	100%
	Audit & Risk	3 of 4	75%
	GOCOM	3 of 3	100%
	Special Committee*	2 of 2	100%
Other public company boards and committee memberships	Company	Since	Position
	AECOM Technology Corporation	2010	Director and member of the Audit Committee, Nominating and Governance Committee, and Planning, Finance and Investment Committee
	AEGON N.V.	2008	Director, Chair of the Supervisory Board, Chair of the Nomination Committee and member of the Compensation 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	9,732	Class A non-voting 9,274
	Class II Shares	—	Class B common —
<b>Total compensation in 2017:**</b>		<b>\$277,516</b>	

\*A special committee was formed in December 2016 and held two meetings in 2017 before its termination.

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



## NANCY C. SOUTHERN

Primary residence	Calgary, Alberta, Canada
Director since	1989
Age	61
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 was appointed Chair of ATCO and Canadian Utilities effective December 1, 2012 and has been Chief Executive Officer of ATCO since January 1, 2003, and President of ATCO from January 1, 2003 until February 28, 2018. Ms. Southern has also been Chief Executive Officer of Canadian Utilities since January 1, 2003 and was President of Canadian Utilities from 2003 to 2015. Previously, she was Deputy Chair of each of ATCO and Canadian Utilities from 2008 until 2012, Co-Chair and Co-Chief Executive Officer of each company from 2000 until 2002, Deputy Chief Executive Officer of each company from 1998 to 1999, and Deputy Chair of each company from 1996 to 1999. Ms. Southern has full responsibility for the strategic direction and the operations of ATCO and reports to the Board of Directors. Ms. Southern is a founding director and is a member of the Board of Directors of AKITA Drilling Ltd. She is also a director of Sentgraf Enterprises Ltd. and an Honorary Director of the Bank of Montreal.

Ms. Southern is a member of The U.S. Business Council, a member of the American Society of Corporate Executives, and a Canadian member of The Trilateral Commission. She is also a member of the Business Council of Canada and the Rideau Hall Foundation Board of Directors.

Skills and experience	Functional experience	
<b>Primary industry background</b>		
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 2017	Attendance		Percentage of meetings attended	
Board (Chair)		8 of 8	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	287,641	Class A non-voting	188,102
	Class II Shares	50,600	Class B common	—

**Total compensation in 2017:** 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 57 for information on Ms. Southern's compensation.

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

\*\*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	55
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	
<b>Primary industry background</b>		
Energy Utilities Industrials	CEO experience Governance Human resources/compensation Government/regulatory International business	Marketing/sales Operations Risk management Corporate social responsibility

ATCO Board/ Committee memberships in 2017		Attendance	Percentage of meetings attended	
	Board (Vice Chair)	8 of 8	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	21,016	Class A non-voting	10,599
	Class II Shares	9,500	Class B common	4,159
<b>Total compensation in 2017:<sup>†</sup></b>		<b>\$369,367</b>		

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

\*\*Ms. Southern-Heathcott is one of three trustees of the Spousal Trust. See "Majority Share Owner" on Page 1.

<sup>†</sup>Consists of ATCO board retainer and meeting attendance fees, plus 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 72

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	
<b>Primary industry background</b>		
Energy	CEO experience	Government/regulatory
Utilities	Governance	International business
Telecommunications	Human resources/compensation	Operations

ATCO Board/ Committee memberships in 2017		Attendance	Percentage of meetings attended	
	Board	8 of 8	100%	
	Audit & Risk (Chair)	4 of 4	100%	
	GOCOM	3 of 3	100%	
	Special Committee*	2 of 2	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	6,253	Class A non-voting	19,156
	Class II Shares	—	Class B common	—
<b>Total compensation in 2017:†</b>		<b>\$384,364</b>		

\*A special committee was formed in December 2016 and held two meetings in 2017 before its termination.

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

†Consists of ATCO board retainer, committee retainers and meeting attendance fees, plus 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	61
Not Independent	Ms. Werth is not independent as she accepts consulting fees from ATCO in addition to the fees earned as a director of ATCO.

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 2017	Attendance		Percentage of meetings attended	
	Board	8 of 8	100%	
GOCOM	3 of 3	100%		
Other public company boards and committee memberships	Company	Since	Position	
	-	-	-	
Shares held	ATCO		Canadian Utilities	
	Class I Shares	16,295	Class A non-voting	9,762
	Class II Shares	—	Class B common	—
<b>Total compensation in 2017:*</b>		<b>\$255,694</b>		

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



## CHARLES W. WILSON

Primary residence Boulder, Colorado, United States

Director since 2002

Age 78

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	
<b>Primary industry background</b>		
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 2017	Attendance		Percentage of meetings attended	
	Board	8 of 8	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	58,308	Class A non-voting	81,289
	Class II Shares	—	Class B common	—
<b>Total compensation in 2017:**</b>	<b>\$565,754</b>			

\*Canadian Utilities is controlled by ATCO.

\*\*Consists of ATCO board retainer, committee retainers and meeting attendance fees, plus 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
<b>Primary industry background</b>										
<b>Energy</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Utilities</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Industrials</b>			✓	✓	✓	✓	✓		✓	✓
<b>Legal</b>	✓									
<b>Financial Services</b>				✓	✓					
<b>Telecommunications</b>					✓			✓		
<b>Transportation</b>					✓					
<b>Functional experience</b>										
<b>CEO Experience</b>										
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.										
			✓		✓	✓	✓	✓		✓
<b>Governance</b>										
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.										
	✓		✓	✓	✓	✓	✓	✓	✓	✓
<b>Human Resources/Compensation</b>										
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.										
	✓	✓	✓		✓	✓	✓	✓	✓	✓
<b>Government/Regulatory</b>										
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
<b>Functional experience</b>										
<b>International Business</b> Significant experience managing a global enterprise across multiple jurisdictions with exposure to a range of political, cultural and business environments.	✓		✓	✓	✓	✓	✓	✓		✓
<b>Accounting/Finance/Economics</b> 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.		✓	✓	✓	✓	✓				✓
<b>Marketing/Sales</b> Significant experience overseeing marketing and sales as a senior executive.			✓	✓	✓	✓	✓		✓	
<b>Operations</b> Significant experience overseeing operations as a senior executive with a practical understanding of operating plans and business strategy.		✓	✓		✓	✓	✓	✓		✓
<b>Risk Management</b> Significant experience as a senior executive overseeing the various risks facing an organization with oversight of appropriate policies and procedures to effectively manage risk.	✓	✓	✓	✓	✓	✓	✓		✓	✓
<b>Safety and Health</b> Significant experience in the areas of health and safety, including knowledge of industry regulations and a commitment to best practices for workplace safety.	✓	✓	✓		✓	✓				✓
<b>Climate Change and Environment</b> Significant experience with regulations, best practices and strategic business initiatives related to environmental issues.	✓	✓	✓		✓	✓				✓
<b>Corporate Social Responsibility</b> 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		✓	Acts as a consultant and received more than \$75,000 in direct compensation from ATCO in 2015.
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 2017. 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	Special Committee <sup>1</sup>	Total
Robert T. Booth	8 of 8 100%		3 of 3 100%		100%
Denis M. Ellard	8 of 8 100%				100%
C. Anthony Fountain <sup>1</sup>	8 of 8 100%			2 of 2 100%	100%
Michael R.P. Rayfield <sup>1</sup>	8 of 8 100%	4 of 4 100%		2 of 2 100%	100%
Robert J. Routs <sup>1</sup>	8 of 8 100%	3 of 4 75%	3 of 3 100%	2 of 2 100%	94%
Nancy C. Southern	8 of 8 100%				100%
Linda A. Southern-Heathcott	8 of 8 100%				100%
Roger J. Urwin <sup>1</sup>	8 of 8 100%	4 of 4 100%	3 of 3 100%	2 of 2 100%	100%
Susan R. Werth	8 of 8 100%		3 of 3 100%		100%
Charles W. Wilson	8 of 8 100%	4 of 4 100%	3 of 3 100%		100%

<sup>1</sup> A special committee was formed in December 2016. The members were Mr. Fountain (Chair), Mr. Rayfield, Dr. Routs and Dr. Urwin. The special committee held two meetings in early 2017 and was terminated upon completion of its project.

## 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 that is 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. The Board evaluates its governance practices on an ongoing basis.

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 operations.

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.

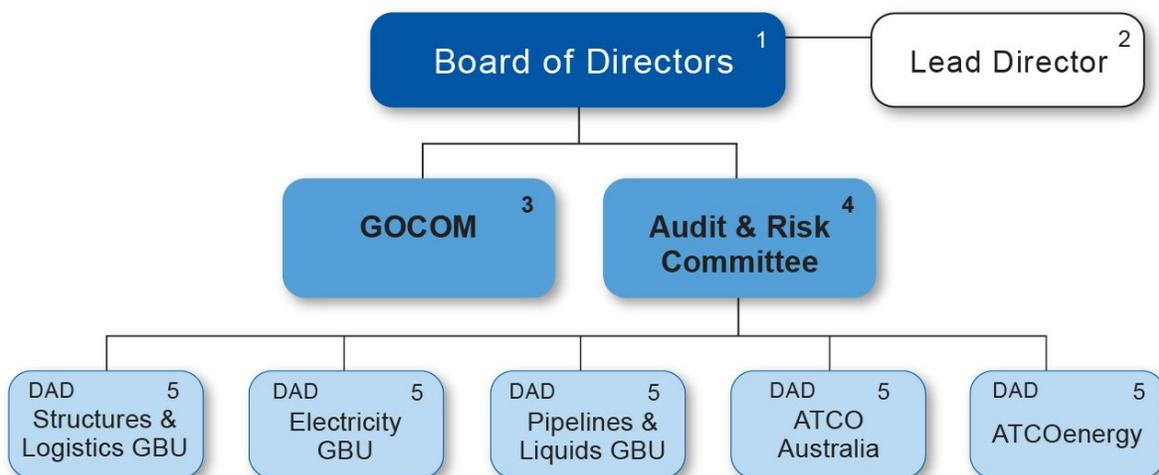
The Company has been fortunate to have a consistently high-performing Board and senior management team that creates long-term value for our share owners.

## 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 86.0% 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, certain of ATCO's governance tools, such as the use of Designated Audit Directors ("DADs") and the risk review program, have been implemented, in part, as a result of the influence of the Majority Share Owner as a means of ensuring long term value.



The activities of each of these bodies in 2017 was as follows:

1. **Board of Directors:** The Board held five regularly-scheduled meetings and three 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](http://www.sedar.com).

The committee also reviews risks that could materially affect the Company's ability to achieve strategic and operating 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 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. The Managing Director or General Manager of each business unit chairs a Risk Management Committee that also reports to the Audit & Risk Committee. Risk Management Committee meetings are held at least twice yearly and are attended by senior officers and managers of the business unit and the assigned DAD.

