



ATCO Ltd.
Management Proxy Circular
NOTICE OF ANNUAL MEETING OF SHARE OWNERS
MAY 10, 2017

ATCO



NOTICE OF ANNUAL MEETING OF SHARE OWNERS

When

Wednesday, May 10, 2017
10:00 a.m.

Where

Crystal Ballroom
Fairmont Palliser
133 - 9th 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, 2016, 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 22, 2017 are entitled to vote at the meeting. The management proxy circular dated March 7, 2017 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, 2017

ATCO

March 7, 2017

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 50th annual meeting of ATCO Ltd. share owners. The meeting will be held in the Crystal Ballroom at the Fairmont Palliser, 133 – 9th Avenue S.W., Calgary, Alberta on Wednesday, May 10, 2017 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 2016 operational and financial performance. You will have the opportunity to ask questions and 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, on the Internet, or by completing your proxy form or voting instruction form. Please refer to Pages 1 to 4 of the accompanying management proxy circular for more information on who can vote and how to vote.

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

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

Sincerely,

[Signed by N.C. Southern]

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

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FREQUENTLY USED TERMS

Board	Board of Directors of ATCO Ltd.
CD&A	Compensation Discussion & Analysis
CEO	Chief Executive Officer
Circular	ATCO's Management Proxy Circular dated March 7, 2017
Class I Shares	Class I Non-Voting Shares
Class II Shares	Class II Voting Shares
Code	Code of Ethics
CST Trust Company	ATCO's registrar and transfer agent
DAD	Designated Audit Director
GBU	Global Business Unit
GOCOM	Corporate Governance - Nomination, Compensation & Succession Committee
Proxy Form	Form of Proxy
PwC	PricewaterhouseCoopers LLP
SAR	Share Appreciation Right
SEDAR	System for Electronic Disclosure and Retrieval
Sentgraf	Sentgraf Enterprises Ltd.
VIF	Voting Information Form

All information in this management proxy circular is as of March 7, 2017, 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 meeting. The cost of management's solicitation is borne by ATCO.

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

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 which can be voted at the meeting. Each Class II Share you own at the close of business on March 22, 2017 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.

Holders of Class I Shares have no right to participate if a takeover bid is made for the Class II Shares. However, holders of Class I Shares 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% of the Class II Shares accept the offer.

Class I Shares and Class II Shares rank equally in all other respects.

MAJORITY SHARE OWNER

On March 7, 2017, there were 13,413,905 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% 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 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.

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 85.4% of the outstanding

Class II Shares. (The Spousal Trust and Sentgraf are collectively referred to as the "Majority Share Owner".)

VOTING PROCESS

1. Am I entitled to vote?

You are entitled to vote if you were a holder of Class II Shares at the close of business on March 22, 2017. Each Class II Share entitles its holder to one vote.

2. What will I be voting on?

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

- Election of 10 directors to ATCO's Board of Directors
- Appointment of the auditor.

3. How will these matters be decided at the meeting?

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

4. If I submit my proxy form, how will my shares be voted?

The shares represented by your proxy form will be voted as you instruct. 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:



FOR the election as directors of those nominees set out in this Circular



FOR the appointment of PricewaterhouseCoopers LLP as ATCO's auditor

5. What if amendments are made to these matters or if matters are brought before the meeting?

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.

6. Am I a registered or non-registered share owner?

Share owners are either registered or non-registered. You are a registered owner if your name appears on your share certificate, or your share certificate is otherwise directly registered in your name.

You are a non-registered share owner if your shares are registered in the name of a bank, broker, trust company or other intermediary. Voting instructions for non-registered share owners can be found on Page 3 of this Circular.

REGISTERED SHARE OWNER VOTING INSTRUCTIONS

1. How do I vote if I am a registered share owner?

You are a registered share owner if your name appears on your share certificate. If your name is on the 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 person or 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 CST Trust Company as instructed.

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 CST Trust Company.

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

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, President & Chief Executive Officer, or Charles W. Wilson, Lead Director, to vote your shares at the meeting.

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

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

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

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

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



If you plan to attend the meeting on May 10, 2017 and vote your shares in person at the meeting, you do not need to complete and return the proxy form. Please register with the transfer agent, CST Trust Company, when you arrive at the meeting. Your vote will be recorded and counted at the meeting.

6. Can I vote by telephone?



Canadian and U.S. share owners can vote by telephone. Dial the toll free number 1 (888) 489-5760 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. All required information must be entered before 5:00 p.m. Eastern Daylight Time on May 8, 2017. If you vote by telephone, you cannot appoint anyone other than the person or persons named on your proxy form as your proxyholder.

7. Can I vote by fax?



Yes. Fax your properly completed proxy form to CST Trust Company at:

Within Canada and the U.S.: 1 (866) 781-3111

Outside Canada and the U.S.: 1 (416) 368-2502

All required information must be received before 5:00 p.m. Eastern Daylight Time on May 8, 2017.

8. Can I vote by email?



Yes. Scan and email your properly completed proxy form to CST Trust Company at proxy@canstockta.com.

All required information must be received before 5:00 p.m. Eastern Daylight Time on May 8, 2017. You may appoint anyone as a proxyholder using this voting method.

9. Can I vote with my smartphone?



Yes. 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. All required information must be entered before 5:00 p.m. Eastern Daylight Time on May 8, 2017. You may appoint anyone as a proxyholder using this voting method.

10. Can I vote online?



Yes. Go to www.cstvotemyproxy.com and follow the instructions provided. 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. All required information must be entered before 5:00 p.m. Eastern Daylight Time on May 8, 2017. You may appoint anyone as a proxyholder using this internet address.

11. Where do I send my completed proxy form?



Please return your properly completed proxy form in the postage paid envelope provided or mail it to CST Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1. To ensure your vote is recorded, your completed proxy form must reach the transfer agent no later than 5:00 p.m. Eastern Daylight Time on May 8, 2017.

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

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:

- 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:

CST Trust Company,
Attention: Proxy Department,
P.O. Box 721, Agincourt, Ontario M1S 0A1,
or

ATCO Ltd.,
Attention: Corporate Secretary,
700, 909 - 11th Avenue S.W.,
Calgary, Alberta T2R 1N6;

or

- The chair of the meeting before the start of the meeting on the day of the meeting or any adjournment of the meeting.

13. How do I contact the transfer agent?

Questions may be directed to our transfer agent, CST Trust Company at www.canstockta.com or inquiries@canstockta.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

1. How do I vote if my shares are not registered in my name?

If you are a non-registered share owner, your shares are held in the name of a nominee (usually a bank, broker, or trust company). According to the notice-and-access process, you should have received a voting instruction form ("VIF") accompanied by a notice that explains how to access and review the Circular (see "Delivery of Meeting Materials" below). If you have provided your nominee with a standing instruction, or if you have provided current instructions for 2017 that you prefer to receive a paper copy of the Circular, your VIF will be included in that package.

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

If you do not plan to attend the meeting in person, follow the instructions on your VIF to vote by telephone, internet or fax. You can also

complete, sign and mail the VIF in the postage prepaid envelope provided.

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

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 March 31, 2017.

We are using the notice-and-access process ("Notice-and-Access") to deliver the Circular to our non-registered share owners.

Pursuant to the Notice-and-Access requirements, we will post the Circular online for our non-registered share owners to access electronically. Non-registered share owners will also receive a package in the mail with a notice explaining how to access and review the Circular electronically, and how to request a paper copy at no charge. In addition, non-registered share owners who own Class II Shares will receive a VIF in the mail.

Notice-and-Access is an environmentally-friendly and cost-effective way to distribute the Circular because it reduces printing, paper and postage.

Non-registered share owners will receive a paper copy of the Circular if they have already provided instructions indicating that they would prefer a paper copy.

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

Non-registered share owners may request a copy of the Circular at no charge until March 31, 2018. Share owners who would like to receive a paper copy of the Circular should follow the instructions provided.

If you have any questions about Notice-and-Access, you can call our transfer agent, CST Trust Company:

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

BUSINESS OF THE MEETING

Review of the Financial Statements

ATCO's consolidated financial statements for the year ended December 31, 2016, together with the auditor's report, were filed with the Canadian securities regulatory authorities and sent to registered share owners and to beneficial share owners who requested them. The statements are also available on our website at www.ATCO.com and on SEDAR at www.sedar.com. The consolidated financial statements will be received at the annual meeting and you will have the opportunity to discuss the results with management.

Election of the Directors

The 10 nominees proposed for election as directors of ATCO are listed on Pages 6-15.

The Board recommends that share owners vote **FOR** the election of these 10 nominees. If you do not specify on the proxy form how you want to vote your shares, the persons named in the proxy form will vote **FOR** the election of these nominees. The term of office for each director will expire at the close of the next annual meeting of 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 54 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. If you do not specify on the proxy form how you want to vote your shares, the persons named in the proxy form will vote **FOR** the appointment of PwC.

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 6 highlight their respective experience and attributes.

Additional information on directors, including skills and experience, independence, attendance, share ownership, as well as compensation, is provided starting on Page 16.

Information on director share ownership guidelines can be found on Page 30.

BIOGRAPHIES



**ROBERT T. BOOTH,
Q.C.**

Calgary, Alberta,
Canada

Director since 2008

Age 64

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 of 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 2016	Attendance	Percentage of meetings attended
	Board 7/7	100%
	GOCOM 3/3	100%
Other public company boards and committee memberships in 2016	Company	Since
	CU Inc.*	2014
Shares held	ATCO	Canadian Utilities
	Class I Shares 17,661	Class A non-voting 15,652
	Class II Shares —	Class B common —
		Series Y 2nd Preferred 2,000
		Series AA 2nd Preferred 1,500
		Series EE 2nd Preferred 1,000
Meets the minimum share ownership requirement.		
Total compensation:**	\$220,468	

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

**Consists of ATCO board retainer and meeting attendance fees of \$179,500 plus \$10,000 for attending the strategy conference, round table and business plan meetings, plus \$30,968 representing retainers and meeting fees from ATCO's subsidiaries (\$19,168 from subsidiaries of Canadian Utilities and \$11,800 from CU Inc.).



DENIS M. ELLARD

Calgary, Alberta,
Canada

Director since 2014

Age 70

Independent

Before 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	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 2016	Attendance		Percentage of meetings attended	
	Board	7/7	100%	
	Special Committee*	3/3	100%	
Other public company boards and committee memberships in 2016	Company	Since	Position	
	-	-	-	
Shares held	ATCO		Canadian Utilities	
	Class I Shares	5,089	Class A non-voting	9,694
	Class II Shares	200	Class B common	200
Meets the minimum share ownership requirement.				
Total compensation:**		\$202,375		

*A special committee was formed in July 2016 and terminated in September 2016.

**Consists of ATCO board retainer, committee retainer and meeting attendance fees of \$181,375 plus \$10,000 for attending the strategy conference, round table and business plan meetings, plus \$11,000 representing retainers and meeting fees from one of ATCO's subsidiaries.



**C. ANTHONY
FOUNTAIN**

Wadhurst,
East Sussex,
England

Director since 2015

Age 56

Independent

Mr. Fountain is Chairman of Sellafield Ltd., a U.K. company responsible for reprocessing spent nuclear fuel, storage and decommissioning with some 12,000 employees. Prior to this role, Mr. Fountain was Chief Executive Officer of Refining & Marketing at Reliance Industries Limited, which includes the largest and most complex refinery system in the world. Before joining Reliance, Mr. Fountain spent two years as Chief Executive Officer of the Nuclear Decommissioning Authority ("NDA"), owner of the U.K.'s legacy civil nuclear assets. Mr. Fountain had a 25 year career with BP prior to the NDA with his last role as Group Vice President, COO, Fuels Value Chains (London). 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	Primary industry background	Functional experience
	Energy Utilities Industrials	CEO experience Governance Human resources/compensation Government/regulatory International business Accounting/finance/economics Marketing/sales Operations Risk management Safety and health Climate change and environment Corporate social responsibility
ATCO Board/ Committee memberships in 2016	Attendance	Percentage of meetings attended
Board	7/7	100%
Special Committee*	1/1	100%
Other public company boards and committee memberships in 2016	Company	Since
-	-	-
Shares held	ATCO	Canadian Utilities
	Class I Shares	Class A non-voting
	3,330	—
	Class II Shares	Class B common
	—	—
Will meet the share ownership requirement within the first five years as a director.		
Total compensation:**		\$195,833

*A special committee was formed and held one meeting in December 2016.

**Consists of ATCO board retainer and meeting attendance fees of \$175,000 plus \$8,000 for attending the strategy conference, round table and business plan meetings, plus \$12,833 representing retainers and meeting fees from one of ATCO's subsidiaries.



MICHAEL R.P. RAYFIELD

Toronto, Ontario, Canada

Director since 2009

Age 74

Independent

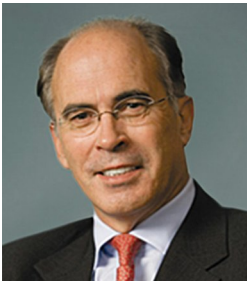
Mr. Rayfield was Vice Chair, Investment and Corporate Banking, BMO Capital Markets until 2013. He was responsible for senior corporate relationships in Canada, the U.S. and the U.K., and management of BMO's investment banking business in China and India. Mr. Rayfield was also on the Canadian Management 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	Primary industry background	Functional experience
	Energy Utilities Industrials Financial services	Governance International business Accounting/finance/economics Marketing/sales Risk management
ATCO Board/Committee memberships in 2016	Attendance	Percentage of meetings attended
Board	7/7	100%
Audit & Risk	4/4	100%
Special Committees*	4/4	100%
Other public company boards and committee memberships in 2016	Company	Since
-	-	-
Shares held	ATCO	Canadian Utilities
	Class I Shares 19,169	Class A non-voting 16,536
	Class II Shares —	Class B common —
Meets the minimum share ownership requirement.		
Total compensation:**		\$239,542

*A special committee was formed in July 2016 and held three meetings before its termination in September 2016. A second special committee was formed and held one meeting in December 2016.

**Consists of ATCO board retainer, committee retainers and meeting attendance fees of \$195,875 plus \$10,000 for attending the strategy conference, round table and business plan meetings, plus \$33,667 representing retainers and meeting fees from one of ATCO's subsidiaries.



