

DISCLAIMER

Due to uncertainty surrounding the application of recent amendments to the Competition Act (Canada), these documents are provided for historical information purposes only and do not constitute active or current representations of ATCO Ltd. or any of its related parties. The purpose of these documents is to comply with disclosure requirements that were in effect on the date these documents were filed; ATCO undertakes no obligation to update such information except as required by applicable law. ATCO remains committed to taking steps to address climate change and continuing to engage in sustainability initiatives.





ATCO LTD.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2020

February 24, 2021

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

Unless otherwise noted, the information contained within this AIF is presented as at December 31, 2020.

The Company is controlled by Sentgraf Enterprises Ltd. and its controlling share owner, the Southern family. The Company includes controlling positions in Canadian Utilities Limited (Canadian Utilities or CU) (52.3 per cent ownership), ATCO Structures & Logistics Ltd. (100 per cent ownership), ATCO Land and Development Ltd. (100 per cent ownership), and ASHCOR Technologies Ltd. (100 per cent ownership). The Company also has a non-controlling equity investment in Neltume Ports S.A. (Neltume Ports) (40 per cent ownership). Throughout this AIF, the Company's earnings attributable to Class I and Class II Shares and adjusted earnings are presented after non-controlling interests.

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

TABLE OF CONTENTS

| | Page |
|---|------|
| Corporate Structure..... | 2 |
| ATCO Core Vision and Values..... | 4 |
| ATCO Strategies..... | 4 |
| Business Description..... | 6 |
| Structures & Logistics..... | 7 |
| Neltume Ports..... | 18 |
| ATCO Corporate & Other..... | 21 |
| Canadian Utilities..... | 22 |
| Utilities..... | 22 |
| Regulatory Developments..... | 32 |
| Energy Infrastructure..... | 33 |
| Canadian Utilities Corporate & Other..... | 39 |
| Three Year History..... | 40 |
| Revenue Summary..... | 40 |
| Structures & Logistics..... | 40 |
| Neltume Ports..... | 41 |
| ATCO Corporate & Other..... | 42 |
| Canadian Utilities..... | 42 |
| Utilities..... | 42 |
| Energy Infrastructure..... | 44 |
| Canadian Utilities Corporate & Other..... | 45 |
| Employee Information..... | 46 |
| Sustainability, Climate Change and Energy Transition..... | 46 |
| Business Risks..... | 46 |
| Dividends..... | 47 |
| Capital Structure..... | 47 |
| Credit Ratings..... | 48 |
| Market for Securities of the Company..... | 50 |
| Directors and Officers..... | 51 |
| Transfer Agent and Registrar..... | 58 |
| Legal Proceedings and Regulatory Actions..... | 58 |
| Material Contracts..... | 58 |
| Interests of Experts..... | 58 |
| Non-GAAP and Additional GAAP Measures..... | 58 |
| Forward-Looking Information..... | 59 |
| Additional Information..... | 59 |
| Glossary..... | 60 |
| Appendix 1 - Audit & Risk Committee Information..... | 61 |