5. **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.

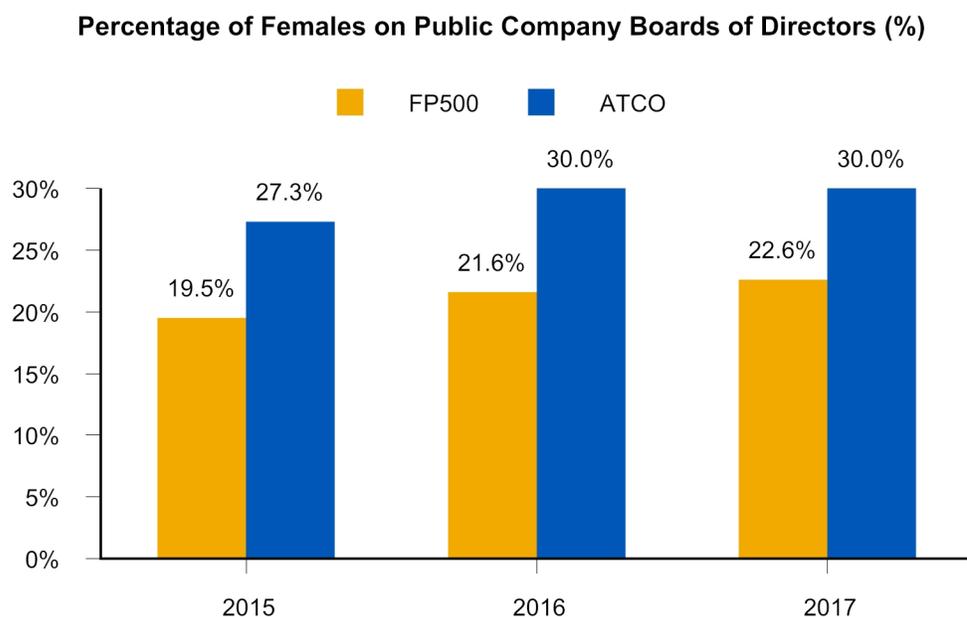
DADs perform both audit and risk functions. DADs meet quarterly with members of their respective GBU or business unit management, and annually with internal and external auditors. DADs review the financial statements and operating results, discuss risks with management, and report on both operating results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

## BOARD DIVERSITY AND TERM LIMITS

ATCO believes that an effectively functioning board is critical to the success of the Company, and that the Board must have the flexibility to adopt director election and composition practices that suit its unique needs and circumstances.

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. Additionally, we have no set term limits on directors. We want to be able to select from the most qualified pool of talent regardless of anyone's gender. 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 2017, ATCO had three women on the Board, representing 30 per cent of the directors. In contrast, members of the Financial Post 500 ("FP500") in 2017 had an average female representation on their boards of directors of 22.6 per cent. The graph below shows the percentage of woman on our Board, compared to the FP500 average from 2015 to 2017:



As of December 31, 2017, we had 12 female senior executive officers, representing 17.4 per cent of our senior executive officers. 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](http://www.ATCO.com)).

GOCOM reviews the size and composition of the Board from time to time. This committee, along with our Board Chair, 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.

## 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 2017 are listed below:

Date	Event
April 3-6	Strategy Conference
July 12	Salt Caverns Tour
November 7	Education Session
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 being 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 2017 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](http://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](http://www.ATCO.com)), on SEDAR ([www.sedar.com](http://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 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](http://www.ATCO.com)).

## COMMITTEE REPORTS

This section includes reports from each of our Board's standing committees as of December 31, 2017.

### Audit & Risk Committee

#### Members

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

**2017 Meeting  
Attendance**  
4 of 4 (100%)



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

**2017 Meeting  
Attendance**  
4 of 4 (100%)



**R.J. Routs**  
Independent

**2017 Meeting  
Attendance**  
3 of 4 (75%)



**C.W. Wilson**  
Independent

**2017 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 2017:

#### 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 the Disclosure Committee mandate

## 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 (\$ millions).

For the year ended December 31	2017	2016
Audit <sup>1</sup>	4.2	3.6
Audit related <sup>2</sup>	0.1	—
Tax <sup>3</sup>	0.4	0.2
Total	4.7	3.8

*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
- 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
- Reviewed our Internal Audit mandate

## 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, 2017.

## Corporate Governance – Nomination, Compensation and Succession Committee

### Members

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

**2017 Meeting  
Attendance**  
3 of 3 (100%)



**R.T. Booth**  
Not Independent

**2017 Meeting  
Attendance**  
3 of 3 (100%)



**R.J. Routs**  
Independent

**2017 Meeting  
Attendance**  
3 of 3 (100%)



**R.J. Urwin**  
Independent

**2017 Meeting  
Attendance**  
3 of 3 (100%)



**S.R. Werth**  
Not Independent

**2017 Meeting  
Attendance**  
3 of 3 (100%)

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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 2017:

- 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 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, 2017.

# 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 attendance fees paid to our directors last year. Retainers for our Lead Director, committee chairs and committee members are paid in addition to the annual directors' retainer.

Directors' remuneration		(\$)
<b>Annual retainers</b>		
Director		165,000 <sup>1</sup>
Lead Director		50,000
Audit & Risk Committee Chair		25,000
Audit & Risk Committee Members		7,500
GOCOM Chair		25,000
Special Committee Chair		5,000 <sup>2</sup>
<b>Meeting fees</b>		
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, Special Committee <sup>2</sup> )		1,500

<sup>1</sup> The Company has an agreement with Dr. Urwin that his retainer will be paid in the Canadian dollar equivalent of \$165,000 U.S.

<sup>2</sup> A special committee was formed and held two meetings in 2017 before its termination. The chair received a pro-rated retainer during the period.

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. A special committee of independent directors was formed in December 2016 to review an initiative that did not proceed. The special committee was terminated in February 2017.

## 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, 2017. 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, 2017.

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 57 of this Circular.

Name	Director retainer <sup>1</sup> (\$)	Committee chair retainer (\$)	Committee member retainer (\$)	Board attendance fee (\$)	Committee attendance fee (\$)	Other fees <sup>2,3,4,5,6</sup> (\$)	Total fees earned (\$)
Robert T. Booth	165,000	—	—	11,600	4,500	37,800	218,900
Denis M. Ellard	165,000	—	—	11,600	—	21,000	197,600
C. Anthony Fountain	165,000	833	—	12,400	3,000	24,000	205,233
Michael R.P. Rayfield	165,000	—	7,500	11,600	11,000	18,000	213,100
Robert J. Routs	165,000	—	7,500	11,600	13,500	79,916	277,516
Linda A. Southern-Heathcott	165,000	—	—	10,600	—	193,767	369,367
Roger J. Urwin	215,152	25,000	—	11,600	11,500	121,112	384,364
Susan R. Werth	165,000	—	—	11,600	4,500	74,594	255,694
Charles W. Wilson	215,000	25,000	7,500	10,600	10,250	297,404	565,754
<b>Total</b>	<b>1,585,152</b>	<b>50,833</b>	<b>22,500</b>	<b>103,200</b>	<b>58,250</b>	<b>867,593</b>	<b>2,687,528</b>

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 \$165,000 U.S.

2 **Other fees:** Includes fees for attending the annual strategy conference and business plan meetings. It also includes meeting fees and directors' retainers for ATCO's subsidiaries, and DAD retainers and meeting fees.

3 **Other fees:** Mr. Fountain (Chair), Mr. Rayfield, Dr. Routs and Dr. Urwin received meeting attendance fees as members of a special committee. Mr. Fountain also received a pro-rated annual retainer for acting as Chair of the Special Committee until February 2017.

4 **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 \$61,594 for acting as a consultant to ATCO in 2017.

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

6 **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 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 retainer in Class I Shares and/or in Class A non-voting shares of Canadian Utilities.

Until December 31, 2017, all non-employee directors were required to directly or indirectly own ATCO shares having an aggregate fair market value of at least 1.5 times the value of the annual board retainer within five years of being appointed to the Board and a minimum of \$20,000 of such annual retainer was paid in Class I Shares. Until the minimum share ownership requirement was met, directors were required to receive a minimum of \$40,000 of their annual retainer in Class I Shares.

Effective January 1, 2018, the share ownership requirement was increased to 2.0 times the value of the annual board retainer and directors are required to receive a minimum of \$30,000 of their annual retainer 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 retainer in Class I Shares. A director may, with the approval 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.

The following table sets out each director's ownership of Class II Shares and Class I Shares in ATCO as at March 7, 2018, and any change in the ownership interest since the previous proxy circular dated March 7, 2017.

Name	Equity Ownership as at March 7, 2017		Equity Ownership as at March 7, 2018		Net Change in Ownership		Equity at risk <sup>1</sup>	
	Class II Shares	Class I Shares	Class II Shares	Class I Shares	Class II Shares	Class I Shares	Value (\$)	Multiple of 2017 annual director retainer
Robert T. Booth	—	17,661	—	18,527	—	866	778,319	4.7
Denis M. Ellard	200	5,089	200	6,492	—	1,403	281,179	1.7
C. Anthony Fountain	—	3,330	—	5,141	—	1,811	215,973	1.3
Michael R.P. Rayfield	—	19,169	—	21,369	—	2,200	897,712	5.4
Robert J. Routs	—	9,124	—	9,732	—	608	408,841	2.5
Nancy C. Southern <sup>2,3</sup>	50,600	282,214	50,600	287,641	—	5,427	14,221,648	n/a
Linda A. Southern-Heathcott <sup>3</sup>	9,500	19,725	9,500	21,016	—	1,291	1,284,257	7.8
Roger J. Urwin	—	5,781	—	6,253	—	472	262,689	1.6
Susan R. Werth	—	15,841	—	16,295	—	454	684,553	4.2
Charles W. Wilson	—	57,477	—	58,308	—	831	2,449,519	14.9
<b>Total</b>	<b>60,300</b>	<b>435,411</b>	<b>60,300</b>	<b>450,774</b>	<b>—</b>	<b>15,363</b>	<b>21,484,690</b>	

<sup>1</sup> Equity at risk is shown as at March 7, 2018, and is the market value determined by reference to the closing price of Class I Shares (\$42.01) and Class II Shares (\$42.25) on the Toronto Stock Exchange. Options are excluded.

<sup>2</sup> 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.

<sup>3</sup> 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. Southern, Ms. Southern-Heathcott and Mrs. 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. The following table lists all outstanding options held by non-employee directors at December 31, 2017. These options were granted to Mr. Ellard and Dr. Routs at the time they joined the board of directors of Canadian Utilities.