ROBERT J. ROUTS, PhD

Brunnen,
Switzerland

Director since 2012

Age 70

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	Primary industry background	Functional experience
	Energy Utilities Industrials Financial services Telecommunications Transportation	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 2016	Attendance	Percentage of meetings attended
Board	7/7	100%
Audit & Risk	4/4	100%
GOCOM	3/3	100%
Special Committee*	1/1	100%
Other public company boards and committee memberships in 2016	Company	Since
	AECOM Technology Corporation	2010
	AEGON N.V.	2008
	A.P. Møller-Maersk A/S	2010
	Royal DSM N.V.	2010
		Position
		Director, Chair of the Strategy, Risk and Safety Committee and member of the Compensation and Organization Committee
		Director, Chair of the Supervisory Board, Chair of the Nominating Committee and member of the Compensation Committee
		Director and member of the Audit Committee
		Director, Chair of the Supervisory Board, Chair of the Nomination Committee and member of the Remuneration Committee
Shares held	ATCO	Canadian Utilities
	Class I Shares	9,124
	Class II Shares	—
		Class A non-voting
		7,654
		Class B common
		—
Meets the minimum share ownership requirement.		
Total compensation:**		\$293,058

*A special committee was formed and held one meeting in December 2016.

**Consists of ATCO board retainer, committee retainers and meeting attendance fees of \$194,000 plus \$8,000 for attending the strategy conference, round table and business plan meetings, plus \$91,058 representing retainers and meeting fees from ATCO's subsidiaries (\$22,500 from ATCO Structures & Logistics Ltd. and \$68,558 from ATCO Australia Pty Ltd which includes superannuation contributions). Dr. Routs ceased to be a director of ATCO Structures & Logistics Ltd. on May 1, 2016.



NANCY C. SOUTHERN

Calgary, Alberta, Canada

Director since 1989

Age 60

Not Independent

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

Ms. Southern was appointed Chair of ATCO and Canadian Utilities effective December 1, 2012 and has been President and Chief Executive Officer of ATCO since January 1, 2003. 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, the Rideau Hall Foundation Board of Directors, and the Premier of Alberta's Advisory Committee.

Skills and experience	Primary industry background	Functional experience
	Energy Utilities Industrials	CEO experience Governance Human resources/compensation Government/regulatory International business Accounting/finance/economics Marketing/sales Operations Risk management Safety and health Climate change and environment Corporate social responsibility
ATCO Board/Committee memberships in 2016	Attendance	Percentage of meetings attended
Board (Chair)	7/7	100%
Other public company boards and committee memberships in 2016	Company	Since
	AKITA Drilling Ltd.	1992
	Canadian Utilities Limited*	1990
	CU Inc.*	1999
Shares held	ATCO**	Canadian Utilities**
	Class I Shares	282,214
	Class II Shares	50,600
		Class A non-voting 179,695
		Class B common —
Meets the minimum share ownership requirement.		
Total compensation: Ms. Southern does not receive any compensation as the Chair or as a director of ATCO because she is President & Chief Executive Officer. See Page 53 for information on Ms. Southern's compensation.		

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

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



LINDA A. SOUTHERN-HEATHCOTT

Calgary, Alberta, Canada

Director since 2012

Age 54

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, President & 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. on March 1, 2017. Ms. Southern-Heathcott is a founding director, and currently serves as Board Chair, of AKITA Drilling Ltd. Ms. Southern-Heathcott also serves on the Boards of ATCO Structures & Logistics Ltd. and Sentgraf Enterprises Ltd.

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

Skills and experience	Primary industry background	Functional experience
	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 2016	Attendance	Percentage of meetings attended
Board	7/7	100%
Other public company boards and committee memberships in 2016	Company	Since
	AKITA Drilling Ltd.	1992
	Canadian Utilities Limited*	2000
	CU Inc.*	2017
Shares held	ATCO**	Canadian Utilities**
	Class I Shares	11,065
	Class II Shares	4,159
Meets the minimum share ownership requirement.		
Total compensation:[†]		\$365,600

*Canadian Utilities and CU Inc. are controlled by ATCO.

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

[†]Consists of ATCO board retainer and meeting attendance fees of \$175,000 plus \$5,000 for attending the strategy conference, round table and business plan meetings, plus \$185,600 representing retainers and meeting fees from ATCO's subsidiaries (\$182,600 from Canadian Utilities and \$3,000 from ATCO Structures & Logistics Ltd.). Ms. Southern-Heathcott was appointed a director of ATCO Structures & Logistics Ltd. on May 1, 2016.



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

London,
England

Director since 2014

Age 71

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	Primary industry background	Functional experience
	Energy Utilities Telecommunications	CEO experience Governance Human resources/compensation Government/regulatory International business Operations
ATCO Board/ Committee memberships in 2016	Attendance	Percentage of meetings attended
Board	7/7	100%
Audit & Risk (Chair)	4/4	100%
GOCOM	3/3	100%
Special Committee*	4/4	100%
Other public company boards and committee memberships in 2016	Company	Since
	CU Inc.**	2008
Position		Director and Chair of the Audit Committee
Shares held	ATCO	Canadian Utilities
	Class I Shares	5,781
	Class II Shares	—
		Class A non-voting 19,156 Class B common —
Meets the minimum share ownership requirement.		
Total compensation:†		\$394,899

*A special committee was formed in July 2016 and held three meetings before its termination in September 2016. A second special committee was formed and held one meeting in December 2016.

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

†Consists of ATCO board retainer, committee retainers and meeting attendance fees of \$272,244 plus \$10,000 for attending the strategy conference, round table and business plan meetings, plus \$112,655 representing retainers and meeting fees from ATCO's subsidiaries (\$23,668 from Canadian Utilities, \$9,800 from CU Inc., and \$79,187 from ATCO Australia Pty Ltd which includes superannuation contributions).



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.

SUSAN R. WERTH

Calgary, Alberta, Canada

Director since 2014

Age 60

Not Independent

Ms. Werth is not independent as she was an employee of ATCO until May 2014.

Skills and experience	Primary industry background	Functional experience
	Energy Utilities Industrials	Governance Human resources/compensation Marketing/sales Risk management Corporate social responsibility
ATCO Board/Committee memberships in 2016	Attendance	Percentage of meetings attended
	Board 7/7	100%
	GOCOM 3/3	100%
Other public company boards and committee memberships in 2016	Company	Since
	-	-
Shares held	ATCO	Canadian Utilities
	Class I Shares 15,841	Class A non-voting 9,762
	Class II Shares —	Class B common —
Meets the minimum share ownership requirement.		
Total compensation:*	\$251,900	

*Consists of ATCO board retainer and meeting attendance fees of \$179,500 plus \$10,000 for attending the strategy conference, round table and business plan meetings, plus \$3,000 representing meeting fees from one of ATCO's subsidiaries. Ms. Werth was appointed a director of ATCO Structures & Logistics Ltd. on May 1, 2016. In addition, Ms. Werth received \$59,400 for acting as a consultant to ATCO.



CHARLES W. WILSON

Boulder, Colorado, USA

Director since 2002

Age 77

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. Before 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	Primary industry background	Functional experience
	Energy Utilities Industrials	CEO experience Governance Human resources/compensation International business Operations Risk management Safety and health Climate change and environment
ATCO Board/Committee memberships in 2016	Attendance	Percentage of meetings attended
Board	7/7	100%
Audit & Risk	4/4	100%
GOCOM (Chair)	3/3	100%
Other public company boards and committee memberships in 2016	Company	Since
	AKITA Drilling Ltd.	2002
	Canadian Utilities Limited*	2000
Shares held	ATCO	Canadian Utilities
	Class I Shares	Class A non-voting
	57,477	80,069
	Class II Shares	Class B common
	—	—
Meets the minimum share ownership requirement.		
Total compensation:**		\$547,446

*Canadian Utilities is controlled by ATCO.

**Consists of ATCO board retainer, committee retainers and meeting attendance fees of \$250,250 plus \$5,000 for attending the strategy conference, round table and business plan meetings, plus \$292,196 representing retainers and meeting fees from ATCO's subsidiaries (\$4,000 from ATCO Structures & Logistics Ltd., \$206,351 from Canadian Utilities, and \$81,845 from ATCO Australia Pty Ltd which includes superannuation contributions). Mr. Wilson ceased to be a director of ATCO Structures & Logistics Ltd. on May 1, 2016.

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.

Name	Primary industry background							Functional experience											
	Energy	Utilities	Industrials	Legal	Financial services	Telecommunications	Transportation	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
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	✓	✓	✓					✓	✓	✓		✓		✓	✓	✓	✓	✓	

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, President & 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, President & Chief Executive Officer, has a material relationship with ATCO.
Linda A. Southern-Heathcott		✓	As an immediate family member of the Chair, President & Chief Executive Officer, has a material relationship with ATCO.
Roger J. Urwin	✓		
Susan R. Werth		✓	An employee of ATCO until May 2014.
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 independent, director-only in camera sessions (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 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 2016. As an employee, the Chair, President & 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 ^{1,2}		Total
Robert T. Booth	7/7	100%			3/3	100%			100%
Denis M. Ellard ¹	7/7	100%					3/3	100%	100%
C. Anthony Fountain ²	7/7	100%					1/1	100%	100%
Michael R.P. Rayfield ^{1,2}	7/7	100%	4/4	100%			4/4	100%	100%
Robert J. Routs ²	7/7	100%	4/4	100%	3/3	100%	1/1	100%	100%
Nancy C. Southern	7/7	100%							100%
Linda A. Southern-Heathcott	7/7	100%							100%
Roger J. Urwin ^{1,2}	7/7	100%	4/4	100%	3/3	100%	4/4	100%	100%
Susan R. Werth	7/7	100%			3/3	100%			100%
Charles W. Wilson	7/7	100%	4/4	100%	3/3	100%			100%

¹ A special committee was formed in July 2016. The members were Mr. Ellard, Mr. Rayfield and Dr. Urwin (Chair). The special committee held three meetings and was terminated in September 2016 upon completion of its project.

² A second special committee was formed and held one meeting in December 2016. The members were Mr. Fountain (Chair), Mr. Rayfield, Dr. Routs and Dr. Urwin.

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 controlled by ATCO. CU Inc. is a public company controlled by Canadian Utilities. Sentgraf is the parent company of ATCO and AKITA Drilling Ltd., both of which are public companies. None of the directors serve together on the boards of any other public companies, other than 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. ATCO has implemented a unique and effective system of corporate governance recognizing the need to provide autonomy and flexibility to its different businesses while accommodating the needs of both ATCO's regulated and non-regulated operations.

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

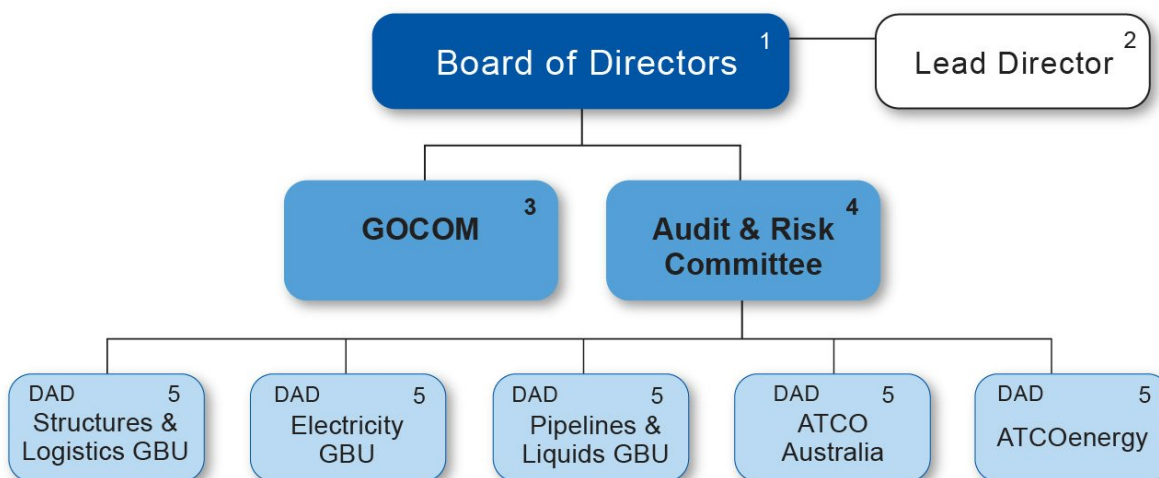
ATCO has been fortunate to have a consistently high-performing Board and senior management team that delivers top quartile results for its share owners.

MAJORITY CONTROLLED COMPANY

ATCO is a majority controlled company as defined in the TSX Company Manual. As such, there is no requirement for, and ATCO does not have, a majority voting policy. The Majority Share Owner (see Page 1) has control over 11,451,520 Class II Shares which represents 85.4% of the voting rights. Due to the level of control exercised by the Majority Share Owner, ATCO is 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 2016 was as follows:

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

In addition to regularly-scheduled Board and committee meetings, directors annually attend a comprehensive three to 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 ATCO. He 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 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 is in ATCO's annual information form which is available on SEDAR at www.sedar.com.

The committee also reviews risks that could materially affect the Company's ability to achieve strategic and operating objectives. The committee is responsible for ensuring management addresses risks identified as significant to ATCO and that appropriate mitigation measures are implemented. The committee ensures 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 President & Chief Executive Officer reports to the Audit & Risk Committee. The Managing Director, President 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 DAD is a director of either ATCO or Canadian Utilities who is assigned to a GBU or business unit. 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.