CORPORATE STRUCTURE

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

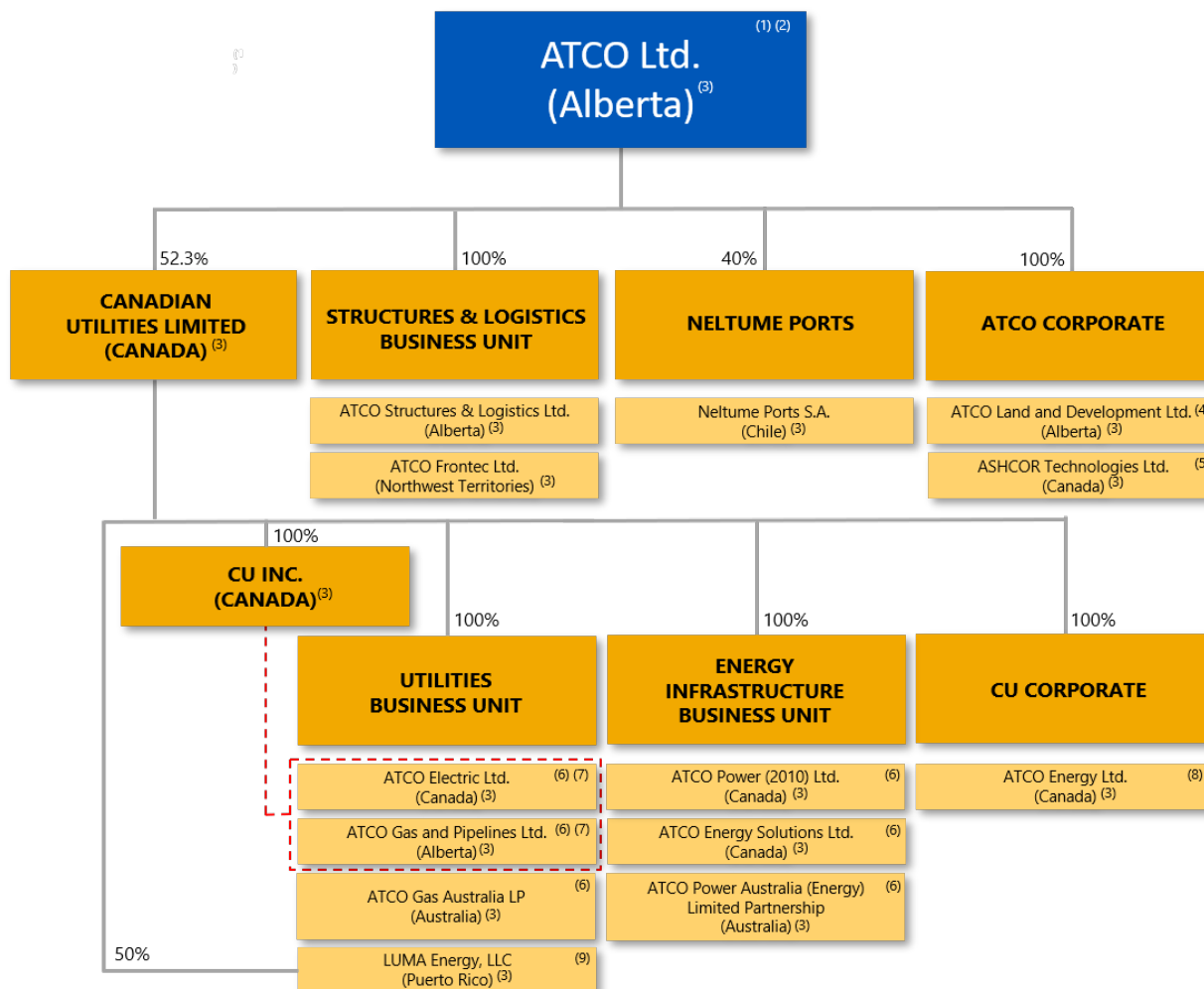
A significant change to the Company's corporate structure occurred in June 1980 when ATCO acquired a 58.1 per cent controlling interest in Canadian Utilities Limited (Canadian Utilities) from IU International Corporation of Philadelphia.

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

SIMPLIFIED ORGANIZATIONAL STRUCTURE

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

In the first quarter of 2020, the Company reorganized its reporting segments. These segments are reported in a manner consistent with the internal reporting provided to the Chair & Chief Executive Officer and other members of the Executive Committee of the Company. Comparative amounts for prior periods have been restated to reflect the realigned segments.



(1) At December 31, 2020, ATCO owned 90.3 per cent of the Canadian Utilities Class B common shares, which are the only voting securities outstanding, and 38.3 per cent of the Class A non-voting shares, for an aggregate ownership of 52.3 per cent.

(2) The organizational chart does not include all of the subsidiaries of the Company. The assets and revenues of excluded subsidiaries in the aggregate did not exceed 20 per cent of the total consolidated assets or total consolidated revenues of the Company as at December 31, 2020.

(3) Jurisdiction in which the company was formed.

(4) ATCO Land and Development Ltd. includes commercial real estate investments held for sale, lease or development.

(5) ASHCOR Technologies Ltd. (ASHCOR) is an Alberta-based company engaged in the processing and marketing of ash, a waste byproduct of electricity generation.

(6) ATCO Electric Ltd. includes Electricity Distribution and Electricity Transmission. ATCO Gas and Pipelines Ltd. includes Natural Gas Distribution and Natural Gas Transmission. ATCO Gas Australia LP includes International Natural Gas Distribution. ATCO Power (2010) Ltd. and ATCO Power Australia (Energy) Limited Partnership are included in Electricity Generation. ATCO Energy Solutions Ltd. includes Storage & Industrial Water.