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

Name	Options Exercised <sup>1</sup> (#)	Aggregate Value Realized <sup>2</sup> (\$)
<b>Denis M. Ellard<sup>3</sup></b>		
Canadian Utilities	4,000	52,865
<b>Total</b>	<b>4,000</b>	<b>52,865</b>
<b>Robert J. Routs<sup>4</sup></b>		
Canadian Utilities	4,000	34,347
<b>Total</b>	<b>4,000</b>	<b>34,347</b>

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

<sup>2</sup> This value represents the difference between the grant price and the market price of CU Class A Shares, at the time of exercise multiplied by the number of options exercised.

<sup>3</sup> Mr. Ellard retired from the board of directors of Canadian Utilities in 2014.

<sup>4</sup> Dr. Routs retired from the board of directors of Canadian Utilities in 2012.

## 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, 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, 2017 (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
- George J. Lidgett, Managing Director, Pipelines & Liquids Global Business Unit
- Wayne K. Stensby, Managing Director, Electricity Global Business Unit
  
- Brian R. Bale, Special Advisor to the CEO & Senior Vice President, IT and Real Estate

Brian R. Bale held the position of Senior Vice President & Chief Financial Officer until his retirement on May 31, 2017. He rejoined the organization in the role of Special Advisor to the CEO & Senior Vice President, IT and Real Estate on June 1, 2017. Dennis A. DeChamplain was appointed Senior Vice President & Chief Financial Officer effective June 1, 2017. Mr. DeChamplain was previously Senior Financial Officer for the Electricity Global Business Unit.

In 2017, all of the named executives had a dual role for ATCO and for Canadian Utilities, our subsidiary company. The exceptions are Dennis A. DeChamplain (for the portion of the year where he was in the Senior Financial Officer role) and George J. Lidgett and Wayne K. Stensby. The compensation we report here is the compensation they receive from both companies.

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

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

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

	Amount paid by ATCO	Amount paid by Canadian Utilities	Combined total reported in ATCO proxy circular
2017	11.9%	88.1%	100%
2016	13.2%	86.8%	100%
2015	12.4%	87.6%	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:

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

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

## COMPENSATION

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

## Succession Planning for Executives

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

See Page 31 for more information about the committee and a summary of its activities in 2017.

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.

<b>Industries</b>	Oil and gas, utilities, energy, general industry, manufacturing & logistics and capital intensive organizations	
<b>Locations</b>	Alberta, national and global	
<b>Relevance</b>	<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"> <li>• Industry revenue</li> <li>• Number of employees</li> <li>• Market capitalization</li> </ul> <p>When necessary, data is adjusted to reflect the appropriate size and scope.</p>	
<p><b>2017 comparator companies</b></p> <p>Willis Towers Watson used several companies including those in this list to create a customized comparator group for each business unit.</p> <p>For a full list of all comparator companies used, please refer to Schedule B.</p>	<p>Agrium Inc.  Alberta Electric System Operator  Algonquin Power and Utilities Corp.  AltaLink  BC Hydro Power &amp; Authority  Bruce Power LP  Calgary Co-operative Association Limited  Canadian Natural Resources Ltd.  Canadian Pacific Railway Ltd.  Capital Power Corporation  Cenovus Energy Inc.  Corix Group of Companies  Crescent Point Energy  Emera Inc.  Enbridge Inc.  Encana Corporation  ENMAX Corporation  EPCOR Utilities Inc.  FortisAlberta Inc.</p>	<p>Graham Management Services LP  Husky Energy Inc.  Hydro One  Hydro Quebec  Imperial Oil  MEG Energy  NB Power  Ontario Power Generation  Pembina Pipeline Corporation  Precision Drilling Corporation  Spectra Energy Transmission  Stantec Inc  Suncor Energy Inc.  Toronto Hydro Electric  TransAlta Corporation  TransCanada Corp.  United Farmers of Alberta Co-operative Limited</p>

## Pay for Performance

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

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

## Manage Risk

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

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

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

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

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

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

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

- The CEO holds more than 14 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 and Ms. Werth. Mr. Booth is a partner at Bennett Jones LLP, ATCO's legal counsel. Ms. Werth acts as a consultant and received more than \$75,000 in direct compensation from ATCO in 2015.

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 2017

GOCOM approved the use of two independent consultants in 2017 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

	<b>Fees in 2017</b>	<b>Fees in 2016</b>
	(\$)	(\$)
<b>Willis Towers Watson</b>		
Executive compensation-related fees	320,604	218,261
All other fees	166,624	163,957
<b>Mercer</b>		
Executive compensation-related fees	-	-
All other fees	1,186,294	1,134,887

## 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.

<b>1</b>	<b>Review Compensation Plan</b>	<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"><li>• Rewards these executives based on corporate, individual and business unit performance</li><li>• Includes the appropriate variable components to align the interests of these executives with those of share owners</li><li>• Focuses these executives on sustainable, profitable growth without encouraging excessive risk-taking</li></ul>
<b>2</b>	<b>Set incentive plan targets and performance criteria</b>	<p>GOCOM reviews and approves the corporate and business unit financial targets used to fund the short-term incentive pool and as a performance measure for mid-term incentive plan payouts.</p>
<b>3</b>	<b>Set individual and operational goals and objectives</b>	<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>
<b>4</b>	<b>Assess corporate and business unit performance</b>	<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>
<b>5</b>	<b>Determine individual awards</b>	<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"><li>• 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</li><li>• Recommendations for each senior executive's salary</li><li>• Recommendations for short, mid and long-term incentives for each executive</li></ul> <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 48.

### 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 <i>and/or</i> 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 <i>and/or</i> Canadian Utilities Class A Shares  Share appreciation rights – cash equal to the increase in the market price of ATCO Class I Shares <i>and/or</i> 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%
<b>Total pay at risk</b>			<b>75% to 60%</b>	<b>65% to 50%</b>
<b>Total</b>			<b>100%</b>	<b>100%</b>

### 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

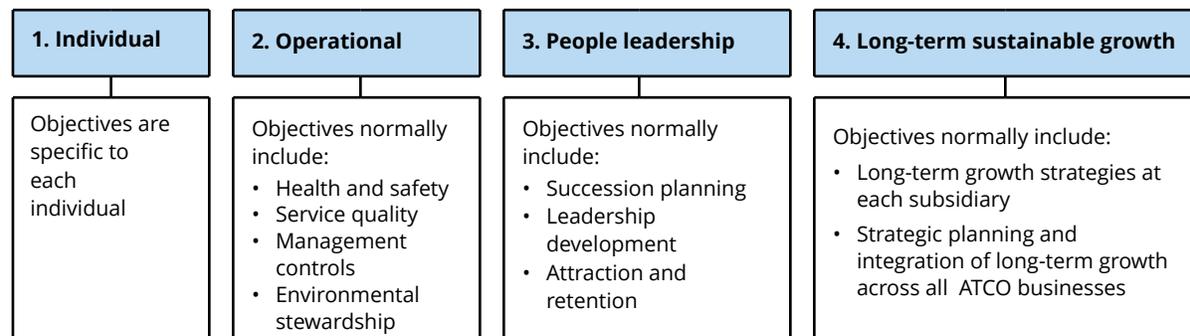
Business unit performance has a direct impact on the amount allocated from the short-term incentive pool to the business unit's incentive pool.

### Individual Performance

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

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

Each 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).

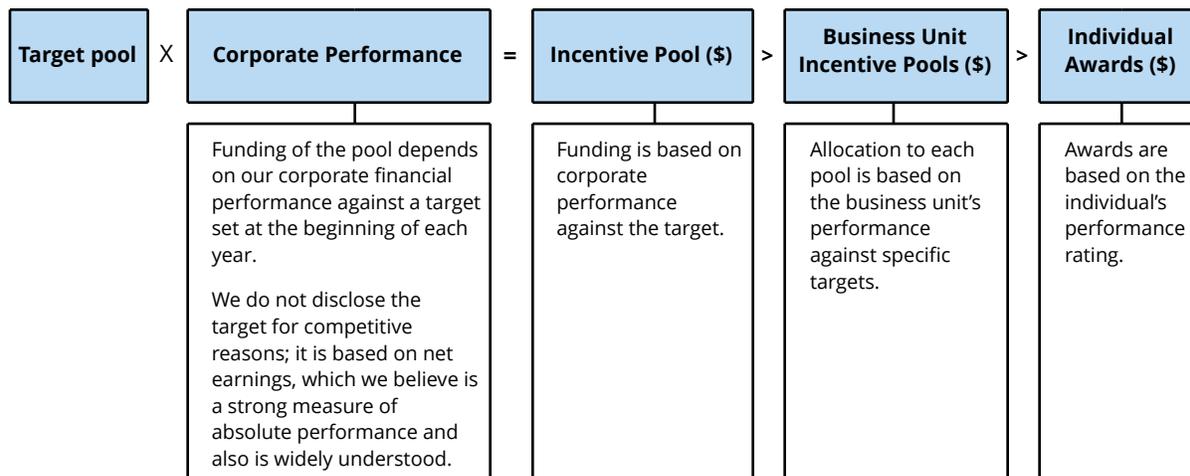
GOCOM also has broad discretion to not make incentive payments when, for example, a senior executive:

- 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 if:

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

### Long-Term Incentive

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

#### Form of Award

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

#### Performance Criteria

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

	Stock option plan	Share appreciation rights plan
<b>Assignment and conversion</b>	Not allowed	Not allowed
<b>Term</b>	10 years	10 years
<b>Vesting</b>	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.
<b>Exercise price</b>	<p>The weighted average of the trading price of the shares on the TSX for the five trading days immediately preceding the day they were granted.</p> <p>If the options expire during a blackout period, the expiry date will be 10 days after the last day of the blackout period.</p> <p>Stock options cannot be repriced.</p> <p>We withhold income tax at the time of exercise (including exercise and sell, exercise and hold, and cashless exercises).</p>	<p>The weighted average of the trading price of the shares on the TSX for the five trading days immediately before the day they were granted.</p> <p>If the Share Appreciation Rights 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 and
- Retiree benefit payments have historically been increased annually with inflation, to a maximum of 3 per cent.

How we calculate the pension benefit:

$$\left[ 1.4\% \times \begin{array}{l} \text{average year's maximum} \\ \text{pensionable earnings} \\ (\$53,480 \text{ in } 2017) \end{array} + 2\% \times \begin{array}{l} \text{average salary (highest five consecutive} \\ \text{years of base salary, not including} \\ \text{short-term incentive) } \textit{minus} \$53,480 \end{array} \right] \times \begin{array}{l} \text{Years of} \\ \text{service} \end{array}$$

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 (\$26,230 in 2017) and
- 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 and
- Supplemental benefits are not paid if the named executive is terminated or dies before age 55.

Ms. Southern's supplemental pension benefit is part of her employment agreement with ATCO (see Page 57). 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.

Ms. 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.