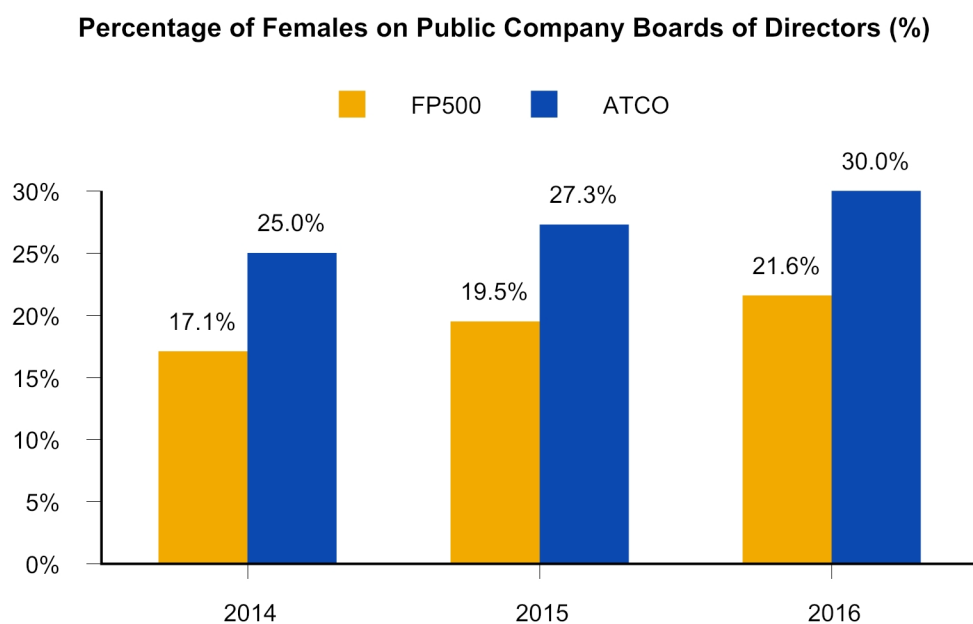
DADs perform both audit and risk functions. DADs meet quarterly with members of their respective GBU or business unit management, and annually with internal and external auditors. DADs review the financial statements and operating results, discuss risks with management, and report on both operating results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

ATCO seeks the most qualified persons regardless of gender or other characteristics unrelated to expertise and performance. Accordingly, the Company does not have written policies or set targets with respect to representation of women and does not set term limits on directors. Such policies, while well intended, may create arbitrary and technical impediments to the selection of the most qualified persons. This approach enables the Company to make decisions regarding the composition of the Board and senior management team based on the best interests of the Company and its share owners.

ATCO consistently has a higher proportion of women in high profile positions compared to the average for Canadian public companies. In 2016, ATCO had three women on the Board, representing 30% of the directors. In contrast, members of the Financial Post 500 ("FP500") in 2016 had an average female representation on their boards of directors of 21.6%. The following is the percentage of women on the ATCO Board compared to the FP500 average from 2014 to 2016:



As of December 31, 2016, the Company had 12 female senior executive officers, representing 16.7% of the Company's senior executive officers. ATCO voluntarily makes public disclosure of information on gender diversity within the organization in its Sustainability Report, available on ATCO's website (www.ATCO.com).

GOCOM reviews the size and composition of the Board from time to time. This committee, with the Board Chair, considers potential candidates who have competencies they believe will complement the Board or senior management.

GOCOM and the Board have adopted several mechanisms 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).

ATCO has found that having long-standing directors on its 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

New directors attend a briefing with the Chair as well as comprehensive meetings at which they receive briefings by senior management on all aspects of ATCO's business. ATCO's 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 ATCO's Code of Ethics, Disclosure Policy and Anti-Corruption Policy. Visits to various operating sites are also arranged 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 the annual business planning process for ATCO. 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 the 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 in response to directors' requests. An electronic resource centre, which is updated periodically with timely relevant information, is available to all directors. Key information and education sessions attended by directors in 2016 are listed below:

Date	Event
April 4	Pipeline Site Tour
April 5-7	Strategy Conference
May 12	Converter Station Site Tour
July 13	Roundtable
November 9	Business Planning

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

Performance of the Board, its committees and its individual directors are assessed at least annually. This assessment is facilitated by the Lead Director on behalf of the Chair. Board and committee performance evaluation questionnaires are distributed annually to each director and Board committee member.

The performance evaluation questionnaires provide the 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. Each committee member receives a report on the committee questionnaire.

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 must tender a letter of resignation to the Chair. The Chair, together with GOCOM, evaluates whether and when to accept the resignation depending on ATCO's needs. If the resignation is not accepted, it will be kept on file until it is accepted by the Chair. When accepted, it becomes effective at the next annual meeting of share owners.

ETHICAL BUSINESS CONDUCT

The 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. The 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 given to each new director, officer and employee of the Company, and each such person 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 director, officer and employee must confirm they have 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 must declare this interest at a Board meeting at which the matter is being considered. Such directors are requested to leave the meeting during discussion on the matter and abstain from voting.

ATCO did not file any material change reports in 2016 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.

ATCO maintains a hotline that employees can use to express concerns about inappropriate business conduct. Concerns can be reported confidentially and anonymously online or by phone. Non-employees may also submit complaints online or by phone as set out in the Integrity & Compliance section on our website (www.ATCO.com) or to an Audit & Risk Committee member via our Corporate Secretary, at 700, 909-11th Ave S.W., Calgary, Alberta T2R 1N6.

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

DISCLOSURE POLICY

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

The Board and its committees have each adopted a mandate outlining their principal responsibilities. The Board and its committees review the mandates each year to ensure they reflect current developments in corporate governance, and approve any necessary changes. The Board has also approved written position descriptions for the Chair, the Lead Director, the chair of each Board committee, and the Chief Executive Officer. These position descriptions are reviewed annually by GOCOM.

The Board has two standing committees to help carry out its duties and meet statutory and policy requirements:

- Audit & Risk
- GOCOM

Each committee updates the Board regularly on its activities and provides a report to the Board after each committee meeting. The Board reviews the composition of its committees each year and makes adjustments as needed.

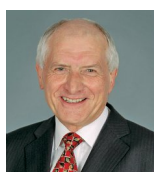
The Board mandate outlines the roles and responsibilities of the Board and is attached to this Circular as Schedule A. The Board and committee mandates are available on ATCO's website (www.ATCO.com).

COMMITTEE REPORTS

This section includes reports from each of the Board's standing committees as of December 31, 2016.

Audit & Risk Committee

Members



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

**2016 Meeting
Attendance**
4 of 4 (100%)



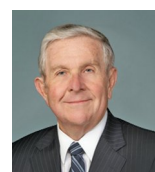
**M.R.P.
Rayfield**
Independent

**2016 Meeting
Attendance**
4 of 4 (100%)



R.J. Routs
Independent

**2016 Meeting
Attendance**
4 of 4 (100%)



C.W. Wilson
Independent

**2016 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 the Company's financial statements; compliance with applicable legal and regulatory requirements; independence, qualifications and appointment of the Company's external auditor; performance of the Company's internal auditor and external auditor; the Company's accounting and financial reporting processes; audits of the Company's financial statements; and the risk management processes of the Company.

The following highlights the actions taken by the Audit & Risk Committee in fulfilling its mandate in 2016:

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, as delegated by the Board, quarterly consolidated financial statements, management's discussion and analysis, and earnings press releases
- Reviewed and recommended for Board approval the annual consolidated financial statements, management's discussion and analysis, annual information form and earnings press release
- Reviewed new accounting policies
- Received quarterly reports from the DADs

Internal Controls

- Reviewed reports on the design and effectiveness of disclosure controls and procedures as well as internal control over financial reporting
- Reviewed procedures for financial information review and disclosure
- Reviewed and approved the Disclosure Committee mandate and Disclosure Policy

External Auditor

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

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

For the year ended December 31	2016	2015
Audit	3.6	3.5
Tax	0.2	0.3
Total	3.8	3.8

Internal Audit

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

Risk Management

- Reviewed and considered the Company's risk-taking philosophy
- Reviewed the Company's 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 safety and environmental performance
- Satisfied itself that management has appropriate processes in place to identify, assess, manage and monitor risk
- Reviewed and approved risk policies and frameworks recommended by management
- Reviewed the Company's insurance programs for adequacy

The Audit & Risk Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2016.

Corporate Governance – Nomination, Compensation and Succession Committee ("GOCOM")

Members



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

**2016 Meeting
Attendance**
3 of 3 (100%)



R.T. Booth
Not Independent

**2016 Meeting
Attendance**
3 of 3 (100%)



R.J. Routs
Independent

**2016 Meeting
Attendance**
3 of 3 (100%)



R.J. Urwin
Independent

**2016 Meeting
Attendance**
3 of 3 (100%)



S.R. Werth
Not Independent

**2016 Meeting
Attendance**
3 of 3 (100%)

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

The following highlights the actions taken by GOCOM in fulfilling its mandate in 2016:

- Assessed the Chief Executive Officer's performance, base salary, annual incentive award and awards under the mid-term and long-term incentive plans
- Reviewed and approved the 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 the Chief Executive Officer's goals, objectives and corporate targets
- Reviewed succession plans for the Chief Executive Officer and senior executive officers
- Reviewed and made recommendations to the Board on potential senior executive officer appointments
- Reviewed and approved senior executive officers' supplemental pension plan and perquisites
- Reviewed corporate governance disclosure
- Reviewed Board committee, Board and individual director evaluation processes
- Reviewed and approved directors' compensation
- Reviewed the size and composition of the Board and considered persons as nominees as directors for the approval of the Board and election by the share owners
- Together with the Board, reviewed the status of each director to determine whether he or she is independent based on the Canadian Securities Administrator's 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 compensation policies and practices of the Company

GOCOM confirms that it has appropriately fulfilled its mandate for the year ended December 31, 2016.

DIRECTOR COMPENSATION

GOCOM assesses the compensation of the directors and makes recommendations to the Board. This committee 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 the directors.

FEES AND RETAINERS

The table below shows the annual retainers and attendance fees paid to directors. No significant changes were made to the directors' remuneration during 2016. Retainers for the Lead Director, committee chairs and committee members are paid in addition to the annual director retainer.

Directors' remuneration	(\$)
Annual retainers	
Director	165,000 ¹
Lead Director	50,000
Audit & Risk Committee Chair	25,000
Audit & Risk Committee Members	7,500
GOCOM Chair	8,500
Special Committee Chair	20,000 ²
Special Committee Members	7,500 ²
Meeting fees	
Board Meeting, Strategy, and Briefing Session (per day)	2,000
Board Meeting for routine administrative matters where the nature of the discussion is brief	800
Committee Meeting per day (Audit & Risk Committee)	2,000
Committee Meeting per day (GOCOM, Special Committee ²)	1,500

¹ ATCO has an agreement with Dr. Urwin that his retainer will be paid in the Canadian dollar equivalent of \$165,000 U.S.

² A special committee was formed and held three meetings during 2016 before its termination. The chair and committee members received pro-rated retainers during that period. A second special committee was formed and one meeting was held during 2016; however, no retainers or meeting fees were paid to the members of the second special committee in 2016.

Directors are reimbursed for travel and other expenses incurred 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, the Board forms ad hoc committees to undertake special initiatives. The chairs and members of ad hoc committees receive fees that are determined when the committees are formed. A special committee of independent directors was formed in July 2016 to review an initiative that did not proceed. The special committee was terminated in September 2016. A second special committee was formed and met once in December 2016.

Directors are required to receive a minimum of \$20,000 of their annual retainer in Class I Shares and have the option of receiving up to 50% of their annual retainer in Class I Shares of ATCO and/or in Class A non-voting shares of Canadian Utilities. Directors are required to hold a minimum share equity value of 1.5 times their annual ATCO director retainer. Until the minimum director share ownership requirement is met, directors are required to receive a minimum of \$40,000 of their annual retainer in Class I Shares. However, a director may, with the approval of GOCOM, have this amount reduced if he or she makes alternate arrangements to meet the minimum share ownership requirement within five years. The director share ownership policy is described on Page 30.

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, 2016. 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, 2016.

As President & CEO of ATCO, Ms. Southern is considered to be an employee of ATCO and, as such, she did not receive compensation as the Chair or as a director of the Company. Her compensation is shown on Page 53 of this Circular.

Name	Director retainer (\$)	Committee chair retainer (\$)	Committee member retainer (\$)	Board attendance fee (\$)	Committee attendance fee (\$)	Other fees ⁴ (\$)	Total fees earned (\$)	Portion of director retainer applied to share purchase ² (%)
Robert T. Booth ⁶	165,000			10,000	4,500	40,968	220,468	12
Denis M. Ellard ⁵	165,000		1,875	10,000	4,500	21,000	202,375	48
C. Anthony Fountain	165,000			10,000		20,833	195,833	50
Michael R.P. Rayfield ^{5,7}	165,000		9,375	9,000	12,500	43,667	239,542	50
Robert J. Routs ^{7,8}	165,000		7,500	9,000	12,500	99,058	293,058	50
Ronald D. Southern ^{1,6}	13,750					13,750	27,500	n/a
Linda A. Southern-Heathcott ^{6,7}	165,000			10,000		190,600	365,600	36
Roger J. Urwin ^{3,5,6,8}	219,244	30,000		10,000	13,000	122,655	394,899	9
Susan R. Werth ^{6,7}	165,000			10,000	4,500	72,400	251,900	12
Charles W. Wilson ^{3,6,7,8}	215,000	8,500	7,500	9,000	10,250	297,196	547,446	12
Total	1,602,994	38,500	26,250	87,000	61,750	922,127	2,738,621	

1 *Mr. Southern, the Founder of ATCO, passed away on January 21, 2016. His retainer was prorated.*

2 **Portion of director retainer applied to share purchase:** A minimum of \$20,000 of a non-employee director's annual retainer is paid in Class I Shares. Directors have the option of receiving up to 50% of their annual director retainer in Class I Shares of ATCO and/or Class A non-voting shares of Canadian Utilities. Directors are required to hold a minimum share equity value of 1.5 times the annual director retainer. Until the minimum director share ownership requirement is met, directors are required to receive a minimum of \$40,000 of their annual retainer in Class I Shares. If a director can show that he or she is able to meet the minimum share ownership requirement within the required 5 year period, at the discretion of GOCOM, the minimum \$40,000 contribution level may be waived. Mr. Southern was exempt from this requirement.

3 **Director retainer:** Includes retainer for Lead Director, Mr. Wilson. The Company has an agreement with Dr. Urwin that his retainer would be \$165,000 U.S., paid in Canadian dollars.

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

5 **Other fees:** Mr. Ellard, Mr. Rayfield and Dr. Urwin (Chair) received pro-rated annual retainers and meeting attendance fees as members of a special committee.

6 **Other fees:** Ms. Southern-Heathcott, Mr. Southern and Mr. Wilson received annual retainers and meeting attendance fees as directors of Canadian Utilities. Mr. Booth and Dr. Urwin received annual retainers and meeting attendance fees as directors of CU Inc. Ms. Werth received \$59,400 for acting as a consultant to ATCO in 2016.