(7) ATCO Gas and Pipelines Ltd. and ATCO Electric Ltd. (Alberta Utilities) are wholly owned subsidiaries of CU Inc., which is 100 per cent owned by Canadian Utilities Limited.

(8) ATCO Energy Ltd. (ATCOenergy) provides retail electricity and natural gas service in Alberta.

(9) International Electricity Operations includes Canadian Utilities' 50 per cent ownership in LUMA Energy, LLC (LUMA Energy), a company formed to transform, modernize and operate Puerto Rico's 30,000 km electricity transmission and distribution system under an Operations and Maintenance Agreement with a 15-year term after a one-year transition period which began on June 22, 2020.

ATCO CORE VISION AND VALUES

EXCELLENCE: THE HEART & MIND OF ATCO

"Going far beyond the call of duty. Doing more than others expect.

This is what excellence is all about. It comes from striving, maintaining the highest standards, looking after the smallest detail and going the extra mile. Excellence means caring. It means making a special effort to do more."

R.D. Southern, Founder, ATCO

CORE VISION

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

CORE VALUES

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

ATCO STRATEGIES



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

ATCO's investments put us at the forefront of global trends. We deliver the enduring essentials required for a healthy global economy: shelter, logistics and transportation, agriculture, water, real estate, energy, and energy infrastructure.

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

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

INNOVATION

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

GROWTH

Our long-term strategy is focused on sustainable growth. We approach this strategy by: expanding geographically to meet the global needs of our customers; developing significant, value-creating greenfield projects; fostering continuous improvement; and delivering reliable, cleaner, and affordable energy for our customers.

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

FINANCIAL STRENGTH

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

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

OPERATIONAL EXCELLENCE

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

COMMUNITY INVOLVEMENT

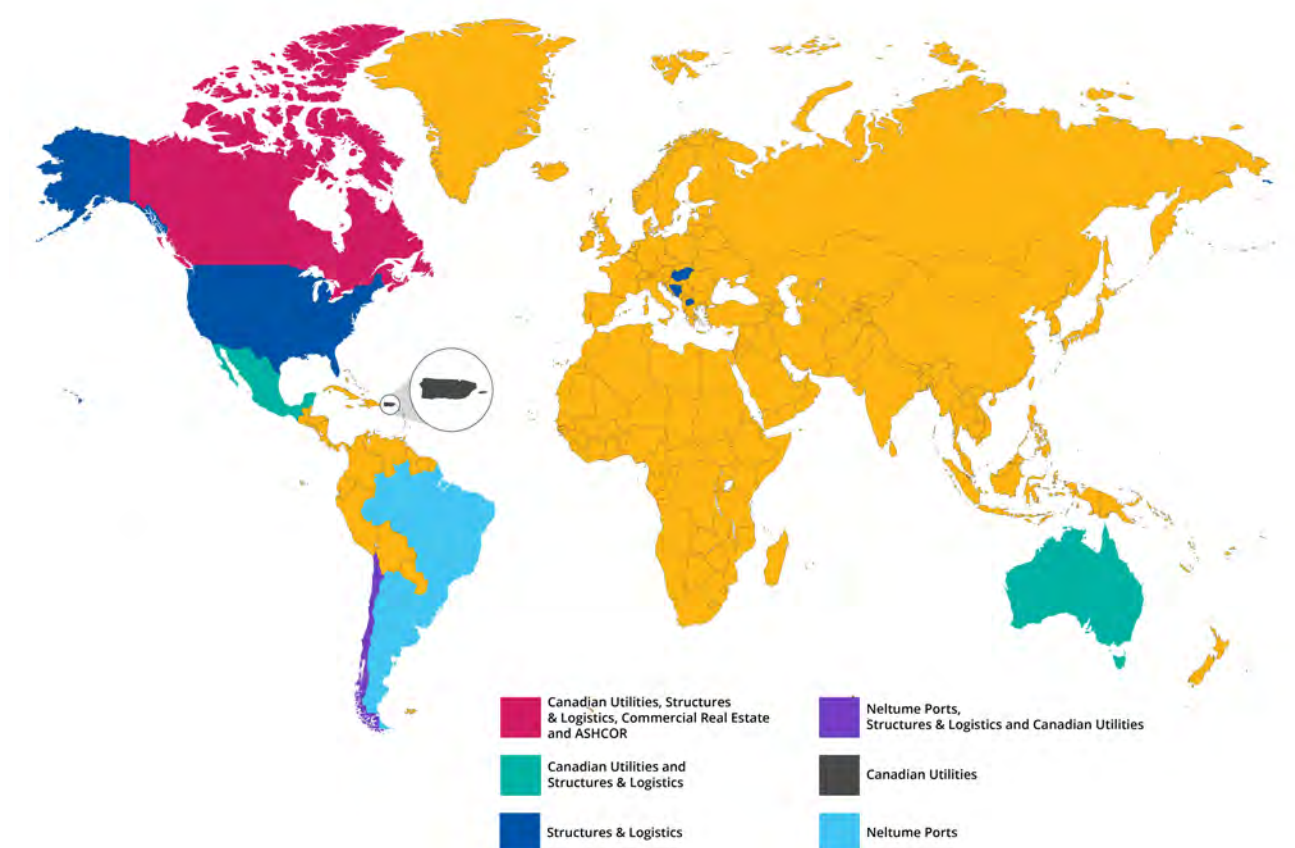
We are committed to a respectful and collaborative community approach, where meaningful partnerships and positive relationships are built with community leaders and groups that will enhance economic and social development. Community involvement creates the opportunity to develop partnerships with Indigenous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