# 2017 PERFORMANCE AND AWARDS

## Performance in 2017

Key accomplishments included the following:

- In February 2017, the preferred route for our Fort McMurray West 500-kV Transmission Project was approved by the Alberta Utilities Commission. The project, valued at \$1.6 billion, was financed in part through the largest public-private partnership bond in Canadian history.
- In September, we celebrated the completion of a modern dormitory complex that's home to more than 130 students at Trinity Western University in Langley, British Columbia. The project was among several innovative modular structures solutions we delivered over the course of the year. Our team focused on diversifying our business into industries experiencing growth and the rapid deployment of modular facilities.
- In November, we unveiled Alberta's first EV (electric vehicle) fast-charging corridor - an exciting project designed to help catalyze the electrification of Alberta's transportation sector. The project, completed in partnership with FLO, Canadian Tire and Natural Resources Canada, saw the deployment of three charging stations in Calgary, Red Deer and the Edmonton area.
- In December 2017, we continued our geographic expansion efforts and solidified our position in the recently reformed Mexican energy market with the \$114-million acquisition of a 35-megawatt hydroelectric power station in the state of Veracruz.
- In 2017, we continued to grow our retail energy customers in Alberta. Through customer outreach, competitive rates and exclusive offers, as of June 2017, our retail natural gas market share had grown by 187 per cent compared with the previous year, while our retail electricity market share grew by more than 160 per cent.
- In the fourth quarter of 2017, we were selected by Inter Pipeline Ltd. to provide essential industrial water services to the Company's propane dehydrogenation and polypropylene plant. Located in Strathcona County, Alberta, the Heartland Petrochemical Complex will be the first-ever propane-to-plastics petrochemical plant in Canada.
- In 2017, we continued to grow our solar energy expertise with a variety of renewable energy projects. The first involved the delivery of a three-part Alternative Energy Initiative at Red Deer College. A key part of the project is the construction of a state-of-the-art lab that allows students to learn about renewable energies by being immersed in a hands-on classroom environment. We also provided our expertise and commissioning services to a rooftop solar project with Clark Builders at the University of Alberta's Augustana Campus in Camrose, Alberta.
- In the fourth quarter we simplified our ownership structure by selling Canadian Utilities' 24.5 per cent interest in ATCO Structures & Logistics Ltd. to ATCO Ltd. for \$140 million.
- On January 11, 2018, we declared a first quarter dividend of 37.66 cents per share or \$1.51 per share on an annualized basis. We have increased our common share dividend every year for the past 25 years.

### INNOVATION

#### OBJECTIVE



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

- In November, we unveiled Alberta's first EV fast-charging corridor - an exciting project designed to help catalyze the electrification of Alberta's transportation sector. The project, completed in partnership with FLO, Canadian Tire and Natural Resources Canada, saw the deployment of three charging stations in Calgary, Red Deer and the Edmonton area.
- In October, we were among the first in the world to install a new commercial carbon capture device at our Whitehorn Operations Centre in Calgary. The device, called CARBiNX, helps reduce both the heating costs and carbon footprint of the facility. The unit is expected to deliver energy savings and greenhouse gas reductions of approximately 8 to 10 per cent in the winter and 21 to 24 per cent in the summer.

- In October, we partnered with the City of Lloydminster to deploy LED street lights and pilot an Intelligent Street Light System, which will help our municipal customers reduce energy use and maintenance costs. This innovative technology provides remote monitoring and “light on demand” that dims street lights during off peak hours, and automatically brightens them when pedestrians, cyclists or cars are detected.
- Located in Mannville, Alberta, we applied three low-carbon technologies - solar panels, micro combined heat & power and battery storage - to fully energize a 1,200 sq. ft. home and allow the residence to completely disconnect from the grid. This technology has the potential to reduce a customer’s home emissions by up to 55 per cent compared to a standard built home.
- In Australia, we continued to make headway with our GasSola Pilot Project, which combines rooftop solar panels, battery storage and a natural gas-fired generator to provide reliable, low-cost and flexible energy to nine homes south of Perth. Over the course of the year, we finalized the installation of the hybrid energy technology at all nine homes in the trial. We also gathered data on energy usage from each home to understand the impacts of the hybrid technology mix and how natural gas can be an enabler to smooth the peaks and troughs of increased renewable generation into the grid.

**GROWTH**

<b>OBJECTIVE</b>		<b>Continued driving growth through regulated and long-term contracted capital investment.</b>
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- In 2017, we invested more than \$1.8 billion, driven largely by capital investments made by our Electricity and Pipelines & Liquids Global Business Units. Combined, these two business units invested nearly \$1.6 billion in projects designed to improve the accessibility, reliability and sustainability of energy in the communities we are privileged to serve, while also delivering strong capital growth for the Company. The projects were abundant and diverse, including the Fort McMurray West 500-kilovolt (kV) Transmission Project, our Urban Pipeline Replacement Program and the Steel and Plastic Mains Replacement Programs, all located in Alberta.

<b>OBJECTIVE</b>		<b>Achieve growth through diversification into new geographies and new lines of business.</b>
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- In December 2017, we solidified our position in the recently reformed Mexican energy market with the \$114-million acquisition of a 35-megawatt hydroelectric power station in the state of Veracruz.
- In September, we celebrated the completion of a modern dormitory complex that’s home to more than 130 students at Trinity Western University in Langley, British Columbia. The project was among several innovative modular structures solutions we delivered over the course of the year. Our team focused on diversifying our business into industries experiencing growth and the rapid deployment of modular facilities.
- In Montreal, we diversified our portfolio with the construction of a highly specialized, 30,000 sq. ft. temporary emergency facility that integrates the technical and operational requirements of a busy emergency room.
- In 2017, we continued to grow our solar energy expertise with a variety renewable energy projects. The first involved the delivery of a three-part Alternative Energy Initiative at Red Deer College. A key part of the project is the construction of a state-of-the-art lab that allows students to learn about renewable energies by being immersed in a hands-on classroom environment. We also provided our expertise and commissioning services to a rooftop solar project with Clark Builders at the University of Alberta’s Augustana Campus in Camrose, Alberta.

## FINANCIAL STRENGTH

### OBJECTIVE



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

- Adjusted earnings of \$335 million for the year ended December 31, 2017 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, 2017, 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 2017, we maintained an 'A (low)' credit rating with a stable outlook with DBRS Ltd and Standard & Poor's revised its issuer rating from 'A' with a negative outlook to 'A-' with a stable outlook.

### OBJECTIVE



**Maintain access to capital at attractive rates.**

- In 2017, we raised \$430M in debentures at 3.548 per cent, the lowest long-term interest rate in the Company's history. We also successfully completed the largest public-private partnership (P3) debt financing in Canadian history with a \$1.4 billion bond financing for Alberta PowerLine which led to being recognized as the "P3 Deal of the Year" for the Americas by Project Finance International.

### 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 2017 revealed no reportable weaknesses in internal control over financial reporting.

## PEOPLE LEADERSHIP

### OBJECTIVE



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

- In 2017, we successfully negotiated seven balanced collective agreements. The unions involved were the Canadian Energy Workers Association, Christian Labour Association of Canada Local 301, Laborers' International Union of North America Local 183, Construction Maintenance and Allied Workers, Local 1998, and the United Utility Workers' Association.
- In addition, two ATCO companies were engaged in collective bargaining with the Natural Gas Employees Association, and the Australian Services Union. Those proceedings continue to progress toward resolution.

<b>OBJECTIVE</b>		<b>Continue to enhance our performance management, succession, leadership and employee development programs to build and develop learning, growth and career advancement opportunities for our employees.</b>
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- In 2017, we completed our first global employee engagement survey. More than 85 per cent of our people participated - a remarkable response rate for a company of our size and geographic diversity. Results were first cascaded to all leaders, allowing them to participate in debrief sessions to identify key themes, and then shared at a high level with all employees. The results have provided invaluable insights into areas of significant strength and areas for improvement.
- In 2017, more than 300 employees completed leadership training and development courses, including Foundations of Leadership, Strategic Leadership, Ivey Executive Leadership, and the Aboriginal Relations Leadership Certificate Program.
- The use of Lumina Learning continued to expand in 2017. With more than 40 Lumina Spark practitioners, we are equipped to help teams better understand and appreciate one another, leverage their team diversity for high performance and learn practical communication techniques and strategies. In addition, the number of Lumina Leader practitioners has also increased to more than 20, allowing leaders to understand what leadership qualities they are using, how they are operationalizing these qualities and how these qualities are perceived by others. All these components work together to improve leadership effectiveness by developing self-knowledge and building rapport.
- We are committed to delivering exceptional service to our global customers. From the quality of our products to the interactions with our people, maintaining and enhancing the customer experience is vital for the future success of our Company. Our Pipelines & Liquids Global Business Unit continued to roll-out additional modules within the GBU's customer service training program to equip employees with the skills and competencies needed to deliver customer service excellence in the field. More than 200 employees completed these modules in 2017.

<b>OPERATIONAL EXCELLENCE</b>
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<b>OBJECTIVE</b>		<b>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.</b>
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- In recognition of the tremendous importance of mental health, our Pipelines & Liquids Global Business Unit rolled out an internal awareness program to bring an increased focus on mental health and reduce the stigma associated with mental illness.
- In 2017, teams from across our company celebrated several significant safety milestones including our Natural Gas Transmission division reaching 15 years or 9,500,000 hours without a lost-time injury.
- In 2017, our crews distributed approximately 4,000 free CO detectors to Albertans. To help engage new Canadians who might be less familiar with CO safety risks, we had all of our CO safety material translated into eight different languages.
- We also worked closely with the Government of Alberta to ensure important electrical safety information was added to the province's Farm Safety Booklet and helped educate more than 600 children about farm safety at our interactive display during Ag for Life's Safety Days in Grande Prairie, Alberta.
- In 2017, Enform, a national safety association, conducted a safety maintenance audit on our Site C Workforce Housing Project that received a remarkable score of 99 per cent, the highest ever to be given by the auditor. The report cites management involvement and commitment, hazard identification, and assessment and communications as key areas of strength, all of which received a score of 100 per cent.

<b>OBJECTIVE</b>		<b>Continue to provide exceptional customer service to our municipal, residential, commercial and industrial customers around the world.</b>
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- In October, a powerful snowstorm descended on east-central Alberta, knocking out power to more than 5,000 of our customers. The storm brought blizzard conditions with 30 cm of heavy, wet snow and fierce winds that gusted up to 100 km/h, causing power poles to snap in half and main highways to completely shut down. For four days, more than 120 of our people worked around the clock to repair powerlines and poles, and safely restore electricity to our customers.
- On September 20, Hurricane Maria, a powerful Category 4 hurricane, made direct landfall on Puerto Rico, causing catastrophic damage. Immediately following, we deployed a team of our people from across the Company to support response efforts in the aftermath. With local infrastructure in disarray, we partnered with a large pharmaceutical company to provide services and accommodations to enable their people to remain on the island in the wake of the devastating storm.
- In 2017, more than 95 per cent of our natural gas and electricity distribution customers agreed that we provided good service, compared to an industry average of 75 per cent. Within our retail energy operations, 76 per cent of our customers who interacted with our Customer Experience Centre agreed to being “very satisfied” with their experience, compared with an industry average of 71 per cent.