7 **Other fees:** Mr. Rayfield received an annual retainer and meeting attendance fees as a director and chair of the Pension Committee of ATCO Structures & Logistics Ltd. Dr. Routs and Mr. Wilson ceased to be directors of ATCO Structures & Logistics Ltd. on May 1, 2016 and received pro-rated annual retainers and meeting attendance fees to that date. Ms. Southern-Heathcott and Ms. Werth were appointed directors and members of the Pension Committee of ATCO Structures & Logistics Ltd. on May 1, 2016 and received pro-rated meeting attendance fees since that date.

8 **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

Within five years of being appointed to the Board, non-employee directors are required to directly or indirectly own ATCO shares having an aggregate fair market value of at least 1.5 times the value of the annual board retainer which currently equals \$247,500. All of the directors are in compliance with this share ownership requirement. Mr. Fountain will meet the share ownership requirement within five years of having been elected to the Board.

The following table sets out each director's ownership of Class II Shares and Class I Shares in ATCO as at March 7, 2017, and shows any change in the ownership interest up to March 7, 2017.

Name	Equity Ownership as at March 8, 2016		Equity Ownership as at March 7, 2017		Net Change in Ownership		Equity at risk ¹	
	Class II Shares	Class I Shares	Class II Shares	Class I Shares	Class II Shares	Class I Shares	Value (\$)	Multiple of annual director retainer
Robert T. Booth	—	16,806	—	17,661	—	855	858,148	5.2
Denis M. Ellard	200	3,166	200	5,089	—	1,923	256,925	1.6
C. Anthony Fountain	—	1,409	—	3,330	—	1,921	161,805	1.0
Michael R.P. Rayfield	—	16,895	—	19,169	—	2,274	931,422	5.6
Robert J. Routs	—	7,092	—	9,124	—	2,032	443,335	2.7
Nancy C. Southern ^{2,3}	50,600	276,607	50,600	282,214	—	5,607	16,154,228	97.9
Linda A. Southern-Heathcott ³	9,500	24,018	9,500	19,725	—	(4,293)	1,416,813	8.6
Roger J. Urwin	—	5,282	—	5,781	—	499	280,899	1.7
Susan R. Werth	—	15,361	—	15,841	—	480	769,714	4.7
Charles W. Wilson	—	56,651	—	57,477	—	826	2,792,807	16.9
Total	60,300	423,287	60,300	435,411	—	12,124	24,066,095	

¹ Equity at risk is shown as at March 7, 2017, and is the market value determined by reference to the closing price of Class I Shares (\$48.59) and Class II Shares (\$48.25) on the Toronto Stock Exchange. Options are excluded.

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

³ The Spousal Trust owns 4,000 Class II Shares and 235,000 Class I Shares and is the controlling share owner of Sentgraf Enterprises Ltd., which owns 11,447,520 Class II Shares and 25,754,636 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, non-employee directors were no longer eligible to receive options. The following table lists all outstanding options held by the non-employee directors at December 31, 2016. 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	Number of securities underlying unexercised options (#)	Date granted	Expiry date	Grant Price ¹ (\$)	Vested options at December 31, 2016	
					Number ¹ (#)	Value of unexercised in-the-money options ² (\$)
Denis M. Ellard³						
Canadian Utilities	4,000	May 7, 2008	May 7, 2018	22.67	4,000	54,080
Total	4,000				4,000	54,080
Robert J. Routs⁴						
Canadian Utilities	4,000	May 7, 2008	May 7, 2018	22.67	4,000	54,080
Total	4,000				4,000	54,080

¹ Grant prices and the number of options have been adjusted to reflect the two-for-one share split by way of a share dividend on June 14, 2013.

² The difference between the market value of Canadian Utilities Class A non-voting shares ("Class A Shares") on December 31, 2016, of \$36.19, and the grant price of the options, multiplied by the number of vested in-the-money options at December 31, 2016.

³ Mr. Ellard retired from the board of directors of Canadian Utilities in 2014.

⁴ Dr. Routs retired as a director of Canadian Utilities in 2012.

The following table summarizes options exercised during 2016 by directors who were not employees of ATCO. The options exercised by Dr. Urwin were granted at the time he joined the board of directors of Canadian Utilities. The options exercised by Ms. Werth were granted during the time of her employment with ATCO and Canadian Utilities.

Name	Options Exercised ¹ (#)	Aggregate Value Realized ² (\$)
Roger J. Urwin³		
Canadian Utilities	4,000	47,703
Total	4,000	47,703
Susan R. Werth⁴		
ATCO	6,000	53,012
Canadian Utilities	5,000	33,080
Total	11,000	86,092

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

² This value represents the difference between the grant price and the market price of ATCO Class I Shares or the market price of CU Class A Shares, as applicable, at the time of exercise multiplied by the number of options exercised.

³ Dr. Urwin retired from the board of Directors of Canadian Utilities in 2015.

⁴ Ms. Werth retired as an executive officer of ATCO and Canadian Utilities on May 31, 2014.

There were no Share Appreciation Rights ("SARs") held by non-employee directors as at December 31, 2016.

The following table summarizes SARs exercised by Ms. Werth during 2016. The SARs exercised by Ms. Werth were granted during the time of her employment with ATCO and Canadian Utilities.

Name	SARs Exercised¹ (#)	Aggregate Value Realized² (\$)
Susan R. Werth³		
ATCO	6,000	66,495
Canadian Utilities	9,000	92,365
Total	15,000	158,860

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

² This value represents the difference between the grant price and the market price of ATCO Class I Shares or the market price of CU Class A Shares, as applicable, at the time of exercise multiplied by the number of SARs exercised.

³ Ms. Werth retired as an executive officer of ATCO and Canadian Utilities on May 31, 2014.

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.
700, 909 - 11th Avenue S.W.
Calgary, Alberta
T2R 1N6

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, 2016 (our named executives):

- Nancy C. Southern, President, Chair & Chief Executive Officer ("CEO")
- Brian R. Bale, Senior Vice President & Chief Financial Officer
- Siegfried W. Kiefer, Chief Strategy Officer, ATCO & CU, & President, CU
- Wayne K. Stensby, Managing Director, Electricity Global Business Unit
- George J. Lidgett, Managing Director, Pipelines & Liquids Global Business Unit

In 2016, all of the named executives except Wayne K. Stensby and George J. Lidgett have a dual role for ATCO *and* for Canadian Utilities, our subsidiary company. 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
2016	13.2%	86.8%	100%
2015	12.4%	87.6%	100%
2014	11.9%	88.1%	100%

GOVERNANCE

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

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

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

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

COMPENSATION

- Annually review and determine executive compensation packages for senior executives (salary, short, mid and long-term incentives, pension and benefits, perquisites and other compensation)
- Determine the administration, interpretation 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 27 for more information about the Committee and a summary of its activities in 2016.

GOCOM is also responsible for compensation of the directors on ATCO's Board. You can read about its approach starting on Page 28.

Compensation Approach

ATCO's 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 ATCO's continued success.

The approach includes three principles:

- Pay competitively
- Pay for performance
- Manage risk

Pay Competitively

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

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

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

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

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

Industries	Oil and gas, utilities, energy, general industry, manufacturing & logistics and capital intensive organizations	
Locations	Alberta, national and global	
Relevance	<p>Companies are selected based on their similarity to our operations. A comparator group is established for each business unit based on:</p> <ul style="list-style-type: none"> • Industry revenue • Number of employees • Market capitalization <p>When necessary, data is adjusted to reflect the appropriate size and scope.</p>	
<p>2016 comparator companies 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 AltaLink BC Hydro Power & Authority Bruce Power LP Calgary Co-operative Association Limited Canadian Natural Resources Ltd. Canadian Pacific Railway Ltd. Capital Power Corporation Cenovus Energy Inc. Corix Group of Companies Crescent Point Energy Emera Inc. Enbridge Inc. Encana Corporation Energie NB Power ENMAX Corporation EPCOR Utilities Inc. FortisAlberta Inc.</p>	<p>Graham Management Services LP Husky Energy Inc. Hydro One Hydro Québec Imperial Oil MEG Energy Northland Power Ontario Power Generation Pembina Pipeline Corporation Penn West Exploration Precision Drilling Corporation SaskPower 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 15 times her salary in ATCO shares
- While senior executives are not required to hold ATCO shares, a significant portion of their total compensation is in equity-based compensation

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

GOCOM is satisfied that:

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

Operate Independently

When making executive compensation decisions and director nominations, GOCOM operates independently from management. All of the members of the Committee are independent except Mr. Booth and Ms. Werth. Mr. Booth is a partner at Bennett Jones LLP, ATCO's legal counsel. Ms. Werth was the Chief Administration Officer for ATCO Ltd. and retired in May 2014.

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 2016

GOCOM approved the use of two independent consultants in 2016 for information and advice on compensation.

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

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

Mercer provided the following services:

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

	Fees in 2016 (\$)	Fees in 2015 (\$)
Willis Towers Watson		
Executive compensation-related fees	218,261	158,836
Other	163,957	164,052
Mercer		
Executive compensation-related fees	-	-
Other	1,134,887	968,475

DECISION-MAKING PROCESS

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

1

Review compensation plan

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

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.

GOCOM makes any changes it believes are necessary to ensure the compensation plan:

- Rewards these executives based on corporate, individual and business unit performance
- Includes the appropriate variable components to align the interests of these executives with those of share owners
- Focuses these executives on sustainable, profitable growth without encouraging excessive risk-taking

2

Set incentive plan targets and performance criteria

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.

3

Set individual and operational goals and objectives

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.

4

Assess corporate and business unit performance

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.

5

Determine individual awards

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

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

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

COMPONENTS

Our executive compensation program includes direct and indirect compensation. Direct compensation 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 43.

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%
Total pay at risk			75% to 60%	65% to 50%
Total			100%	100%

Fixed Compensation

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

Variable Compensation

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

Corporate Performance

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

Business Unit Performance

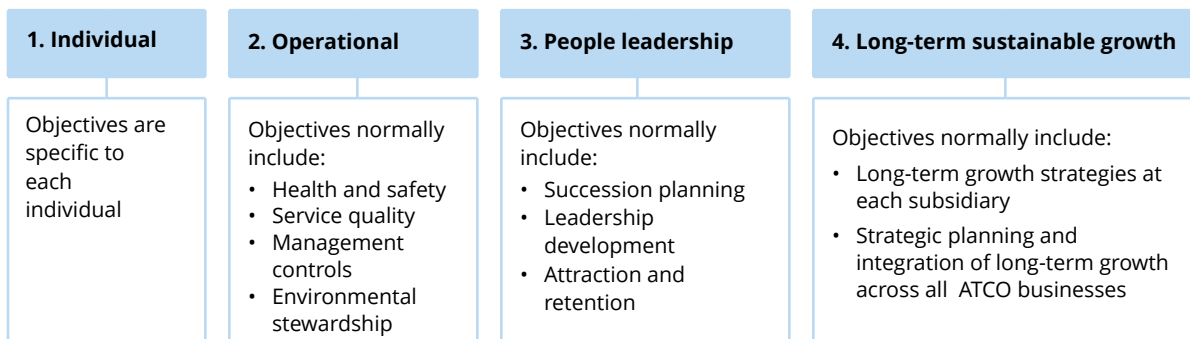
Business unit performance has a direct impact on the amount allocated from the short-term incentive pool to the business unit's incentive pool.

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



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).

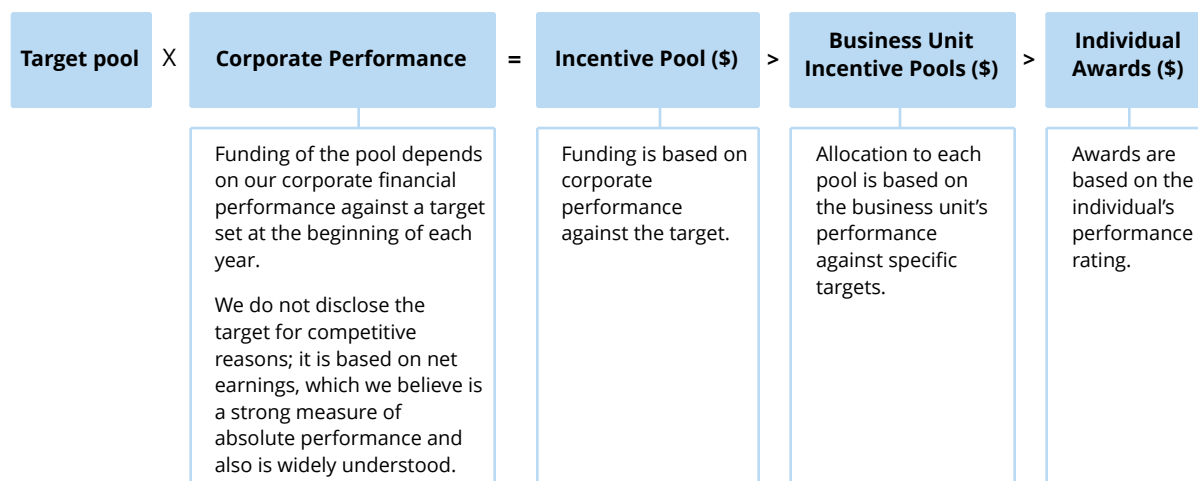
GOCOM also has broad discretion to not make incentive payments when, for example, a senior executive:

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

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

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

Indirect Compensation

Perquisites

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

Employee Share Purchase Plan

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

Pension Plan

The named executives participate in the Retirement Plan for Employees of Canadian Utilities Limited and Participating Companies (CU plan), which has both a defined benefit (DB) and defined contribution (DC) component. All named executives except 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% for every year of retirement before age 62, and by another 3% for every year before age 60
- Pension benefits are paid until the participant dies; then, 60% is paid to the surviving spouse
- Retiree benefit payments have historically been increased annually with inflation, to a maximum of 3%

How we calculate the pension benefit:

$$\left[\begin{array}{l} 1.4\% \times \text{average year's} \\ \text{maximum} \\ \text{pensionable earnings} \\ (\$52,440 \text{ in } 2016) \end{array} \right] + \left[\begin{array}{l} 2\% \times \text{average salary (highest five} \\ \text{consecutive years of base salary, not} \\ \text{including short-term incentive) } \textit{minus} \\ \$52,440 \end{array} \right] \times \begin{array}{l} \text{Years of} \\ \text{service} \end{array}$$

Wayne K. Stensby participates in the DC component.