FURTHER COMMENTARY REGARDING STRATEGIES AND COMMITMENTS

Our financial and operational achievements in 2020 relative to the strategies outlined above are included in the Company's 2020 MD&A and the 2020 Consolidated Financial Statements. Further commentary regarding strategies and commitments to growth, financial strength, innovation, operational excellence, and community involvement will be provided in the forthcoming 2020 Management Proxy Circular, Year in Review, and Sustainability Report. The 2020 Management Proxy Circular will also contain a discussion of the Company's corporate governance practices.

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

BUSINESS DESCRIPTION



With approximately 6,200 employees and assets of \$22 billion, ATCO is privileged to serve more than two million customers around the world, providing innovative, sustainable solutions in the sectors that are essential to global growth and prosperity: shelter, logistics and transportation, agriculture, water, real estate, energy, and energy infrastructure. From the delivery of efficient and reliable energy for homes, businesses and communities, to affordable temporary and permanent buildings, and transportation of products and services, we build communities, energize industries and deliver customer-focused infrastructure solutions.

At the heart of ATCO's strategy is the desire to be a unified provider of essential services for our customers, allowing them to avoid the challenges of utilizing a fragmented network of providers. Our unique market position, integrated capabilities, and exceptional customer care combine to create a competitive advantage that is difficult to replicate, and one that continues to deliver value to share owners through earnings and dividend growth.

Our growth strategy to diversify our mix of portfolio investments into new markets and business lines and prudently deploy capital underpins our ability to generate long-term growth and financial prosperity. Our steadfast commitment to our five strategic priorities of innovation, growth, financial strength, operational excellence, and community involvement has allowed ATCO to endure periods of macroeconomic instability while continuing to grow.



OVERVIEW

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

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



ATCO STRUCTURES

BUSINESS STRATEGY

Our strategy generates sustainable earnings growth by creating a culture of continuous improvement and providing our customers with exceptional customer service. Our growth strategy in each geography is delivered through the expansion of our space rentals business line, which provides the infrastructure and skilled personnel to leverage our strategic offering of workforce housing and permanent modular construction capabilities, and manufacturing solutions. We aim to continue to grow our business strategically across the globe to meet the needs of our customers anywhere.

MARKET OPPORTUNITIES

We are expanding fleet in our existing space rental geographies and targeting new geographies while streamlining our manufacturing platform to scale quickly and profitably when needed to capture workforce housing contracts. We continue to pursue customer diversification opportunities outside of the natural resource sector. Public infrastructure spending will continue to be a source of opportunity for ATCO Structures. Non-traditional modular markets such as public education facilities, high density urban residential housing, hotels, hospitals and correctional facilities continue to offer development opportunities. We have recently expanded our operations in parts of the US and Latin America, particularly Chile and Mexico, where we see strategic value and opportunity for the future. We will continue to evaluate organic and acquisition growth opportunities.