**COMMUNITY INVOLVEMENT**

<b>OBJECTIVE</b>		<b>Continue to establish meaningful partnerships with Indigenous communities that drive economic and social development.</b>
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- Throughout our work on the Jasper Interconnection Project, in Jasper National Park, we worked closely with 23 Indigenous organizations through Parks Canada’s Indigenous Forum. We also held 88 consultation meetings, six Elders mapping sessions, 24 site visits, one fly-over and committed to three traditional ceremonies, with ongoing engagement and community involvement planned through project construction and reclamation. The project involves a 45-km transmission line and new substation that will connect the community to Alberta’s electrical grid.
- Over the course of 2017, we signed three memorandums of understandings with Indigenous communities in the Yukon to partner on the development of renewable energy and battery storage solutions. These partnerships will enable each community to become direct participants in the local energy sector by owning the renewable energy technology.
- In 2017, we awarded 30 Indigenous students with scholarships, awards and bursaries for demonstrating leadership capabilities and pursuing higher education. Through our Structures & Logistics Scholarship Program, we also awarded \$1,000 scholarships to eight Indigenous students in British Columbia for demonstrating a commitment to education, leadership and community involvement. Fifteen Indigenous scholarships and bursaries were also awarded to students enrolled with Aurora College, NAIT, the University of Alberta, Grande Prairie Regional College, the University of Lethbridge and the Aboriginal Veterans Society of Alberta as part of our long-standing academic partnerships.

<b>OBJECTIVE</b>		<b>Continue to support the communities we have the privilege to serve around the world through community investment, partnerships and volunteerism.</b>
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- In Australia, our ATCO Blue Flame Kitchen welcomed a group of new migrant students to partake in our school program that teaches students about the safe use of natural gas in the home and how to cook tasty and nutritious meals. In 2017, more than 30 schools participated in the program.
- Through the ATCO Employees Participating in Communities (EPIC) Program, ATCO donated \$3.3 million in 2017. This internationally acclaimed program gives employees the opportunity to contribute to charitable organizations in the communities where they live and work. The administration of the employee-led campaign is funded by ATCO, ensuring 100 per cent of the employee donations go towards employees’ charities of choice.

## Compensation in 2017

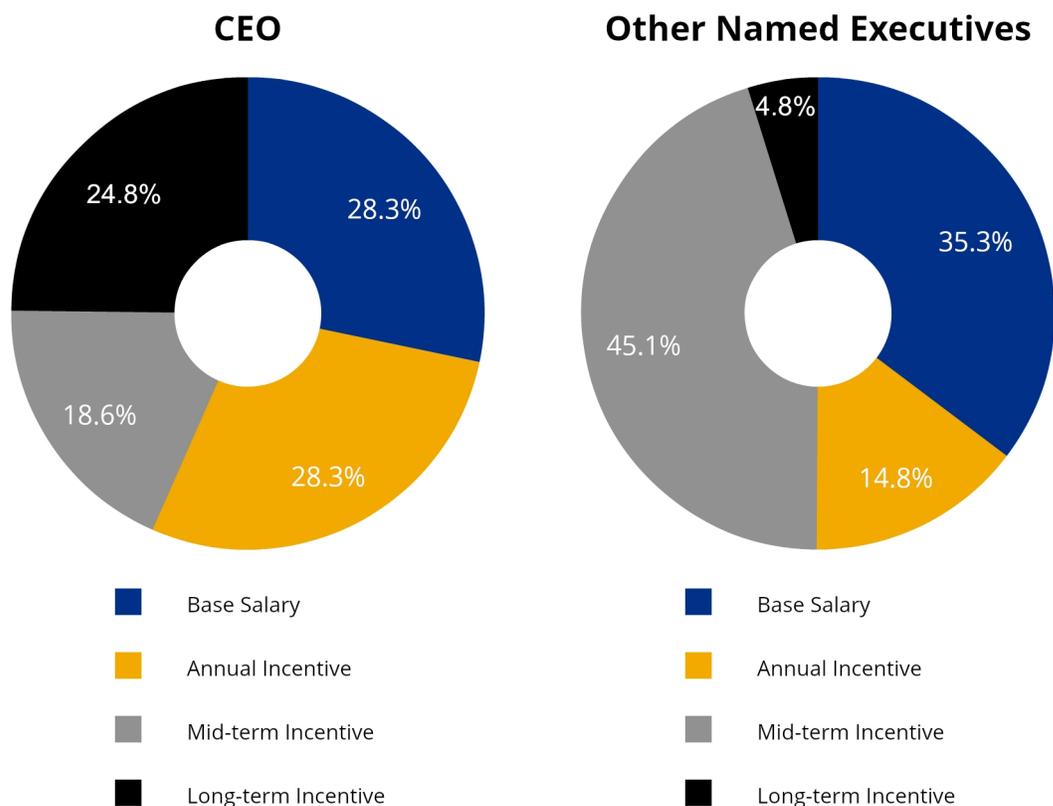
The table below is a summary of total direct compensation awarded to the named executives in 2017.

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

Please see Page 63 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.

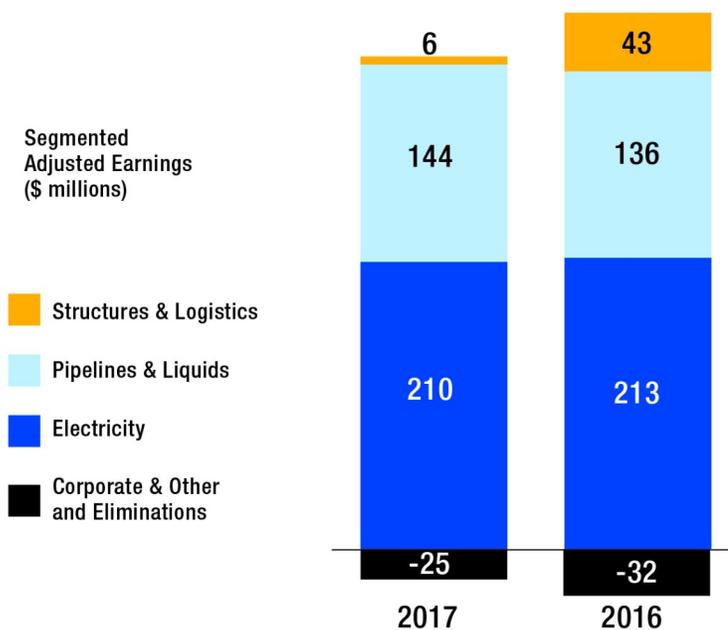
	Total cash compensation received from <i>both</i> companies (\$)				Equity (\$)	Total direct compensation (\$)
	Salary	Short-term incentive	Mid-term incentive	Long-term incentive		
Nancy C. Southern	1,000,000	1,000,000	655,534	875,012		3,530,546
Dennis A. DeChamplain	347,917	175,000	631,607	63,256		1,217,780
Siegfried W. Kiefer	790,000	375,000	1,260,901	134,618		2,560,519
George J. Lidgett	441,250	275,000	607,817	67,308		1,391,375
Wayne K. Stensby	442,500	200,000	609,658	67,308		1,319,466
Brian R. Bale	418,750	0	13,275	0		432,025

## 2017 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.



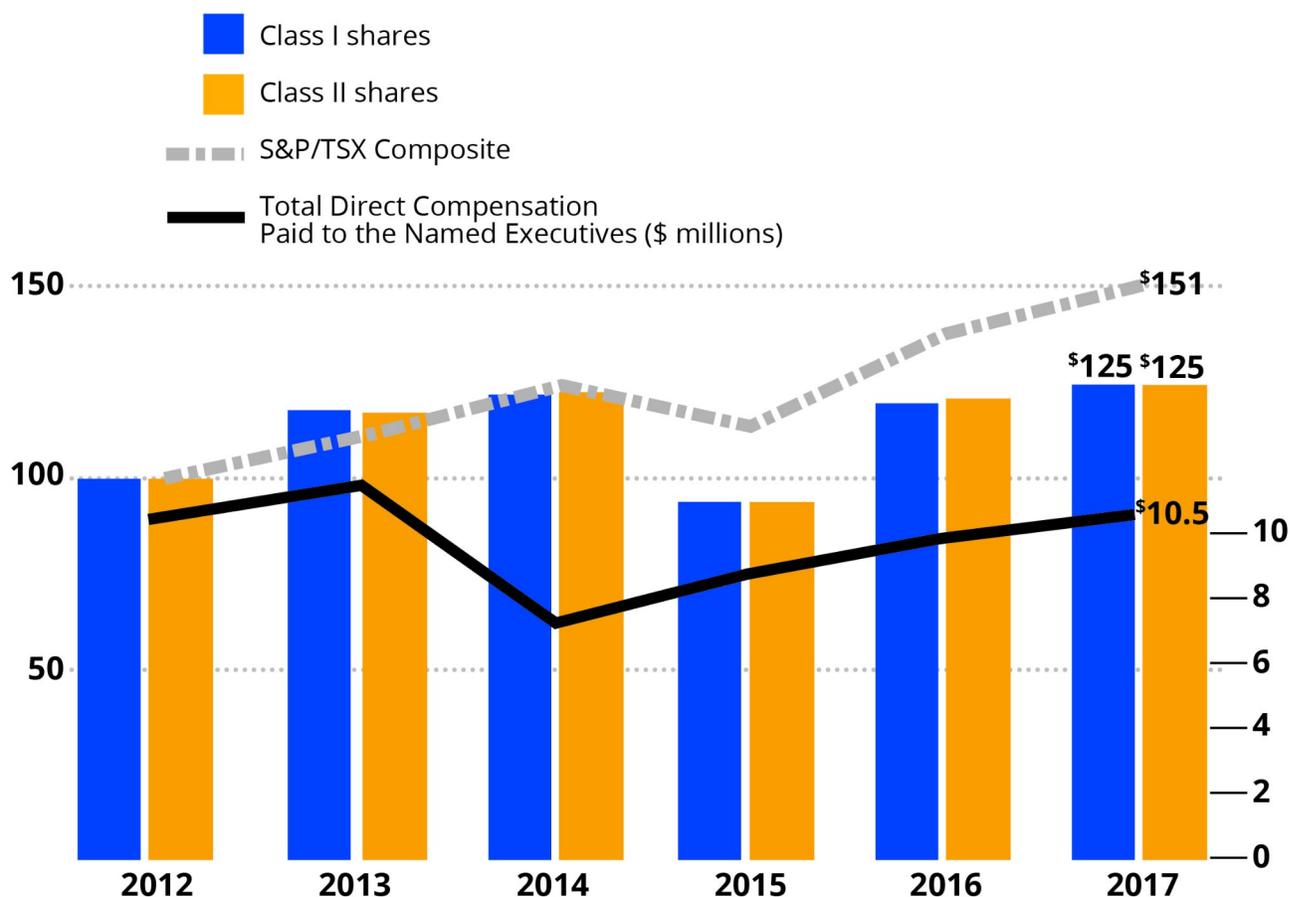
(\$millions)	2017	2016
Adjusted earnings	335	360
Total direct compensation paid to the named executives	10.5	9.8
As a % of adjusted earnings	3.1%	2.7%

## 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, 2012, with the cumulative value of \$100 invested in the S&P/TSX Composite Index over the same period.