How the DC component works:

- Executives do not contribute to the plan
- The Company contributes 10% of base salary up to the maximum permitted by the Income Tax Act (\$26,010 in 2016)
- 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 George J. Lidgett as a supplemental pension. This supplemental pension is provided by Canadian Utilities and benefits are not pre-funded.

How it works:

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

Ms. Southern's supplemental pension benefit is part of her employment agreement with ATCO (see Page 53). Her benefits are calculated as 80% 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 CU plan. Benefits are paid on the same terms as the CU plan, with the same survivor benefits and top-up for inflation.

2016 PERFORMANCE AND AWARDS

Performance in 2016

Key accomplishments included the following:

- ATCO continued to advance distributed generation projects in Alberta and Mexico. In the first quarter of 2016, ATCO signed a 10-year contract to build and operate a two unit, 3 megawatt (MW) natural gas-fired power facility located southeast of Grande Prairie, Alberta with a capital investment of \$8 million. In the fourth quarter, ATCO and its Mexican partner, RANMAN Energy, completed the first phase of a distributed generation facility located in the World Trade Centre Industrial Park in San Luis Potosi, Mexico. The project will deliver reliable and efficient onsite electricity to the 700-hectare park's industrial tenants, with excess energy being sold back to the grid.
- Construction on ATCO's Urban Pipeline Replacement (UPR) Program was ongoing in 2016 and will continue until 2020. In 2016, ATCO invested \$185 million in the UPR Program, which will replace and relocate aging, high-pressure natural gas pipelines in densely populated areas of Calgary and Edmonton to address safety, reliability and future growth.
- ATCO has 8,000 kms of plastic pipe and 9,000 kms of steel pipe that have been identified for replacement. The Plastic Mains Replacement Program is a 20-year program aimed at replacing polyvinyl chloride and early generation polyethylene pipe. The Steel Mains Replacement Program replaces steel pipe that is generally more than 60 years old. In 2016, ATCO replaced 242 kms of plastic pipe, and 41 kms of steel pipe.
- In December 2014, APL, a partnership between ATCO's subsidiary, Canadian Utilities Limited, and Quanta Capital Solutions Inc., was awarded a 35-year, \$1.4 billion contract by the AESO to design, build, own, and operate the Fort McMurray 500 kV Project. In December 2015, APL submitted the Facilities Application for the project to the AUC. The public hearing was completed in November 2016 and a decision approving the route was received in the first quarter of 2017. The design and planning phases are underway and construction is expected to commence in 2017. The project is anticipated to be in service in 2019.
- In the third quarter, ATCO completed the 1,600-person workforce housing facility for workers constructing the Site C Clean Energy Project on the Peace River in northeast British Columbia. ATCO is also providing a full suite of lodge-related services including catering, janitorial, maintenance, medical and fire protection until 2022.
- In the first quarter of 2016, ATCO completed the Wheatstone modular project in Western Australia. The total value for ATCO's scope of work was AUD \$384 million.
- In the fourth quarter of 2015, ATCO entered into a long-term commercial agreement with Air Products to provide water pre-treatment services in addition to the existing water transportation services contract for the Air Products' hydrogen facility near Fort Saskatchewan in Alberta's Industrial Heartland. Construction on this project was completed, and commercial operations commenced in the fourth quarter of 2016. With the addition of this service, ATCO has the potential to further grow its suite of water and wastewater services for industrial customers throughout the region.
- ATCO declared a first-quarter dividend for 2017 of 32.75 cents per share, a 15 per cent increase over the dividends paid in each of the previous four quarters. ATCO's dividend per share has increased for 24 consecutive years. These and many other accomplishments are discussed below.

FINANCIAL STRENGTH

OBJECTIVE

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

Results

- Adjusted earnings of \$360M for the year ended December 31, 2016 which was at 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, 2016, 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 and enhance management and financial processes and controls to ensure that no significant or reportable weaknesses in control over financial reporting exist.

Results

- Testing conducted in 2016 revealed no reportable weaknesses in internal control over financial reporting.

OPERATIONAL EXCELLENCE**OBJECTIVE**

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

Results

- Teams from across ATCO marked a number of significant safety milestones in 2016. ATCO's Camp Services team celebrated five million hours of work without a lost-time incident, while the Natural Gas Transmission team reached 14 years without a lost-time incident.
- ATCO's highly skilled employees working to construct the workforce housing facility for the Site C Clean Energy Project, which was completed on-time and on-budget in the third quarter, performed nearly 1.4 million hours of work without a single lost-time injury.
- In May, ATCO responded to wildfires in the Fort McMurray region of northern Alberta by mobilizing teams from across Alberta to provide accommodation for first responders and evacuees, and rebuild utility infrastructure that was damaged by the wildfire. ATCO was actively involved in response efforts in the community, including providing aid and essential services to first responders and evacuees, as well as housing evacuees at its Creburn Lake and Barge Landing Lodges. More than 650 ATCO employees responded swiftly and effectively without a single lost-time incident.

OBJECTIVE

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

Results

- ATCO continued its solid performance of providing industry leading, reliable, responsible and cost-effective solutions for our customers and partners around the world in 2016. Generating availability remained strong with a combined availability of more than 90 per cent in 2016 and minimal unplanned outages.
- ATCO's Osborne Cogeneration facility in Adelaide, Australia underwent the most significant overhaul of its gas and steam turbines and generators since being commissioned in 1998. The predominantly outdoor facility experienced some of the wettest and windiest conditions on record, which when combined with a 'system black' event in South Australia that disabled the entire state's electricity grid, the operational expertise of our team was critical. The team persevered, and after a total of 50,000 man-hours, completed the seven-week overhaul allowing Osborne to re-synchronize to the national electricity grid and again supply its critical base-load power to South Australian consumers.
- In May, a sudden cold snap dropped 20 inches of snow onto the Peace Country region of northwestern Alberta. With heavy snowfall and broken trees damaging many kilometres of power line, 11,000 customers in 17 of our northern Alberta service areas were without power. ATCO Incident Command Centres were opened in Grande Prairie, Peace River and Slave Lake and local crews worked around the clock for three days to remove downed trees, repair lines and equipment and restore power to customers.

OBJECTIVE

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

Results

- ATCO is helping its customers reduce emissions with Micro Combined Heat & Power technology, using onsite natural gas to efficiently generate heat and electricity. In 2016, ATCO established a pilot program involving several Alberta homes and a natural gas regulating station to determine the viability of this new potential service offering. ATCO is also investigating the effectiveness of integrating solar panels and batteries for use in isolated locations without access to the grid.
- In November, ATCO announced it will work with the Government of Alberta on the conversion of coal-fired power generation to natural gas. This initiative is part of a broader transition in the province to cleaner sources of electricity while ensuring these measures support affordable, reliable and sustainable energy for all Albertans.

PEOPLE LEADERSHIP**OBJECTIVE**

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

Results

- ATCO successfully negotiated seven balanced collective agreements in 2016. The unions involved were the Natural Gas Employees' Association (NGEA), CEPU (Communications, Electrical, Electronic, Information, Postal, Plumbing and Allied Services Union), the Teamsters' Local 213 (Teamsters), UNITE HERE Local 47 (UH) and the Public Service Alliance of Canada (PSAC). As well in 2016, seven ATCO companies were engaged in collective bargaining with the Canadian Energy Workers' Association (CEWA), the United Utility Workers' Association (UUWA), UNITE HERE Local 47 (UH), the Construction Maintenance and Allied Workers Bargaining Council Local 1998 (CMAW), and the Australian Services Union. Those proceedings continue to progress toward resolution.

OBJECTIVE

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

Results

- In 2016, more than 300 employees completed leadership training and development courses, including Foundations of Leadership, Strategic Leadership and the Aboriginal Relations Leadership Certificate Program. ATCO expanded the suite of available development opportunities to include new courses designed to support the needs of the business, including sales, customer service and team effectiveness. Close to 100 employees completed these new programs.
- Lumina Spark was one of the new training programs introduced to ATCO in 2016. Lumina Spark provides the tools to help teams have better understanding and appreciation for one another, leverage their team diversity for high performance and learn practical communication techniques and strategies.
- ATCO continues to prioritize the development and strengthening of our sales capabilities. To support these efforts, ATCO expanded its Sales Training Program in 2016 by introducing three new sales modules. Close to 30 sales professionals piloted the new sales courses. The program provides sales and other customer-facing professionals with valuable skills and knowledge that will assist in maximizing their customer engagement opportunities.
- ATCO is 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. More than 190 employees participated in ATCO's Customer Service Training Program in 2016. Our Pipelines & Liquids Global Business Unit (GBU) piloted a new service training module, Bridging Service into Sales. This program was intended to help support the GBU's business strategy by equipping employees with the skills and competencies needed to deliver customer service excellence in the field. ATCO's Pipelines & Liquids GBU also rolled out an online customer service module, Building Customer Loyalty, to all its employees. More than 2,000 employees completed this easy-to-access training in 2016.

- This past year, ATCO continued to leverage technology for efficient delivery and management of our development programs. Our Learning Management System (LMS) improved the company's ability to assign and track training based on development needs as well as improve visibility of program offerings to employees across the organization, and allows for our ability to establish benchmarks, metrics, and expectations for competence across key strategic skill sets.

GROWTH

OBJECTIVE

Achieve long-term sustainable growth by expanding geographically to meet the global needs of our customers; developing significant, value-creating greenfield projects; and pursuing the acquisition and development of complementary assets that have future growth potential and provide long-term value for share owners.

Results

- In October 2014, ATCO and its Mexican partner, Grupo Hermes, S.A. de C.V., were selected by PMX Cogeneracion S.A.P.I. de C.V., an affiliate of Mexico's state-owned petroleum company Pemex, to commence the project development and approval process for a natural gas cogeneration plant at the Miguel Hidalgo refinery near the town of Tula in the state of Hidalgo, Mexico. During 2015 and 2016, ATCO and Grupo Hermes worked with Pemex to further the development of the plant. Commercial discussions continue with Pemex, who remains committed to the project and to working with ATCO and Grupo Hermes.
- As part of the ATCO's continued growth strategy, ATCOenergy was launched in January 2016, selling electricity and natural gas to residential and small commercial customers. ATCOenergy is a logical step in the vertically integrated growth of the overall Company. ATCOenergy is comprised of three business lines: ATCOhome, ATCObusiness and the ATCO Blue Flame Kitchen. ATCOhome intends to be a preeminent retailer of electricity and natural gas by leveraging the strength of the ATCO brand with a compelling value proposition that includes sign-up incentives, loyalty rewards, competitive rates and flexible plans for customers. ATCObusiness sells electricity and natural gas to large commercial retail customers. ATCO Blue Flame Kitchen, which has a long history in Alberta spanning more than eight decades, was integrated with ATCOenergy in 2016.
- In April, ATCO announced that it expanded its international modular structures business by acquiring 50 per cent ownership of Sabinco from Sitrans Servicios Integrados de Transportes Limitada (Sitrans). Sitrans will retain 50 per cent ownership of the company, which will now operate under the name ATCO-Sabinco S.A., and will be headquartered in Santiago, Chile. Through this acquisition we are establishing a foothold in South America that will allow us to introduce the full suite of integrated service offerings available through our Global Business Units.
- In Australia, ATCO has been successful pursuing growth opportunities through the diversification of the company's permanent modular business line. In 2016, ATCO was engaged by the Department of Education and Training in the southeastern state of Victoria to design, manufacture, transport and install buildings for public schools across the region. ATCO completed more than 150 projects in 2016, with more than 30 in progress for 2017.
- In the third quarter of 2016, ATCO completed the manufacturing of the 462-unit, 1,900-person workforce housing facility at a major LNG project near Lake Charles, Louisiana. Under the terms of the agreement, the new workforce housing units will be leased for a 29-month period which commenced in January 2016. At the end of the lease term, the units will be returned to the Company's fleet, thereby expanding its footprint in the U.S. market.
- In September 2016, Inter Pipeline Ltd. acquired the shares of The Williams Companies Inc.'s and Williams Partners L.P.'s Canadian businesses, including Williams Canada Propylene ULC (now Inter Pipeline Propylene ULC following a name change). ATCO has been selected by Inter Pipeline Propylene ULC to build and operate a natural gas-fired cogeneration plant to meet the high pressure steam and electricity needs of Inter Pipeline Propylene ULC's proposed propane dehydrogenation facility to be located in the Alberta Industrial Heartland region. ATCO's proposed 90 MW cogeneration plant is contingent on Inter Pipeline Ltd.'s Final Investment Decision for the facility. ATCO received its AUC approvals for the cogeneration plant in September 2016.
- ATCO, together with our partner is developing four salt caverns with capacity to store approximately 400,000 cubic metres of hydrocarbons at the ATCO Heartland Energy Centre near Fort Saskatchewan, Alberta. Long-term contracts have been secured for all four salt caverns. Construction of the first two caverns is complete and operations are underway with earnings starting in the fourth quarter of 2016. Construction of the two remaining caverns is expected to be complete by the end of 2017.

- In 2016, ATCO made capital investments in assets in its regulated utilities businesses that earn a regulated return:
 - The Electricity Global Business Unit invested \$470 million.
 - The Pipelines & Liquids Global Business Unit invested \$678 million.

INNOVATION

OBJECTIVE

Create a work environment where employees are encouraged to take a creative and innovative approach to meeting our customers' needs and committing to continuous improvement through research and development.

Results

- In October, ATCO announced the energization of Western Canada's largest off-grid solar project, located at the Saddle Hills Telecommunication Site northwest of Grande Prairie. This groundbreaking system is capable of generating 75 kilowatts and storing 250 kilowatt hours of energy, and will provide 100 per cent of the power required at the remote site, which is an integral part of ATCO's telecommunications network.
- In 2016, ATCO worked with PCL Construction and Ivanhoe Cambridge to utilize natural gas for construction heat and power generation at the new 500,000 sq. ft. outlet mall near Edmonton's International Airport. ATCO installed natural gas lines prior to the building being erected to fuel natural gas space heaters and a natural gas power generator for use during construction. The use of natural gas, as opposed to propane or diesel, to provide heat and power during residential and commercial construction offers our customers a number of benefits, including significantly reduced fuel costs, lower labour costs and lower greenhouse gas emissions.
- In Australia, ATCO began a new research and development project that combines the reliability of its natural gas network with renewable energy technologies including battery storage and rooftop solar panels. The initial stage of the GasSola project has seen nine homes with rooftop solar panels in the City of Busselton, in Western Australia's southwest region, equipped with a natural gas-fired generator, battery technology and a communications system.