MARKET CHALLENGES

The modular construction industry is significantly influenced by capital spending cycles in the natural resource and construction sectors. Slower global economic activity has resulted in delayed or redeployed funding by our existing and potential customers which may not change until current macroeconomic conditions stabilize. There is also a high level of competition in the markets in which we operate both from traditional competitors and new product developers looking to enter the market or diversify their business.

WORKFORCE HOUSING

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

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



ATCO Sabinco, Manufacturing Facility, Santiago, Chile



BC Housing, Powell River, British Columbia

SPACE RENTALS

The space rentals business in Canada, Australia, the US, Chile and Mexico leases and sells re-locatable modular structures that can be used for office and commercial complexes, lunchrooms, storage facilities, lavatories, medical facilities, locker rooms and other re-locatable temporary structures.

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

Space rental products are generally offered to customers under lease packages that may include options to purchase. Lease terms vary depending on customer requirements. Customers with longer term requirements typically purchase rather than lease. Sales from the space rentals fleet assist in the costs to maintain a modern inventory of these units.

The following table compares ATCO Structures' rental fleet by geographic area for 2020 and 2019. ATCO Structures increased its space rentals fleet in 2020 primarily due to the continued strategic expansion in targeted geographies including the acquisition of the remaining 50 per cent interest in ATCO Structures' joint venture partnership of ATCO Sabinco S.A. completed on December 30, 2020. The decrease in the number of workforce housing units compared to the prior year was due to the sale of used and non-utilized fleet assets in the US and Australia.

Number of Units in Lease Fleet

| | 2020 | | 2019 | |
|-----------------------|-------------------|---------------|-------------------|---------------|
| | Workforce Housing | Space Rentals | Workforce Housing | Space Rentals |
| Canada | 1,340 | 5,325 | 1,322 | 4,995 |
| Australia | 306 | 8,011 | 474 | 8,188 |
| United States | 997 | 602 | 1,064 | 398 |
| Chile ⁽¹⁾ | 36 | 3,552 | 6 | 1,411 |
| Mexico ⁽²⁾ | — | 1,337 | — | 1,361 |
| Total | 2,679 | 18,827 | 2,866 | 16,353 |

(1) The acquisition of the remaining 50 per cent interest in ATCO Structures' joint venture partnership of ATCO Sabinco S.A., completed on December 30, 2020, resulted in an increase of 1,776 space rental units and 18 workforce housing units.

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

PERMANENT MODULAR CONSTRUCTION

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

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

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

MANUFACTURING

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

| LOCATION | sq. ft. |
|--------------------------|---------|
| Canada | |
| Calgary | 275,000 |
| United States | |
| Diboll, Texas | 90,000 |
| Australia | |
| Perth, Western Australia | 199,000 |
| Brisbane, Queensland | 330,000 |
| Mexico | |
| Guadalajara | 182,000 |
| Chile | |
| Santiago | 118,000 |

MAJOR CONTRACTS

The below tables summarize major contracts which were active or awarded during 2020.

| Contract | Customer | Country | Start Date | Rental Completion Date |
|--|------------------------------------|-----------|------------|------------------------|
| WORKFORCE HOUSING RENTAL CONTRACTS | | | | |
| BC Hydro Site C - Phase 2 Expansion | BC Hydro | Canada | Q4 2019 | Q2 2021 |
| Trans Mountain Expansion Project I | Trans Mountain Pipelines | Canada | Q2 2020 | Q1 2023 |
| Trans Mountain Expansion Project II | Trans Mountain Pipelines | Canada | Q3 2020 | Q2 2023 |
| China Lake Military Rebuild Phase I | Environmental Chemical Corporation | US | Q1 2021 | Q3 2023 |
| PERMANENT MODULAR CONSTRUCTION RENTAL CONTRACTS | | | | |
| Permanent Classrooms | Islamic College of Melbourne | Australia | Q3 2020 | Q1 2029 |