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

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



Total direct compensation includes:

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



## NANCY C. SOUTHERN

Chair & Chief Executive Officer

Calgary, Canada

Years of Service 28

Age 61

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 \$221 million in 2007 to \$335 million in 2017 (an increase of 52 per cent). ATCO's total assets have grown from approximately \$8 billion in 2007 to \$22 billion in 2017.

### COMPENSATION

	2017 (\$)	2016 (\$)	2015 (\$)
<b>Cash</b>			
Base salary	1,000,000	1,000,000	1,000,000
Short-term incentive	1,000,000	1,600,000	0
<b>Total cash compensation from both ATCO and Canadian Utilities</b>	<b>2,000,000</b>	<b>2,600,000</b>	<b>1,000,000</b>
<b>Equity</b>			
Mid-term incentive	655,534	568,215	679,529
Long-term incentive			
Stock options	437,506	564,478	617,193
Share appreciation rights	437,506	564,478	617,193
<b>Total equity</b>	<b>1,530,546</b>	<b>1,697,171</b>	<b>1,913,915</b>
<b>Total direct compensation from both ATCO and Canadian Utilities</b>	<b>3,530,546</b>	<b>4,297,171</b>	<b>2,913,915</b>

### 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, 2019. 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 48.



## DENNIS A. DECHAMPLAIN

Senior Vice President & Chief Financial Officer

Calgary, Canada

Years of service 25

Age 54

Mr. DeChamplain is Senior Vice President & Chief Financial Officer of ATCO and Canadian Utilities. He is responsible for Finance, Accounting, Treasury, Taxation, Regulatory Strategy, 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 on June 1, 2017.

### COMPENSATION

	2017 (\$)	2016 (\$)	2015 (\$)
<b>Cash</b>			
Base salary	347,917	310,000	306,250
Short-term incentive	175,000	180,000	100,000
<b>Total cash compensation from both ATCO and Canadian Utilities</b>	<b>522,917</b>	<b>490,000</b>	<b>406,250</b>
<b>Equity</b>			
Mid-term incentive	631,607	267,248	192,401
Long-term incentive			
Stock options	31,628	8,876	12,344
Share appreciation rights	31,628	8,876	12,344
<b>Total equity</b>	<b>694,863</b>	<b>285,000</b>	<b>217,089</b>
<b>Total direct compensation from both ATCO and Canadian Utilities</b>	<b>1,217,780</b>	<b>775,000</b>	<b>623,339</b>



## SIEGFRIED W. KIEFER

President & Chief Strategy Officer

Calgary, Canada

Years of service 35

Age 59

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

	2017 (\$)	2016 (\$)	2015 (\$)
<b>Cash</b>			
Base salary	790,000	760,000	760,000
Short-term incentive	375,000	600,000	250,000
<b>Total cash compensation from both ATCO and Canadian Utilities</b>	<b>1,165,000</b>	<b>1,360,000</b>	<b>1,010,000</b>
<b>Equity</b>			
Mid-term incentive	1,260,901	571,653	950,707
Long-term incentive			
Stock options	67,309	67,737	92,579
Share appreciation rights	67,309	67,737	92,579
<b>Total equity</b>	<b>1,395,519</b>	<b>707,127</b>	<b>1,135,865</b>
<b>Total direct compensation from both ATCO and Canadian Utilities</b>	<b>2,560,519</b>	<b>2,067,127</b>	<b>2,145,865</b>



## GEORGE J. LIDGETT

Managing Director, Pipelines & Liquids Global Business Unit

Calgary, Canada

Years of service 32

Age 56

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

	2017 (\$)	2016 (\$)	2015 (\$)
<b>Cash</b>			
Base salary	441,250	415,000	411,250
Short-term incentive	275,000	450,000	0
<b>Total cash compensation from both ATCO and Canadian Utilities</b>	<b>716,250</b>	<b>865,000</b>	<b>411,250</b>
<b>Equity</b>			
Mid-term incentive	607,817	162,250	131,411
Long-term incentive			
Stock options	33,654	13,547	12,344
Share appreciation rights	33,654	13,547	12,344
<b>Total equity</b>	<b>675,125</b>	<b>189,344</b>	<b>156,099</b>
<b>Total direct compensation from both ATCO and Canadian Utilities</b>	<b>1,391,375</b>	<b>1,054,344</b>	<b>567,349</b>



## WAYNE K. STENSBY

Managing Director, Electricity Global Business Unit

Calgary, Canada

Years of service 29

Age 51

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

	2017 (\$)	2016 (\$)	2015 (\$)
<b>Cash</b>			
Base salary	442,500	411,250	342,917
Short-term incentive	200,000	400,000	150,000
<b>Total cash compensation from both ATCO and Canadian Utilities</b>	<b>642,500</b>	<b>811,250</b>	<b>492,917</b>
<b>Equity</b>			
Mid-term incentive	609,658	259,958	189,020
Long-term incentive			
Stock options	33,654	22,579	20,284
Share appreciation rights	33,654	22,579	20,284
<b>Total equity</b>	<b>676,966</b>	<b>305,116</b>	<b>229,588</b>
<b>Total direct compensation from both ATCO and Canadian Utilities</b>	<b>1,319,466</b>	<b>1,116,366</b>	<b>722,505</b>



## BRIAN R. BALE

Special Advisor to the CEO and Senior Vice President, IT and Real Estate

Calgary, Canada

Years of service 36

Age 63

Mr. Bale held the position of Senior Vice President & Chief Financial Officer of ATCO and Canadian Utilities until his retirement on May 31, 2017. He rejoined the organization in the role of Special Advisor to the CEO & Senior Vice President, IT and Real Estate on June 1, 2017. He joined ATCO Gas in 1981 and held progressively senior roles in ATCO and Canadian Utilities.

### COMPENSATION

	2017 (\$)	2016 (\$)	2015 (\$)
<b>Cash</b>			
Base salary	418,750	625,000	612,500
Short-term incentive	0	600,000	300,000
<b>Total cash compensation from both ATCO and Canadian Utilities</b>	<b>418,750</b>	<b>1,225,000</b>	<b>912,500</b>
<b>Equity</b>			
Mid-term incentive	13,275	37,745	638,242
Long-term incentive			
Stock options	0	0	61,719
Share appreciation rights	0	0	61,719
<b>Total equity</b>	<b>13,275</b>	<b>37,745</b>	<b>761,680</b>
<b>Total direct compensation from both ATCO and Canadian Utilities</b>	<b>432,025</b>	<b>1,262,745</b>	<b>1,674,180</b>

# 2017 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, 2015, 2016 and 2017. In 2017, all of the named executives have a dual role for ATCO and for Canadian Utilities, our subsidiary company. The exceptions are Dennis A. DeChamplain (for the portion of the year where he was in the Senior Financial Officer role) and George J. Lidgett and Wayne K. Stensby. 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
2017	11.9%	88.1%	100%
2016	13.2%	86.8%	100%
2015	12.4%	87.6%	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 <sup>1</sup>	Option based awards <sup>2,3</sup>	Non-equity incentive plan compensation		Pension value <sup>4</sup>	All other compensation <sup>5</sup>	Total compensation
				Annual incentive plans	Long term incentive plans			
<b>Nancy C. Southern</b>								
Chair & Chief Executive Officer								
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
2015	1,000,000	679,529	1,234,386	0	-	692,711	35,000	3,641,626
<b>Dennis A. DeChamplain</b>								
Senior Vice President & Chief Financial Officer								
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
2015	306,250	192,401	24,688	100,000	-	25,370	8,575	657,284
<b>Siegfried W. Kiefer</b>								
President & Chief Strategy Officer								
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
2015	760,000	950,707	185,158	250,000	-	207,357	26,600	2,379,822
<b>George J. Lidgett</b>								
Managing Director, Pipelines & Liquids Global Business Unit								
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
2015	411,250	131,411	24,688	0	-	63,801	0	631,150
<b>Wayne K. Stensby</b>								
Managing Director, Electricity Global Business Unit								
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
2015	342,917	189,020	40,568	150,000	-	25,278	42,085 <sup>6</sup>	789,868
<b>Brian R. Bale</b>								
<i>Special Advisor to the CEO &amp; Senior Vice President, IT and Real Estate (Former Senior Vice President &amp; Chief Financial Officer)</i>								
2017 <sup>7</sup>	418,750	13,275	0	0	-	131,942	9,552	573,519
2016	625,000	37,745	0	600,000	-	257,668	21,875	1,542,288
2015	612,500	638,242	123,439	300,000	-	298,853	21,438	1,994,471

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.

	2017				2016		2015	
	March		June		March		March	
	ATCO	Canadian Utilities						
<b>MTIP Assumptions</b>								
Grant date fair value	32.24	25.22	32.99	27.00	25.30	23.45	31.44	27.21
Accounting fair value	49.60	38.80	50.75	41.54	38.93	36.08	48.37	41.86

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 in 2017.

2 The option and 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:

	2017				2016		2015	
	March		June		March		March	
	ATCO	Canadian Utilities						
<b>Option Assumptions</b>								
Expected life (years)	7.16	6.86	7.16	6.86	7.15	6.85	6.15	6.07
Risk free rate of return	1.206%	1.206%	1.117%	1.117%	0.729%	0.729%	0.828%	0.828%
Volatility	17.01%	13.09%	15.8%	10.91%	25.86%	18.65%	22.78%	18.12%
Dividend yield	2.68%	3.76%	2.58%	3.44%	2.93%	3.6%	2.11%	2.89%

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

3 Total ATCO and Canadian Utilities stock options and share appreciation rights.

4 Estimated using a prescribed formula based on several assumptions. Also includes other compensatory items. George J. Lidgett and Wayne K. Stensby joined the supplemental pension plan for all service, effective 2017 and 2016 respectively.

5 Employer contribution to the Employee Share Purchase Plan.

6 Includes expatriate allowances.

7 Mr. Bale retired as Senior Vice President & Chief Financial Officer on May 31, 2017. He rejoined the organization in the role of Special Advisor to the CEO & Senior Vice President, IT and Real Estate on June 1, 2017. The information reported in the summary compensation table is reflective of compensation received for both roles in 2017.