COMMUNITY INVOLVEMENT

OBJECTIVE

Establish meaningful and positive community and indigenous partnerships through a careful, respectful and collaborative approach that will enhance economic and social development.

Results

- ATCO continued to build on its longstanding relationship with the Piikani Nation in 2016, completing the construction of a 39,000 sq. ft. Multi-Purpose Centre, featuring an NHL quality rink, to provide the local community with a new hub to meet, play, and thrive.
- For the second consecutive year, ATCO was the title sponsor of Ski Fit North Alberta (SFNA). In partnership with Cross Country Canada and Cross Country Alberta, SFNA provides a unique opportunity for Alberta's Indigenous youth to experience the positive impact of outdoor activity, learn more about the importance of proper nutrition, and interact with former Olympic athletes.
- Through the ATCO Employees Participating in Communities (EPIC) program, ATCO donated \$3.6 million in 2016. 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 employee donations go towards employees' charities of choice.
- The people of ATCO came together in an unprecedented fashion to support Albertans displaced by the Fort McMurray wildfires in 2016, with 153 employees volunteering 620 hours over 11 days with various relief organizations in Edmonton and Calgary. Their generosity, paired with ATCO's commitment to match all donations, also saw them raise more than \$227,000 for their colleagues that were impacted by the fires.
- In 2016, ATCO's Indigenous Education Awards Program supported 29 students from 11 First Nations and Métis communities by providing awards, bursaries and scholarships to students who demonstrated leadership capabilities and strived to be role models in their schools and communities. Since the program was launched in 2011, 161 students have received financial support from ATCO to assist in their education. ATCO also awarded 29 other scholarships and bursaries to Indigenous students studying at NAIT, Keyano College, the University of Alberta, Aurora College, and community colleges and trade schools across Canada.

Compensation in 2016

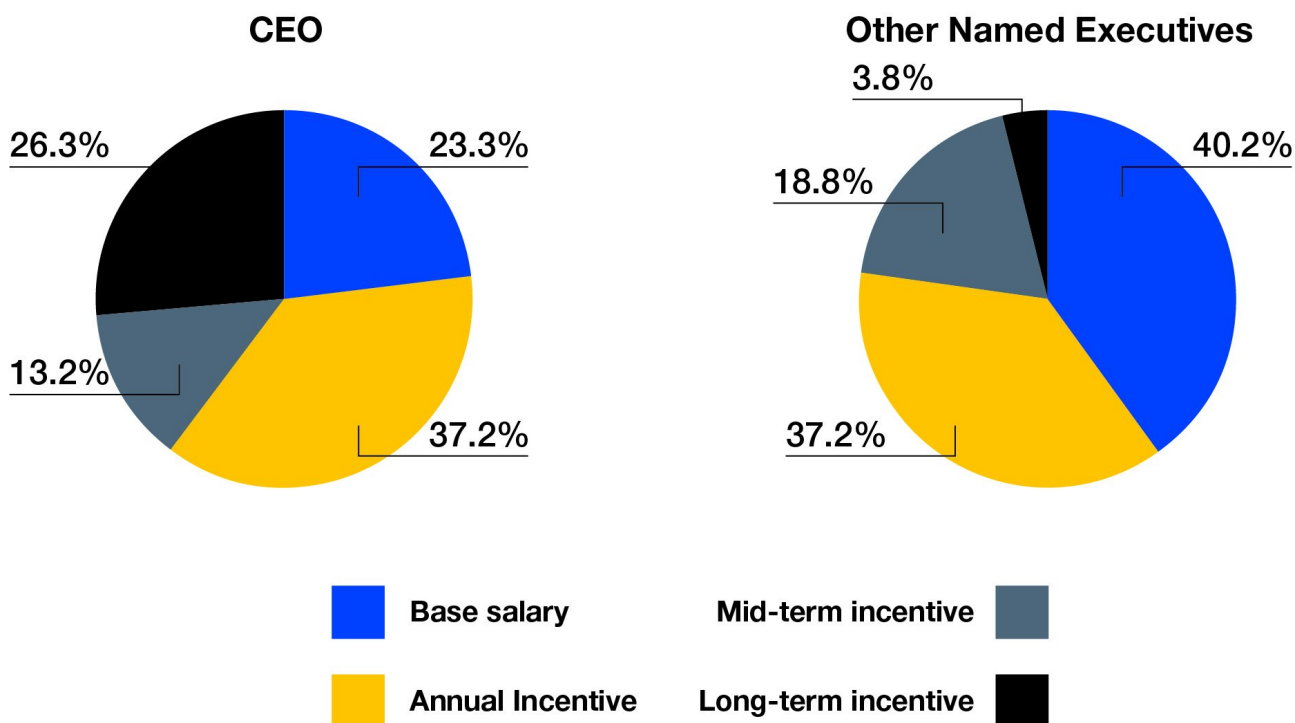
The table below is a summary of total direct compensation awarded to the named executives in 2016.

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

Please see Page 58 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.

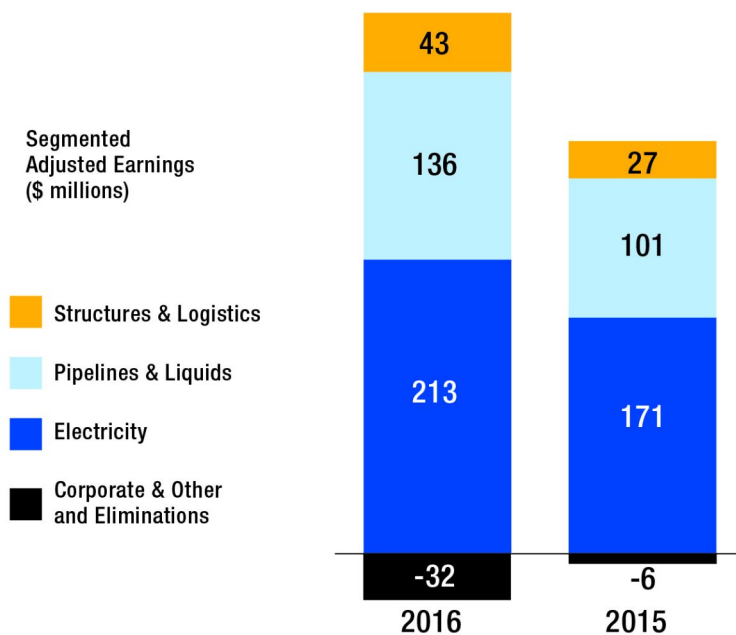
	Total cash compensation received from <i>both</i> companies (\$)				Equity (\$)	Total direct compensation (\$)
	Salary	Short-term incentive	Mid-term incentive	Long-term incentive		
Nancy C. Southern	1,000,000	1,600,000	568,215		1,128,956	4,297,171
Brian R. Bale	625,000	600,000	37,745		0	1,262,745
Siegfried W. Kiefer	760,000	600,000	571,653		135,474	2,067,127
Wayne K. Stensby	411,250	400,000	259,958		45,158	1,116,366
George J. Lidgett	415,000	450,000	162,250		27,094	1,054,344

2016 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.

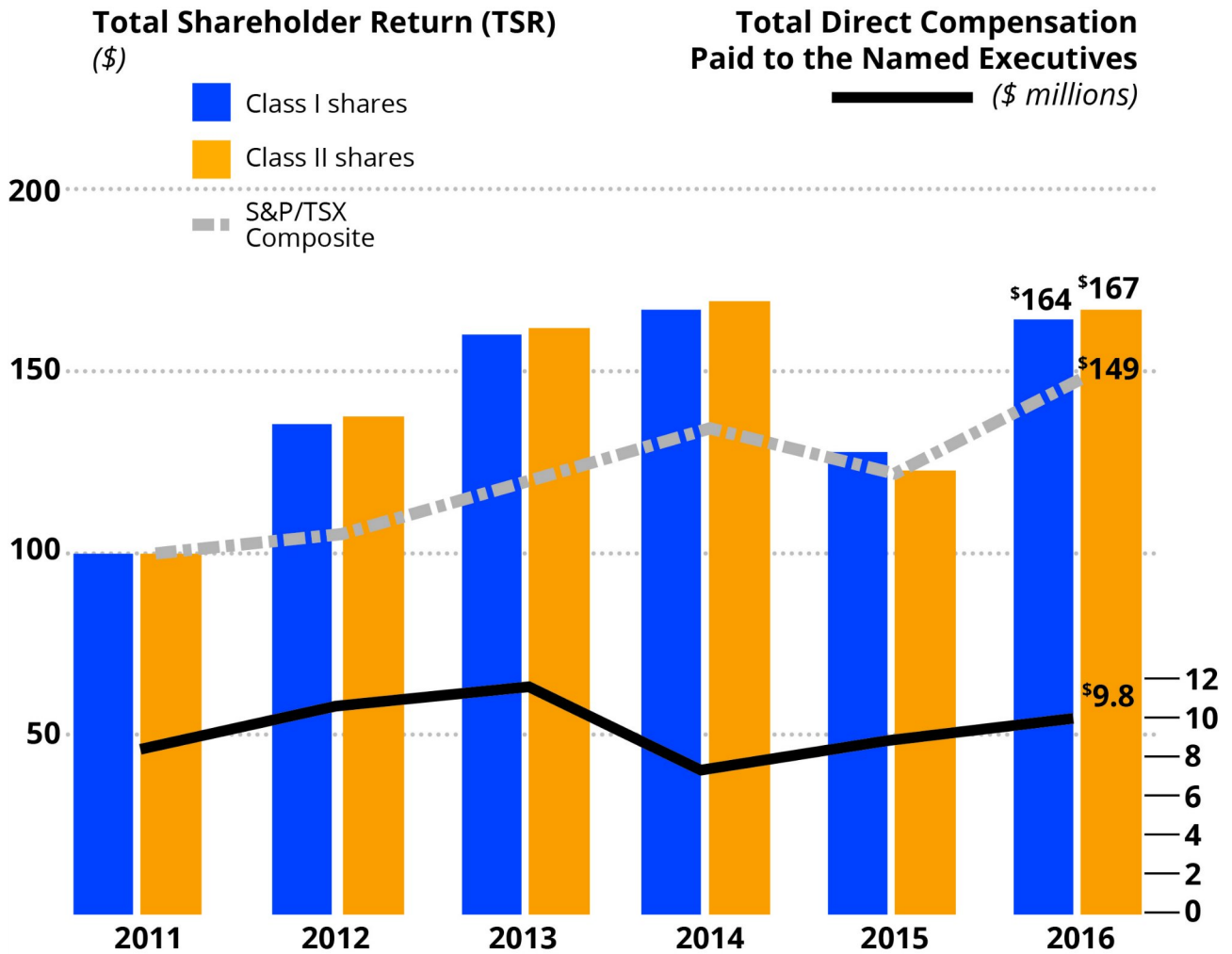


(\$millions)	2016	2015
Adjusted earnings	360	293
Total direct compensation paid to the named executives	9.8	8.7
As a % of adjusted earnings	2.7%	3.0%

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, 2011, 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 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
*President, Chair &
 Chief Executive Officer*

Calgary, Canada

Age: 60

Years of service: 27

Ms. Southern is President, Chair & Chief Executive Officer of ATCO and Chair & Chief Executive Officer of 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 \$191 million in 2006 to \$360 million in 2016 (an increase of 89%). ATCO's total assets have grown from approximately \$8 billion in 2006 to \$20 billion in 2016.

COMPENSATION

	2016 (\$)	2015 (\$)	2014 (\$)
Cash			
Base salary	1,000,000	1,000,000	1,000,000
Short-term incentive	1,600,000	0	0
Total cash compensation from both ATCO and Canadian Utilities	2,600,000	1,000,000	1,000,000
Equity			
Mid-term incentive	568,215	679,529	705,982
Long-term incentive			
Stock options	564,478	617,193	653,727
Share appreciation rights	564,478	617,193	653,727
Total equity	1,697,171	1,913,915	2,013,436
Total direct compensation from both ATCO and Canadian Utilities	4,297,171	2,913,915	3,013,436

EMPLOYMENT AGREEMENT

Ms. Southern has an employment agreement with ATCO that expires on February 28, 2018, and continues from year to year thereafter. The agreement includes insurance benefits if Ms. Southern dies or becomes disabled before she retires or employment is terminated. The amount is based on her salary, using formulas that take into account the amounts payable to her under ATCO's group life insurance policies and disability income programs. It also includes supplemental pension benefits, which are described on Page 44.



BRIAN R. BALE
*Senior Vice President &
 Chief Financial Officer*
 Calgary, Canada
Age: 62
Years of service: 35

Mr. Bale is Senior Vice President & Chief Financial Officer of ATCO and Canadian Utilities. He is responsible for Finance, Accounting, Treasury, Taxation, Regulatory Strategy, Risk Management, Office of the Chief Information Officer, Real Estate Strategy and the administration of Internal Audit. He joined ATCO Gas in 1981 and has held progressively senior roles in ATCO and Canadian Utilities. He was appointed to his current role in 2009.

COMPENSATION

	2016 (\$)	2015 (\$)	2014 (\$)
Cash			
Base salary	625,000	612,500	562,500
Short-term incentive	600,000	300,000	0
Total cash compensation from both ATCO and Canadian Utilities	1,225,000	912,500	562,500
Equity			
Mid-term incentive	37,745	638,242	640,089
Long-term incentive			
Stock options	0	61,719	0
Share appreciation rights	0	61,719	0
Total equity	37,745	761,680	640,089
Total direct compensation from both ATCO and Canadian Utilities	1,262,745	1,674,180	1,202,589



SIEGFRIED W. KIEFER

*Chief Strategy Officer,
ATCO & Canadian Utilities
Limited, & President,
Canadian Utilities Limited*

Calgary, Canada

Age: 58

Years of service: 34

Mr. Kiefer is Chief Strategy Officer, ATCO and Canadian Utilities Limited, and President, Canadian Utilities Limited. He is responsible for recommending and executing strategic initiatives that ensure the Corporation'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 2016.