| Contract | Customer | Country | Start Date | Completion Date |
|--|----------------------------------|-----------|------------|-----------------|
| WORKFORCE HOUSING SALE CONTRACTS | | | | |
| Eliwana Project | Fortescue Metals Group (FMG) | Australia | Q2 2019 | Q1 2020 |
| Bay Village | Multiplex | Australia | Q3 2019 | Q3 2020 |
| Cedar Valley Lodge | LNG Canada | Canada | Q1 2019 | Q3 2021 |
| Peñasquito Mine Camp | Newmont Corporation | Mexico | Q1 2021 | Q4 2021 |
| PERMANENT MODULAR CONSTRUCTION SALE CONTRACTS | | | | |
| BC Housing - Powell River | Government of British Columbia | Canada | Q3 2019 | Q1 2020 |
| Grupo Modelo | IMSS | Mexico | Q3 2020 | Q3 2020 |
| BC Housing - New Westminster | Government of British Columbia | Canada | Q3 2019 | Q3 2020 |
| Permanent Classrooms | Victoria Department of Education | Australia | Q2 2020 | Q1 2021 |
| Health Care Complexes | UNOPS | Guatemala | Q4 2020 | Q1 2021 |
| BC Housing - Surrey | Government of British Columbia | Canada | Q3 2020 | Q2 2021 |

Workforce Housing Rental Contracts

BC Hydro Site C Two Rivers Lodge – Phase 2 Expansion

In 2016, ATCO Structures commenced a supply and installation contract at the BC Hydro Site C Two Rivers Lodge for up to 1,750 workers.

In 2019, ATCO Structures was awarded an additional 12 dorm, 444-person expansion camp to house workers at the BC Hydro Site C Clean Energy Project in Peace River, BC, Canada. The rental fleet units were built in the Calgary manufacturing plant commencing in the fourth quarter of 2019 and through to the first quarter of 2020.

Mobilization to site began in the first quarter of 2020 and the 12-month rental began in the second quarter of 2020.

Trans Mountain Expansion Project

ATCO Structures commenced manufacturing and construction in the second quarter of 2020 on the first of two workforce housing camp rental contracts awarded in 2020. The camps will accommodate approximately 1,150 persons in total to support the construction of the Trans Mountain Expansion project. In the third quarter, ATCO Structures completed and handed over the first camp and repurposed existing fleet to supply the second camp, which was completed and handed over to the client in the fourth quarter of 2020. Rental contracts for both camps will continue through 2023.

China Lake Military Rebuild - Environmental Chemical Corporation

In the fourth quarter of 2020, ATCO Structures was awarded a \$12 million contract for phase I of the China Lake Military Rebuild project. The project will support the rebuild and expansion of the China Lake Military Base in southern California. The military base was damaged by two major earthquakes in July 2019. The 450-person camp for phase I will remain on rent for 31 months and is expected to commence in the first quarter of 2021.

Permanent Modular Construction Rental Contracts

Permanent Classrooms - Islamic College of Melbourne

During the fourth quarter of 2020, installation activity commenced for an eight-year contract with the Islamic College of Melbourne. Manufacturing at ATCO Structures' Brisbane facility in Queensland commenced in the third quarter of 2020 and installation is expected to be complete in the first quarter of 2021.



Islamic College of Melbourne, Melbourne, Victoria, Australia

Workforce Housing Sale Contracts

Eliwana Project - Fortescue Metals Group (FMG)

In the second quarter of 2019, ATCO Structures was awarded a contract for the relocation of 800 rooms from Wheatstone to the FMG Eliwana Project in north Western Australia. The project team mobilized to the Wheatstone site in the second quarter of 2019 and decommissioning work commenced. ATCO Structures completed final installation of the Karratha village in 2020, providing permanent facilities for about 1,000 people who work at the Eliwana site, including dining facilities, a swimming pool, a cricket pitch, a fitness studio and a theatre.

Bay Village - Multiplex

In the third quarter of 2019, ATCO Structures was awarded a contract to design, manufacture and install a 604-person, two-story facility to accommodate employees of the Woodside Energy Project for Australia's leading natural gas producer, Multiplex in Karratha, Western Australia. Construction on the facility was completed in the third quarter of 2020.

Cedar Valley Lodge - LNG Canada

In December 2018, ATCO Structures LNG Limited Partnership entered into a joint venture with a subsidiary of Bird Construction Inc. and the Haisla Nation, to design, engineer and construct a 4,500-person workforce accommodation centre, known as the Cedar Valley Lodge. The project is one of the largest accommodation facilities ever built in Canada and will provide high quality amenities for the LNG Canada workforce. The facility is being built to house workers involved in the construction of LNG Canada's natural gas liquefaction and export facility. Manufacturing began in the first quarter of 2019 and was completed in the second quarter of 2020. Installation activity will continue until the third quarter of 2021.

ATCO has executed several operational support services contracts and modular site accommodation projects within the Kitimat region. Since 2011, the Company has operated a successful joint-venture partnership with the Haisla Nation.