## Outstanding Option-Based and Share-Based Awards

The table below shows each named executive's outstanding incentive plan awards as of December 31, 2017.

	Option-based awards								
	Number of securities underlying unexercised options (#)				Option exercise price (\$)		Option expiration date	Value of unexercised in-the-money options <sup>5</sup> (\$)	
	ATCO		Canadian Utilities		ATCO	Canadian Utilities		ATCO	Canadian Utilities
Options <sup>1</sup>	SARs <sup>2</sup>	Options <sup>3</sup>	SARs <sup>4</sup>	ATCO	Canadian Utilities		ATCO	Canadian Utilities	
<b>Nancy C. Southern</b>									
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	758,750	166,250
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	3,600	0
2012	50,000	50,000	50,000	50,000	35.12	33.18	15-03-22	988,500	423,000
2011	25,000	25,000	25,000	25,000	28.32	24.74	15-03-21	834,250	633,750
2010	75,000	75,000	75,000	75,000	25.35	23.65	15-03-20	2,947,500	2,064,750
2008	100,000	-	-	-	22.94	-	15-03-18	2,206,000	0
<b>Dennis A. DeChamplain</b>									
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	7,980
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	16,920
2011	2,000	2,000	2,000	2,000	28.32	24.74	15-03-21	66,740	50,700
<b>Siegfried W. Kiefer</b>									
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	91,050	19,950
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	600	0
2012	7,500	7,500	7,500	7,500	35.12	33.18	15-03-22	148,275	63,450
2011	5,000	5,000	5,000	5,000	28.32	24.74	15-03-21	166,850	126,750
2010	5,000	5,000	5,000	5,000	25.35	23.65	15-03-20	196,500	137,650
2008	10,000	10,000	20,000	20,000	22.94	22.17	15-03-18	441,200	609,600
<b>George J. Lidgett</b>									
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	18,210	3,990
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	120	0
2012	2,000	2,000	-	-	35.12	-	15-03-22	39,540	0
<b>Wayne K. Stensby</b>									
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	30,350	6,650
2015	-	4,000	1,000	1,000	-	36.78	15-05-25	0	1,260
2014	-	-	2,000	2,000	-	39.45	15-03-24	0	-
2013	-	-	1,000	1,000	-	39.04	15-03-23	0	-
2012	-	-	1,000	1,000	-	34.80	15-08-22	0	5,220
<b>Brian R. Bale</b>									
2015	-	-	-	-	46.98	40.78	15-03-25	0	0
2013	-	-	-	-	44.97	39.04	15-03-23	0	0
2012	-	-	-	-	35.12	33.18	15-03-22	0	0
2011	-	-	-	-	28.32	24.74	15-03-21	0	0
2010	-	-	-	-	25.35	23.65	15-03-20	0	0
2008	-	-	-	-	22.94	22.17	15-03-18	0	0



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 2017.

Aggregate holdings and value of options and SARs held on December 31, 2017					Options and SARs exercised in 2017	
Number of unexercised options/SARs (#)		Value of unexercised in-the-money options/SARs (\$)		Securities acquired on exercise (#)	Aggregate value realized (\$)	
Exercisable	Unexercisable	Exercisable	Unexercisable			
<b>Nancy C. Southern</b>						
In 2017, Ms. Southern exercised:						
• 100,000 options and 100,000 SARs on Canadian Utilities Class A Non-voting shares						
ATCO Class I Non-Voting						
Options	360,500	177,000	4,668,440	303,860	-	2,761,000
SARs	260,500	177,000	2,462,440	303,860	-	-
Canadian Utilities Class A Non-Voting						
Options	260,500	177,000	1,577,375	66,500	100,000	3,837,524
SARs	260,500	177,000	1,577,375	66,500	-	-
<b>Dennis A. DeChamplain</b>						
In 2017, Mr. DeChamplain exercised:						
• 2,000 options and 2,000 SARs on ATCO Class I Non-voting shares						
• 4,000 options and 4,000 SARs on Canadian Utilities Class A Non-voting shares						
ATCO Class I Non-Voting						
Options	3,300	6,200	33,370	0	2,000	87,440
SARs	3,300	6,200	33,370	0	-	-
Canadian Utilities Class A Non-Voting						
Options	7,500	9,000	34,608	3,192	4,000	121,880
SARs	7,500	9,000	34,608	3,192	-	-
<b>Siegfried W. Kiefer</b>						
Mr. Kiefer did not exercise any options or SARs in 2017.						
ATCO Class I Non-Voting						
Options	46,000	26,500	485,758	36,480	-	-
SARs	46,000	26,500	485,758	36,480	-	-
Canadian Utilities Class A Non-Voting						
Options	56,000	26,500	470,720	7,980	-	-
SARs	56,000	26,500	470,720	7,980	-	-

Aggregate holdings and value of options and SARs held on December 31, 2017					Options and SARs exercised in 2017	
	Number of unexercised options/SARs (#)		Value of unexercised in-the-money options/SARs (\$)		Securities acquired on exercise (#)	Aggregate value realized (\$)
	Exercisable	Unexercisable	Exercisable	Unexercisable		
<b>George J. Lidgett</b>						
In 2017, Mr. Lidgett exercised:						
• 6,000 options and 6,000 SARs on ATCO Class I Non-voting shares						
• 2,000 options and 2,000 SARs on Canadian Utilities Class A Non-voting shares						
ATCO Class I Non-Voting						
Options	5,500	8,000	21,639	7,296	6,000	307,656
SARs	5,500	8,000	21,639	7,296	-	-
Canadian Utilities Class A Non-Voting						
Options	700	6,800	399	1,596	2,000	66,980
SARs	700	6,800	399	1,596	-	-
<b>Wayne K. Stensby</b>						
Mr. Stensby did not exercise any options or SARs in 2017.						
ATCO Class I Non-Voting						
Options	500	7,000	3,035	12,140	-	-
SARs	500	7,000	3,035	12,140	-	-
Canadian Utilities Class A Non-Voting						
Options	3,900	8,600	3,527	3,038	-	-
SARs	3,900	8,600	3,527	3,038	-	-
<b>Brian R. Bale</b>						
In 2017, Mr. Bale exercised:						
• 21,400 options and 21,400 SARs on ATCO Class I Non-voting shares						
• 23,400 options and 23,400 SARs on Canadian Utilities Class A Non-voting shares						
ATCO Class I Non-Voting						
Options	0	0	0	0	21,400	803,995
SARs	0	0	0	0	-	-
Canadian Utilities Class A Non-Voting						
Options	0	0	0	0	23,400	575,900
SARs	0	0	0	0	-	-

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

The table below shows incentive plan awards that have vested or were earned for each named executive during 2017.

Year ended December 31, 2017	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 <sup>1</sup>	SARs <sup>2</sup>	Options <sup>3</sup>	SARs <sup>4</sup>			
Nancy C. Southern	400,265	400,265	91,750	91,750	38,025	42,909	1,000,000
Dennis A. DeChamplain	582	582	3,952	3,952	12,105	24,674	175,000
Siegfried W. Kiefer	56,093	56,093	12,705	12,705	50,912	60,789	375,000
George J. Lidgett	12,405	12,405	846	846	15,338	17,880	275,000
Wayne K. Stensby	6,575	6,575	2,906	2,906	12,888	22,170	200,000
Brian R. Bale	20,637	20,637	5,650	5,650	6,125	7,150	0

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)
<b>December 31, 2017</b>						
ATCO	730,050	38.42	2,632,550	101,328,273	0.7%	2.6%
Canadian Utilities	732,250	34.66	5,250,850	196,989,272	0.4%	2.7%
<b>March 7, 2018</b>						
ATCO	725,950	38.38	2,636,650	101,341,473	0.7%	2.6%
Canadian Utilities	728,350	34.63	5,254,750	197,525,086	0.4%	2.7%

## Incentive Plan Awards

### Plan details for Stock Option Plans

	ATCO	Canadian Utilities
<b>Maximum number of shares that can be issued:</b>	<ul style="list-style-type: none"> <li>• 10,200,000 ATCO Class I shares</li> <li>• (8.9% of outstanding ATCO Class I and Class II shares as of December 31, 2017)</li> </ul>	<ul style="list-style-type: none"> <li>• 12,800,000 Canadian Utilities Class A shares</li> <li>• (4.7% of outstanding Canadian Utilities Class A shares and Class B common shares as of December 31, 2017)</li> </ul>
<b>Number of outstanding securities awarded:</b>	<ul style="list-style-type: none"> <li>• 9,333,000 ATCO Class I shares</li> <li>• (8.1% of outstanding ATCO Class I and Class II shares as of December 31, 2017)</li> </ul>	<ul style="list-style-type: none"> <li>• 9,111,000 Canadian Utilities Class A shares</li> <li>• (3.4% of outstanding Canadian Utilities Class A shares and Class B common shares as of December 31, 2017)</li> </ul>
<b>Activity in 2017:</b>	<ul style="list-style-type: none"> <li>• 108,000 options were granted</li> <li>• 41,500 ATCO Class I Shares were issued on the exercise of options</li> <li>• 7,800 options were cancelled</li> </ul>	<ul style="list-style-type: none"> <li>• 123,500 options were granted</li> <li>• 159,500 Canadian Utilities Class A Shares were issued on the exercise of options</li> <li>• 13,600 options were cancelled</li> </ul>

### Dilution Measure

Burn rate is calculated as the number of shares granted (less cancellations) divided by the weighted average number of outstanding shares in the applicable fiscal year. The table below provides the burn rate for each company for the past three fiscal years.

	December 31, 2017	December 31, 2016	December 31, 2015
ATCO	0.09%	0.08%	0.08%
Canadian Utilities	0.05%	0.04%	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 48 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	22.00	1,984,000	1,984,000	23,534,399	2,410,439	2,511,779	28,456,617
Siegfried W. Kiefer	34.00	503,000	517,794	11,322,692	385,042	949,212	12,656,946
George J. Lidgett	32.17	175,051	270,169	2,194,393	3,793,756	521,180	6,509,329
Wayne K. Stensby	28.08	117,434	141,266	3,300,664	385,839	464,366	4,150,869
Brian R. Bale	35.42	361,790	N/A	8,192,813	131,942	452,683	8,777,438

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, 2017. 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, 2017, 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, 2017, 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	627,865	26,230	713,405
Wayne K. Stensby	517,428	26,230	603,568

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 57 for more information.

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

The table below shows incremental amounts that would be paid to the named executives if their employment had been terminated on December 31, 2017, because of retirement, resignation, termination or a change of control.