COMPENSATION

	2016 (\$)	2015 (\$)	2014 (\$)
Cash			
Base salary	760,000	760,000	752,500
Short-term incentive	600,000	250,000	0
Total cash compensation from both ATCO and Canadian Utilities	1,360,000	1,010,000	752,500
Equity			
Mid-term incentive	571,653	950,707	657,882
Long-term incentive			
Stock options	67,737	92,579	130,745
Share appreciation rights	67,737	92,579	130,745
Total equity	707,127	1,135,865	919,372
Total direct compensation from both ATCO and Canadian Utilities	2,067,127	2,145,865	1,671,872



WAYNE K. STENSBY

*Managing Director,
Electricity Global
Business Unit*

Calgary Canada

Age: 50

Years of service: 28

Mr. Stensby is Managing Director of the Electricity Global Business Unit of ATCO and CU 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

	2016 (\$)	2015 (\$)	2014 (\$)
Cash			
Base salary	411,250	342,917	245,000
Short-term incentive	400,000	150,000	200,000
Total cash compensation from both ATCO and Canadian Utilities	811,250	492,917	445,000
Equity			
Mid-term incentive	259,958	189,020	112,056
Long-term incentive			
Stock options	22,579	20,284	9,626
Share appreciation rights	22,579	20,284	9,626
Total equity	305,116	229,588	131,308
Total direct compensation from both ATCO and Canadian Utilities	1,116,366	722,505	576,308



GEORGE J. LIDGETT

*Managing Director,
Pipelines & Liquids
Global Business Unit*

Calgary, Canada

Age: 55

Years of service: 31

Mr. Lidgett is Managing Director of the Pipelines & Liquids Global Business Unit of ATCO and CU 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

	2016 (\$)	2015 (\$)	2014 (\$)
Cash			
Base salary	415,000	411,250	392,500
Short-term incentive	450,000	0	370,000
Total cash compensation from both ATCO and Canadian Utilities	865,000	411,250	762,500
Equity			
Mid-term incentive	162,250	131,411	150,577
Long-term incentive			
Stock options	13,547	12,344	16,523
Share appreciation rights	13,547	12,344	16,523
Total equity	189,344	156,099	183,623
Total direct compensation from both ATCO and Canadian Utilities	1,054,344	567,349	946,123

2016 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, 2014, 2015 and 2016. All of the named executives except Wayne K. Stensby and George J. Lidgett have a dual role for ATCO and Canadian Utilities, our subsidiary, over the past three years. 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
2016	13.2%	86.8%	100%
2015	12.4%	87.6%	100%
2014	11.9%	88.1%	100%

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

	Salary	Share based awards ¹	Option based awards ^{2,3}	Non-equity incentive plan compensation		Pension value ⁴	All other compensation ⁵	Total compensation
				Annual incentive plans	Long term incentive plans			
Nancy C. Southern								
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
2014	1,000,000	705,982	1,307,454	0	-	1,005,677	35,000	4,054,113
Brian R. Bale								
2016	625,000	37,745	0	600,000	-	257,668	21,875	1,542,288
2015	612,500	638,242	123,438	300,000	-	298,853	21,438	1,994,471
2014	562,500	640,089	0	0	-	244,236	19,687	1,466,512
Siegfried W. Kiefer								
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
2014	752,500	657,882	261,490	0	-	331,519	26,338	2,029,729
Wayne K. Stensby								
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 ⁶	789,868
2014	245,000	112,056	19,252	200,000	-	24,448	46,075 ⁶	646,831
George J. Lidgett								
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
2014	392,500	150,577	33,046	370,000	-	51,643	0	997,766

¹ The grant date fair value for MTIP granted in 2016, 2015 and 2014 was \$25.30, \$31.44 and \$34.31, respectively, for ATCO and \$23.45, \$27.21 and \$26.10, respectively, for CU as determined in consultation with our independent advisors. The accounting fair values are \$38.93, \$48.37 and \$52.79, respectively, for ATCO and \$36.08, \$41.86 and \$40.16, respectively, for CU. The difference is because the accounting fair value is based on the full value share price at the time of grant and the grant date fair value used for compensation benchmarking purposes reflects a discount applied to account for performance hurdles that have to be met in order for the MTIP to vest.

² The option and SAR values shown for 2016, 2015 and 2014 are the grant date fair values determined using the Black-Scholes method, the same method used for determining the accounting fair values. The assumptions used were as follows - for ATCO options and SARs for 2016, 2015 and 2014: risk-free rate of 0.729%, 0.828% and 1.594%, respectively; dividend yield of 2.93%, 2.11% and 1.66%, respectively; volatility of 25.86%, 22.78% and 18.20%, respectively; and an expected life of 7.15 years, 6.15 years and 6.12 years, respectively. For CU options and SARs for 2016, 2015 and 2014: risk-free rate of 0.729%, 0.828% and 1.594%, respectively; dividend yield of 3.60%, 2.89% and 2.71%, respectively; volatility of 18.65%, 18.12% and 17.49%, respectively and an expected life of 6.85 years, 6.07 years and 6.05 years, respectively.

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 related items. In 2016, Wayne K. Stensby joined the supplemental pension plan for all years of service.

⁵ Employer contribution to the Employee Share Purchase Plan.

⁶ Includes expatriate allowances.

Incentive Plan Awards

Plan details

ATCO

Canadian Utilities

Maximum number of shares that can be issued:	Stock option plan 10,200,000 ATCO Class I Shares (8.9 % of outstanding ATCO Class I and Class II Shares as of December 31, 2016)	Stock option plan 12,800,000 Canadian Utilities Class A Shares (4.8 % of outstanding Canadian Utilities Class A Shares and Class B common shares ("Class B Shares") as of December 31, 2016)
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Outstanding Option-Based and Share-Based Awards

The table below shows each named executive's outstanding incentive plan awards as of December 31, 2016.

	Number of securities underlying unexercised options (#)				Option exercise price (\$)	Option expiration date	Option-based awards		
	ATCO		Canadian Utilities				Value of unexercised in-the-money options ⁵ (\$)		
	Options ¹	SARs ²	Options ³	SARs ⁴			ATCO	Canadian Utilities	
Nancy C. Southern									
2016	62,500	62,500	62,500	62,500	38.93	36.08	25-03-26	716,250	13,750
2015	50,000	50,000	50,000	50,000	46.98	40.78	15-03-25	0	0
2014	50,000	50,000	50,000	50,000	51.96	39.45	15-03-24	0	0
2013	60,000	60,000	60,000	60,000	44.97	39.04	15-03-23	0	0
2012	50,000	50,000	50,000	50,000	35.12	33.18	15-03-22	954,500	301,000
2011	25,000	25,000	25,000	25,000	28.32	24.74	15-03-21	817,250	572,750
2010	75,000	75,000	75,000	75,000	25.35	23.65	15-03-20	2,896,500	1,881,750
2008	100,000	100,000	100,000	100,000	22.94	22.17	15-03-18	4,344,000	2,804,000
Brian R. Bale									
2015	5,000	5,000	5,000	5,000	46.98	40.78	15-03-25	0	0
2013	3,000	3,000	3,000	3,000	44.97	39.04	15-03-23	0	0
2012	5,000	5,000	5,000	5,000	35.12	33.18	15-03-22	95,450	30,100
2011	5,000	5,000	5,000	5,000	28.32	24.74	15-03-21	163,450	114,550
2010	5,000	5,000	5,000	5,000	25.35	23.65	15-03-20	193,100	125,450
2008	2,000	2,000	4,000	4,000	22.94	22.17	15-03-18	86,880	112,160
Siegfried W. Kiefer									
2016	7,500	7,500	7,500	7,500	38.93	36.08	25-03-26	85,950	1,650
2015	7,500	7,500	7,500	7,500	46.98	40.78	15-03-25	0	0
2014	10,000	10,000	10,000	10,000	51.96	39.45	15-03-24	0	0
2013	10,000	10,000	10,000	10,000	44.97	39.04	15-03-23	0	0
2012	7,500	7,500	7,500	7,500	35.12	33.18	15-03-22	143,175	45,150
2011	5,000	5,000	5,000	5,000	28.32	24.74	15-03-21	163,450	114,550
2010	5,000	5,000	5,000	5,000	25.35	23.65	15-03-20	193,100	125,450
2008	10,000	10,000	20,000	20,000	22.94	22.17	15-03-18	434,400	560,800
Wayne K. Stensby									
2016	2,500	2,500	2,500	2,500	38.93	36.08	25-03-26	28,650	550
2015	-	4,000	1,000	1,000	46.98	36.78	15-05-25	0	0
2014	-	-	2,000	2,000	-	39.45	15-03-24	0	0
2013	-	-	1,000	1,000	-	39.04	15-03-23	0	0
2012	-	-	1,000	1,000	-	34.80	15-08-22	0	2,780
George J. Lidgett									
2016	1,500	1,500	1,500	1,500	38.93	36.08	25-03-26	17,190	330
2015	1,000	1,000	1,000	1,000	46.98	40.78	15-03-25	0	0
2014	2,000	2,000	-	-	51.96	-	15-03-24	0	0
2013	2,000	2,000	-	-	44.97	-	15-03-23	0	0
2012	2,000	2,000	-	-	35.12	-	15-03-22	38,180	0
2011	4,000	4,000	-	-	28.32	-	15-03-21	130,760	0
2008	2,000	2,000	2,000	2,000	22.94	22.17	15-03-18	86,880	56,080

Plan details

ATCO

Canadian Utilities

Activity in 2016:	Stock option plan	Stock option plan
	<ul style="list-style-type: none"> 86,750 options were granted 89,000 ATCO Class I Shares were issued on the exercise of options 4,500 options were cancelled 	<ul style="list-style-type: none"> 107,250 options were granted 174,000 Canadian Utilities Class A Shares were issued on the exercise of options 6,600 options were cancelled

Share-based awards					
Number of shares that have not vested (#)		Market or payout value of share based awards that have not vested ⁶ (\$)		Market or payout value of vested share-based not paid or distributed (\$)	
ATCO	Canadian Utilities	ATCO MTIP	Canadian Utilities MTIP	ATCO	Canadian Utilities
10,000	10,000	446,600	361,900	-	-
10,000	10,000	446,600	361,900	-	-
10,000	10,000	446,600	361,900	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,000	10,000	446,600	361,900	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,000	10,000	446,600	361,900	-	-
15,000	15,000	669,900	542,850	-	-
10,000	10,000	446,600	361,900	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,000	5,000	223,300	180,950	-	-
4,000	2,000	178,640	72,380	-	-
-	4,000	-	144,760	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,000	3,000	133,980	108,570	-	-
2,000	2,000	89,320	72,380	-	-
4,000	-	178,640	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

¹ Options to buy ATCO Class I Shares.

² Share appreciation rights based on ATCO Class I Shares.

³ Options to buy Canadian Utilities Class A Shares.

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

⁵ The difference between the market value as at December 31, 2016, of ATCO Class I Shares (\$44.66) and Canadian Utilities Class A Shares (\$36.19) underlying the option-based awards and the exercise price of the option-based awards.

⁶ Based on the market value as at December 31, 2016, of ATCO Class I Shares (\$44.66) and Canadian Utilities Class A Shares (\$36.19).

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 2016.

	Aggregate holdings and value of options and SARs held on December 31, 2016				Options and SARs exercised in 2016	
	Number of unexercised options/SARs (#)		Value of unexercised in-the-money options/SARs (\$)		Securities acquired on exercise (#)	Aggregate value realized (\$)
	Exercisable	Unexercisable	Exercisable	Unexercisable		
Nancy C. Southern						
In 2016, Ms. Southern exercised:						
• 50,000 options and 80,000 SARs on ATCO Class I Non-voting shares						
• 40,000 options and 40,000 SARs on Canadian Utilities Class A Non-voting shares						
ATCO Class I Non-Voting						
Options	306,000	166,500	4,410,675	453,575	50,000	2,537,950
SARs	306,000	166,500	4,410,675	453,575	-	-
Canadian Utilities Class A Non-Voting						
Options	306,000	166,500	2,749,650	36,975	40,000	1,022,400
SARs	306,000	166,500	2,749,650	36,975	-	-
Brian R. Bale						
In 2016, Mr. Bale exercised:						
• 6,000 options and 6,000 SARs on Canadian Utilities Class A Non-voting shares						
ATCO Class I Non-Voting						
Options	18,800	6,200	259,895	9,545	-	-
SARs	18,800	6,200	259,895	9,545	-	-
Canadian Utilities Class A Non-Voting						
Options	20,800	6,200	188,120	3,010	6,000	165,555
SARs	20,800	6,200	188,120	3,010	-	-
Siegfried W. Kiefer						
In 2016, Mr. Kiefer exercised:						
• 12,000 options and 12,000 SARs on ATCO Class I Non-voting shares						
• 28,000 options and 28,000 SARs Canadian Utilities Class A Non-voting shares						
ATCO Class I Non-Voting						
Options	37,500	25,000	452,745	57,293	12,000	527,341
SARs	37,500	25,000	452,745	57,293	-	-
Canadian Utilities Class A Non-Voting						
Options	47,500	25,000	418,460	5,340	28,000	737,352
SARs	47,500	25,000	418,460	5,340	-	-
Wayne K. Stensby						
Mr. Stensby did not exercise any options or SARs in 2016						
ATCO Class I Non-Voting						
Options	0	2,500	0	14,325	-	-
SARs	0	6,500	0	14,325	-	-
Canadian Utilities Class A Non-Voting						
Options	2,400	5,100	1,112	553	-	-
SARs	2,400	5,100	1,112	553	-	-
George J. Lidgett						
In 2016, Mr. Lidgett exercised:						
• 4,000 options and 4,000 SARs on Canadian Utilities Class A Non-voting shares						
ATCO Class I Non-Voting						
Options	9,800	4,700	124,092	12,413	-	-
SARs	9,800	4,700	124,092	12,413	-	-
Canadian Utilities Class A Non-Voting						
Options	2,200	2,300	28,040	165	4,000	99,448
SARs	2,200	2,300	28,040	165	-	-

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 2016.

Year ended December 31, 2016	Option-based awards				Share-based awards		Non-equity incentive plan compensation
	Amount vested during the year (\$)				Value vested during the year (\$)		Value earned during the year (\$)
	ATCO		Canadian Utilities		ATCO	Canadian Utilities	
	Options ¹	SARs ²	Options ³	SARs ⁴			
Nancy C. Southern	79,225	79,225	70,575	70,575	38,400	42,250	1,600,000
Brian R. Bale	12,830	12,830	12,225	12,225	289,885	18,200	600,000
Siegfried W. Kiefer	14,338	14,338	13,170	13,170	38,588	45,500	600,000
Wayne K. Stensby	-	-	54	54	2,850	13,325	400,000
George J. Lidgett	9,058	9,058	-	-	10,455	5,525	450,000

1 Options to buy ATCO Class I Shares.

2 Share appreciation rights based on ATCO Class I Shares.

3 Options to buy Canadian Utilities Class A Shares.

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

Equity compensation plan information

	Non-voting shares to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Non-voting shares remaining available for future issuance under equity compensation plans (not including outstanding options)	Total number of outstanding non-voting shares	Non-voting shares to be issued upon exercise of outstanding options (as a % of total outstanding non-voting shares)	Non-voting shares available for future issuance (as a % of total outstanding non-voting shares)
December 31, 2016						
ATCO	671,350	36.26	2,732,750	101,221,323	0.7%	2.7%
Canadian Utilities	781,850	32.04	5,360,750	194,259,602	0.4%	2.8%
March 7, 2017						
ATCO	669,750	36.28	2,732,750	101,240,923	0.7%	2.7%
Canadian Utilities	780,850	32.07	5,359,750	195,174,321	0.4%	2.7%

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 44 for more information about ATCO's 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	21.00	1,920,000	1,920,000	21,756,935	1,039,369	738,095	23,534,399
Brian R. Bale	35.00	378,363	378,363	6,891,780	257,668	1,043,365	8,192,813
Siegfried W. Kiefer	33.00	470,757	499,288	10,311,638	319,810	691,244	11,322,692
Wayne K. Stensby	27.08	88,198	107,990	431,500	2,605,877	263,287	3,300,664
George J. Lidgett	31.17	58,096	118,731	1,965,404	65,325	163,664	2,194,393

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, 2016. 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, 2016, 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 International Financial Reporting Standards and based on management's best estimate of future events that affect the cost of pensions, including assumptions about adjustments to base salary in the future.

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

The non-compensatory change includes interest on the obligation and the impact of assumption changes. See Note 20, Retirement Benefits, in the Company's consolidated financial statements for the year ended December 31, 2016, 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 executive.

	Accumulated value at start of year (\$)	Compensatory (\$)	Accumulated value at year end (\$)
Wayne K. Stensby	459,340	26,010	517,428

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% 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% of the voting securities of the trust.

We have an employment agreement with Ms. Southern, ATCO'S Chair, President & Chief Executive Officer. See Page 53 for more information.

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

The table below shows incremental amounts that would be paid to the named executives if their employment had been terminated on December 31, 2016, because of retirement, resignation, termination or a change of control.

	Incremental Amounts	Retirement (\$)	Resignation (\$)	Termination (\$)	Change of control (\$)
Nancy C. Southern					
	Cash payment	-	-	-	-
	Share-based awards	-	-	-	3,406,600
	Pension	-	-	-	-
	Benefits	-	-	-	-
	Perquisites	-	-	-	-
	Total	-	-	-	3,406,600
Brian R. Bale					
	Cash payment	-	-	-	-
	Share-based awards	-	-	-	833,610
	Pension	-	-	-	-
	Benefits	-	-	-	-
	Perquisites	-	-	-	-
	Total	-	-	-	833,610
Siegfried W. Kiefer					
	Cash payment	-	-	-	-
	Share-based awards	-	-	-	2,955,015
	Pension	-	-	-	-
	Benefits	-	-	-	-
	Perquisites	-	-	-	-
	Total	-	-	-	2,955,015
Wayne K. Stensby					
	Cash payment	-	-	-	-
	Share-based awards	-	-	-	829,786
	Pension	-	-	-	-
	Benefits	-	-	-	-
	Perquisites	-	-	-	-
	Total	-	-	-	829,786
George J. Lidgett					
	Cash payment	-	-	-	-
	Share-based awards	-	-	-	608,046
	Pension	-	-	-	-
	Benefits	-	-	-	-
	Perquisites	-	-	-	-
	Total	-	-	-	608,046

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 \$476,465 in the financial year ended December 31, 2016. No part of the premium was paid by a director or officer. ATCO is responsible for the first \$1 million of any securities claim and for the first \$500,000 of any other loss. There is no deductible in respect of claims against any director or officer.

Loans to Directors and Officers

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

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

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

Additional Information

Additional information about ATCO is available on SEDAR at www.sedar.com. Information about ATCO's business is provided in its annual information form dated March 2, 2017. Financial information is provided in ATCO's financial statements and the management's discussion and analysis for the year ended December 31, 2016.

Copies of these documents, ATCO's financial statements and additional copies of this Circular may be obtained upon request from Investor Relations at 1500, 909 – 11th Avenue S.W., Calgary, Alberta T2R 1N6.

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

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 – 2016 COMPARATOR COMPANIES

General Industry

AbbVie Canada
Absolute Software Corporation
Accenture Canada
ACL Services Ltd.
Actelion Pharmaceuticals Canada Inc.
Acxsys Corporation (INTERAC)
Addenda Capital Inc.
AeroInfo Systems
Agrium Inc.
Agropur Cooperative
AIG Insurance Company of Canada
Aimia Inc.
Akzo Nobel N.V. (Canada)
Alberta Electric System Operator
Alberta Energy Regulator
Alberta Health Services
Alberta Investment Management Corporation
Alberta Teachers' Retirement Fund Board
Aliaxis Canada
Allstate Insurance Company of Canada
AltaLink
Alterna Savings
Altex Energy
Amex Canada Inc.
Aon Reed Stenhouse Inc.
Apotex Inc
Arbutus Biopharma
Arrow Electronics Canada
Arup Canada
AstraZeneca Canada
ATB Investor Services
Atlantic Central
Avaya Canada
Ball Canada
Ballard Power Systems
Barrick Gold Corporation
BC Hydro Power & Authority
BCE Inc.
Beaumont Credit Union
Blount Canada Ltd.
Bombardier Recreational Products Inc
Bombardier Transportation Canada
Bow Valley College
BP Canada Energy Group ULC
Brink's Canada Limited
British American Tobacco
British Columbia Investment Management Corporation
Brookfield Global Integrated Solutions
Bruce Power LP
BuildDirect
C&J Clark Canada
Cadillac Fairview Corporation Ltd
Caisse de dépôt et placement du Québec
Calgary Co-operative Association Limited
Campbell Company of Canada
Canada Colors and Chemicals Limited
Canada Post Corporation
Canadian Imperial Bank of Commerce
Canadian National Railway
Canadian Natural Resources Ltd.
Canadian Pacific Railway Ltd.
Canadian Tire Corporation
Canadian Tire Financial Services
Canadian Western Bank Group
Canexus Corporation
Capital Power Corporation
Cargill Limited
Carlson Wagonlit Travel Canada
Carlton Cards Limited
Catalyst Paper Corporation
CBC/Radio Canada
CE Canada
Celestica Inc.
Cenovus Energy Inc.
Centro Canada Acquisition Company, Inc.
CGI Group Inc.
Chartwell Retirement Residences
Chevron Canada Resources (Upstream)
Cimpres Canada
Cineplex Inc.
CN Investment Division
CNA Canada
Coach Canada
Cogeco Inc.
Compass Group Canada
Computershare Trust Company of Canada
Connect First Credit Union
ConocoPhillips Canada
Corix Group of Companies
CPP Investment Board
Crescent Point Energy
Crombie REIT
Cushman & Wakefield Canada
Dentsply Canada
Devon Canada Corporation
DHL
DHL Express Canada
DHL Global Business Services
DHL Global Forwarding & Freight
DHL Supply Chain
DMG MORI SEIKI ELLISON Canada Inc.
D-Wave Systems Inc

Dynacare
 Ecolab Canada
 Economical Mutual Insurance Company
 Electronics Arts Canada
 Element Fleet Management
 Emera Inc.
 Enbridge Inc.
 Encana Corporation
 Energie NB Power
 ENMAX Corporation
 EPCOR Utilities Inc.
 Equifax Canada
 Ericsson Canada Inc.
 Ernst & Young Canada
 Export Development Canada (EDC)
 FCA Canada Inc.
 Federal Express Canada Ltd.
 Federated Co-operatives Limited
 FGL Sports LTD.
 Finning International Inc.
 FortisAlberta Inc.
 G&K Services Canada
 Gaz Metro
 GE Aviation Canada
 GE Energy Canada
 GE Healthcare Canada
 General Cable Canada
 General Dynamics Land Systems - Canada
 General Electric Canada
 General Fusion Inc.
 Genworth MI Canada Inc.
 Gerdau Long Steel North America
 Gestion FERIQUE
 Goldcorp Inc.
 Golder Associates
 Graham Management Services LP
 Great-West Lifeco Inc.
 Greystone Managed Investments Inc.
 H.W. Siebens Charitable Foundation
 Hammond Power Solutions Inc
 Healthcare Insurance Reciprocal of Canada
 Healthcare of Ontario Pension Plan
 Heart and Stroke Foundation of Canada
 Henry Schein Canada Inc.
 Holt Renfrew
 HootSuite Media, Inc.
 Hospital for Sick Children
 Hostway Canada
 HSBC Bank Canada
 Husky Energy Inc.
 Husky Injection Molding Systems Ltd.
 Hydro One
 Hydro Quebec
 IAMGOLD Corporation
 IBM Canada Ltd
 Imperial Oil Ltd.
 IMS Health (Canada)
 Independent Electricity System Operator
 Indigo Books & Music Inc.
 Ingenico Canada Ltd.
 Insurance Corporation of British Columbia (ICBC)
 Intact Financial Corporation
 Intact Gestion de placements inc.
 Intel Canada
 InterContinental Canada
 Interfor
 ivari (formerly Transamerica)
 Johnson and Johnson Canada
 Kal Tire
 Kellogg Canada
 Keurig Canada
 Kinross Gold
 Kit and Ace Designs, Inc.
 Kruger Inc.
 Lafarge Canada Inc.
 Laurentian Bank of Canada
 Ledcor Group of Companies
 Lehigh Hanson
 LexisNexis
 Liberty International Underwriters
 LifeLabs
 Loblaw Companies Limited
 London Machinery Inc.
 Loto-Québec
 LoyaltyOne Inc.
 Lululemon Athletica
 MacDonald, Dettwiler and Associates Ltd.
 Manulife Financial Corporation
 Mark's Work Wearhouse
 McCain Foods Limited
 MD Financial Management
 MEG Energy
 Memorial University of Newfoundland
 Merck Canada
 Mercury Marine Limited
 Metrie
 Michael Kors Canada
 Moen
 Molson Coors Canada
 Monsanto - Canada
 Mosaic Sales Solutions Canada Inc.
 Mouvement Desjardins
 NAV CANADA
 New Brunswick Investment Management Corporation
 New Gold Inc.
 Nexen Energy ULC
 Nissan Canada, Inc.
 Nokia Canada
 Northbridge Financial Corporation
 Northland Power
 Nova Chemicals
 Nova Scotia Power
 Novartis Pharmaceuticals Canada
 Nutreco Canada
 Old Republic Insurance Company of Canada
 OMERS Administration Corporation (OMERS)
 Ontario Hospital Association
 Ontario Power Generation
 Ontario Teachers' Pension Plan
 OPSEU Pension Trust
 OSI Maritime Systems (Canada) Ltd.
 Paladin Labs, Inc.
 Parmalat Canada
 Pembina Pipeline Corporation
 Penn West Exploration
 PepsiCo Canada
 Pet Valu Canada
 Pfizer Canada Inc.
 Pitney Bowes of Canada
 Potash Corporation of Saskatchewan Inc.

Power Corporation du Canada
Precision Drilling Corporation
Public Sector Pension Investment Board
Purolator Inc.
Quadro Corporation
Randstad Canada
Redpath Sugar Limited
Repsol Oil & Gas Canada
Resolute Forest Products Inc.
RGA Canada
Ricoh Canada Inc.
Rio Tinto Aluminum Product Group
RioCan Real Estate Investment Trust
Ritchie Bros. Auctioneers
Roche Canada
Rocky Mountaineer Railtours
Rogers Communications
Rothmans Bensons & Hedges
Royal & SunAlliance Canada
Royal Bank of Canada
Russel Metals Inc
Sage Software Canada, Ltd
Sanofi Pasteur Canada
Saputo Inc.
SaskPower
Schneider Electric Canada
Scotiabank
SGS Canada Inc
ShawCor
Shell Canada Limited
Sierra Wireless Inc.
Smucker Foods of Canada Corp.
Spectra Energy Transmission
Stanley Black & Decker Canada Corp.
Stantec Inc
Staples Business Depot
Starbucks Coffee Canada Inc
Statoil Canada Ltd
STEMCELL Technologies Inc.
Sun Life Financial
Suncor Energy Inc.
SunOpta Inc.
Syncrude Canada Ltd.
T.D. Williamson
TD Bank Financial Group
TD Insurance
Teck Resources Limited
Teligence Canada
TELUS Corporation
Tembec Inc.
Teradici
Teranet Inc.
The Coca-Cola Company Canada
The Co-operators Group Limited
The Empire Life Insurance Company
Thomson Reuters Canada
ThyssenKrupp Canada
Tim Hortons
TJX Canada
TMX Group Limited
Toronto Hydro Electric
TransAlta Corporation
Transat A.T. inc
TransCanada Corp.
Transforce Inc.

UAP Inc.
Underwriters Laboratories Canada
United Farmers of Alberta Co-operative Limited
United Rentals of Canada
University of Calgary
University of Saskatchewan
Vector Aerospace
VIA Rail Canada Inc.
Vision Critical
Viterra Inc
Western Drug Distribution Center
Westport Innovations Inc.
WhiteWater West Industries Ltd.
Winpak Portion Packaging Ltd.
Workers' Compensation Board - Alberta
Yellow Pages Media Limited
York University
Zurich Canada



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