	Incremental Amounts	Retirement (\$)	Resignation (\$)	Termination (\$)	Change of control (\$)
<b>Nancy C. Southern</b>					
	Cash payment				
	Share-based awards				3,213,020
	Pension				
	Benefits				
	Perquisites				
	<b>Total</b>				<b>3,213,020</b>
<b>Dennis A. DeChamplain</b>					
	Cash payment				
	Share-based awards				1,466,994
	Pension				
	Benefits				
	Perquisites				
	<b>Total</b>				<b>1,466,994</b>
<b>Siegfried W. Kiefer</b>					
	Cash payment				
	Share-based awards				3,797,370
	Pension				
	Benefits				
	Perquisites				
	<b>Total</b>				<b>3,797,370</b>
<b>George J. Lidgett</b>					
	Cash payment				
	Share-based awards				1,253,934
	Pension				
	Benefits				
	Perquisites				
	<b>Total</b>				<b>1,253,934</b>
<b>Wayne K. Stensby</b>					
	Cash payment				180,000
	Share-based awards				1,341,326
	Pension				
	Benefits				
	Perquisites				
	<b>Total</b>				<b>1,521,326</b>

*NOTE: Brian R. Bale held the position of Senior Vice President & Chief Financial Officer until his retirement on May 31, 2017. He was paid his retirement benefit upon leaving the role.*

# 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 \$472,279 in the financial year ended December 31, 2017. 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](http://www.sedar.com). Information about ATCO's business is provided in its annual information form dated February 21, 2018. Financial information is provided in ATCO's financial statements and the management's discussion and analysis for the year ended December 31, 2017.

Copies of these documents and additional copies of this Circular may be obtained upon request from Investor Relations at 3<sup>rd</sup> 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](http://www.ATCO.com)

# SCHEDULE A – BOARD OF DIRECTORS MANDATE

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

## COMPOSITION AND OPERATION

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

## RESPONSIBILITIES

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

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

## SPECIFIC DUTIES

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

### 1. Legal Requirements

- a. The Board has oversight responsibility for the Corporation's satisfaction of its legal obligations and for properly preparing, approving and maintaining the Corporation's documents and records.
- b. The Board has the statutory obligation to
  - i. manage or supervise the management of the business and affairs of the Corporation,
  - ii. act honestly and in good faith with a view to the best interests of the Corporation,
  - iii. exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and
  - iv. act in accordance with its obligations contained in the ABCA and the regulations thereunder, the Corporation's articles and by-laws, and other relevant legislation and regulations.
- c. The Board has the statutory obligation to consider certain matters as a board of directors. The Board may not delegate to management or to a committee of the Board the authority to
  - i. submit to the shareholders any question or matter requiring the approval of the shareholders,
  - ii. fill a vacancy among the directors or in the office of auditor, or appoint additional directors,
  - iii. issue securities except in the manner and on the terms authorized by the Board,
  - iv. declare dividends,
  - v. purchase, redeem or otherwise acquire shares issued by the Corporation, except in the manner and on the terms authorized by the Board,
  - vi. pay a commission to any person in consideration of the person's purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for shares of the Corporation, except as authorized by the Board,
  - vii. approve any 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 – 2017 COMPARATOR COMPANIES

## General Industry

AbbVie  
Accenture  
Acelity  
Addenda Capital  
Advance Auto Parts  
Agrium  
Agropur, Coopérative agro-alimentaire  
AIG Insurance Company of Canada  
Air Canada  
Alberta Electric System Operator  
Alberta Energy Regulator  
Alberta Health Services  
Alberta Investment Management  
Alberta Teachers' Retirement Fund  
Board  
Algonquin Power & Utilities  
Aliaxis  
Allstate  
AltaLink  
Altex Energy  
Altus Group  
Amadeus  
Amazon.com  
Amgen  
Aon Reed Stenhouse  
Apotex  
ArcelorMittal Montréal  
Arrow Electronics  
Arthur J Gallagher & Company  
Arup Group  
AstraZeneca  
ATB Financial  
ATCO Ltd.  
Automotive Fuel Cell Cooperation  
Axiom Infrastructure  
Ball  
Bank of America  
Bank of Montreal  
Banque Laurentienne  
Bayer  
Bell Canada  
Blount International  
Bombardier  
Bombardier Aerospace  
Bombardier Transportation  
BP Canada Energy  
Brink's  
British Columbia Hydro and Power Authority  
British Columbia Investment Management  
Brookfield Global Integrated Solutions  
Bruce Power  
Bunge  
BWX Technologies  
C & J Clarks  
Caisse de dépôt et placement du Québec  
Calgary Co-operative Association  
Campbell Soup  
Canada Colors and Chemicals  
Canada Post  
Canadian Broadcasting Corporation  
Canadian Imperial Bank of Commerce  
Canadian National Railway  
Canadian Natural Resources  
Canadian Nuclear Laboratories  
Canadian Pacific Railway  
Canadian Tire Corporation  
Canadian Tire Financial Services  
Canadian Western Bank  
Capital One Financial  
Capital Power  
Cardinal Health  
Cargill  
Celestica  
Cenovus Energy  
Centrica  
Ceridian  
CGI - Conseillers en Gestion et Informatique  
Chartwell Retirement Residences  
Chemtrade Logistics  
Chevron Canada (Downstream)

Chevron Canada Resources (Upstream)  
Chubb  
Cineplex Entertainment  
City of Mississauga  
CMS - Coleman Management Services  
CN Investment Division  
CNA Hardy  
Cogeco Connexion  
Compass  
Computershare Trust Company of Canada  
Connor, Clark & Lunn Financial Group  
ConocoPhillips  
Co-operators General Insurance  
Corix  
Corus Entertainment  
CPP Investment Board  
Crescent Point Energy  
Cushman & Wakefield  
Devon Canada  
DHL Supply Chain  
DHX Media  
Dow Chemical  
DXC Technology  
Dynacare  
Dynamic Tire Corporation  
East Penn  
Echelon Insurance  
Ecolab  
Economical Insurance Group, The  
Edward Jones  
Element Fleet Management  
Emera  
Empire Life  
Enbridge  
Encana  
Enmax Corporation  
EPCOR Utilities  
Export Development Canada  
Facebook  
Fairview Fittings & Manufacturing Limited  
FCA Canada  
FCT Insurance  
Federal Express  
Federated Co-Operatives Limited  
FGL Sports  
Fidessa Group  
Finastra  
Finning International  
Fondaction  
Fonds de Solidarité FTQ

Ford  
FortisAlberta  
Four Seasons Hotels  
Freeman  
Galderma  
Gaz Metro  
GE Aviation  
GE Energy  
GE Healthcare  
General Dynamics Land Systems Canada  
Genworth Financial  
Gestion FÉRIQUE  
Gilead Sciences  
Goldcorp  
Gore Mutual Insurance Company  
Graham Management Services LP  
Great Canadian Gaming Corporation  
Great-West Life Insurance Company  
H&R REIT  
H.W. Siebens Charitable Foundation  
Healthcare Insurance Reciprocal of Canada  
Heart & Stroke Foundation of Canada  
Henry Schein Canada  
Holt Renfrew  
Home Trust Company  
HOOPP  
HTC  
Husky Energy  
Husky Injection Molding Systems  
Hydro One  
Hydro-Québec  
IAMGOLD Corporation  
IBI Group  
IBM  
ICF International  
Imperial Oil  
Independent Electricity System Operator  
Indigo Books Music & Café  
Ingenico  
Insurance Corporation of British Columbia  
Intact Financial Corp.  
Intact Investment Management  
Intel  
Intercontinental Hotels Group  
Interfor  
International Game Technology  
Investment Industry Regulatory  
IPEX Management, Inc.  
Irving Oil Limited  
Ivari

J.M. Smucker  
Jabil Circuit  
Johnson & Johnson  
Jubilant DraxImage  
Kal Tire  
Kantar Group  
Keurig Green Mountain  
Kinross Gold  
Kruger  
LafargeHolcim  
Ledcor Group of Companies  
Lehigh Hanson  
Life Labs  
Loblaws  
Loto-Québec  
LoyaltyOne  
Lululemon Athletica  
Manulife Financial  
Maple Leaf Foods  
Maple Leaf Sports & Entertainment  
Mark's Work Wearhouse  
MasterCard  
Mawer Investment Management  
McCain Foods  
McKesson  
McMaster University  
MD Financial Management  
MDA Corporation  
MEG Energy  
Memorial University of Newfoundland  
Meridian Credit Union  
Merz  
Michael Kors  
Molson Coors Brewing  
Moneris Solutions  
Mouvement Desjardins  
Munich Re Group  
NAV Canada  
New Brunswick Power Corporation  
Newell Rubbermaid  
Nexen Energy  
Nielsen  
Nike  
Nissan North America  
Nokia  
Norbord Industries  
Northbridge  
NOVA Chemicals  
Nova Scotia Power  
NovaGold Resources

Ontario Municipal Employees  
Retirement System (OMERS)  
Ontario Pension Board  
Ontario Power Generation  
Ontario Teachers' Pension Plan Board  
OPSEU Pension Trust  
Outfront Media  
Paladin Labs  
PANDORA  
Parmalat  
Pembina Pipeline  
Penn West Energy  
PepsiCo  
Pet Valu Canada  
PetSmart  
Pfizer  
Pictet & Cie  
Pinnacle Renewable Energy, Inc.  
Pitney Bowes  
Potash  
Precision Drilling  
Preformed Line Products  
Procter & Gamble  
PSP Investments  
Purolator  
Québecor  
RBC Financial Group  
Reinsurance Group of America (RGA)  
Repsol Oil & Gas  
Resolute Forest Products  
Richardson GMP  
Ricoh Americas  
Rio Tinto  
Riocan Management  
Roche Holding  
Rogers Communications  
Royal Philips Electronics  
RSA  
Sage  
Samuel, Son & Co. Limited  
Sanofi  
Saputo Produits laitiers Canada s.e.n.c.  
SAS Institute  
Schmolz + Bickenbach  
Seaspan ULC  
SGS - Société Générale de Surveillance  
Shell Oil  
SilverBirch Hotels & Resorts  
SNC-Lavalin  
Spectra Energy

Stanley Black & Decker  
Stantec  
Staples  
Sun Life Financial  
Suncor Energy  
Synchrude Canada  
Sysco Corporation  
T.D. Williamson  
Taiho Oncology  
Teck Resources  
Telus  
Tembec Industries  
Teranet  
The Brick Group  
The Hospital for Sick Children  
Thomson Reuters  
TMX Group Limited  
Toronto Hydro Electric Systems  
TransAlta Corporation  
TransCanada  
Transcontinental, Inc.  
Triasima  
UAP  
UFA - United Farmers of Alberta  
United Rentals  
University of Guelph  
University of Saskatchewan  
University of Toronto Press  
University of Western Ontario  
Vestcor Investments  
Via Rail Canada  
Viterra  
Wolverine Worldwide  
Workers' Compensation Board of Alberta  
Xerox  
Zurich Canada

# ATCO

5302 Forand St SW Calgary AB Canada T3E 8B4

T. 403 292 7500 F. 403 292 7532

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