Peñasquito Mine Camp - Newmont Corporation

In the fourth quarter of 2020, ATCO Structures was awarded a \$13 million contract with Newmont Corporation to supply a 600-person camp to house workers at the Peñasquito Mine in the state of Zacatecas, Mexico. The camp is expected to be complete in the fourth quarter of 2021.

Permanent Modular Construction Sale Contracts

BC Housing - Government of British Columbia

During 2019 and 2020, ATCO Structures secured several projects with the Government of British Columbia's supportive housing program. The housing projects provide affordable housing to low income individuals and families across the province. In the first quarter of 2020, ATCO Structures completed a \$9 million, 44-unit apartment complex in Powell River, BC. In the third quarter of 2020, ATCO Structures completed a \$9 million, 44-unit apartment complex in New Westminster, BC. Site work and manufacturing commenced on an additional 61-unit apartment complex in Surrey, BC in the third quarter of 2020. The \$14 million contract is expected to be handed over to BC Housing in the second quarter of 2021.

Instituto Mexicano del Seguro Social (IMSS) - Grupo Modelo

In the second quarter of 2020, ATCO Structures was awarded a design, supply and installation contract for two modular hospital facilities in Mexico City and Tijuana to support the fight against COVID-19. These two facilities were installed in the third quarter of 2020.

Permanent Classrooms - Victoria Department of Education

In the first half of 2020, ATCO Structures was awarded multiple contracts with the Victoria Department of Education to design, manufacture and install 50 permanent modular classrooms in Melbourne, Australia. Installation work for 30 classrooms was completed in 2020 and the remaining classrooms are expected to be complete in early 2021.



Permanent Modular Classrooms, Melbourne, Victoria, Australia

Health Care Complexes - United Nations Office for Project Services (UNOPS)

In the fourth quarter of 2020, ATCO Structures commenced work on the previously awarded \$12 million contract with the United Nations Office for Project Services (UNOPS) to supply two healthcare complexes in Guatemala with 7,400 m² of clinic space for the treatment of patients with COVID-19. The facility will be complete in 2021.

ATCO FRONTTEC

BUSINESS STRATEGY

Our strategy is to enhance our competitive position through diversification of our existing workforce lodging and facility operations and maintenance service client base, expand into new geographies, and continuously refine our business practices.

MARKET OPPORTUNITIES

We see opportunity to expand our operations and maintenance services and workforce housing businesses in Canada and the US through our own business relationships and partnering with ATCO Structures. Opportunities for growth in our disaster and emergency management and defence operations services business will be pursued as we continue to build from our existing base of contracts.

MARKET CHALLENGES

Continued uncertainty in the natural resource sector in Canada may limit the demand for workforce housing and associated camp services. We are pursuing contracts with customers whose projects remain subject to comprehensive approval processes.



ATCO Fronttec, facility operations and maintenance, NATO Flying Training, Moose Jaw, Saskatchewan

MAJOR CONTRACTS

Major contracts as of December 31, 2020 are shown in the tables below.

| Contract | Customer | Country | Start Date | Completion Date |
|--|--|----------------------|------------|-----------------|
| FACILITY OPERATIONS AND MAINTENANCE CONTRACTS | | | | |
| Papa Air Base Facilities Management | NATO Airlift Management Programme (NAMP) | Hungary | Q2 2016 | Q2 2021 |
| NATO Flying Training | CAE Military Aviation Training Inc. | Canada | Q2 2000 | Q2 2021 |
| Iqaluit Fuel | Government of Nunavut | Canada | Q4 2007 | Q4 2021 |
| NATO HQ CIS Support | NATO Support and Procurement Agency (NSPA) | Bosnia & Herzegovina | Q3 2003 | Q4 2021 |
| National Research Council | National Research Council (NRC) of Canada | Canada | Q1 2018 | Q1 2023 |
| Real Property North | Defence Construction Canada (DCC) | Canada | Q1 2018 | Q1 2023 |
| NATO Fire Protection | NATO Support and Procurement Agency (NSPA) | Kosovo | Q1 2015 | Q4 2024 |
| Alaska Radar System | U.S. Department of the Air Force (USDAF) | US | Q4 2016 | Q4 2026 |

| Contract | Customer | Country | Start Date | Completion Date |
|--|--|---------|------------|-----------------|
| WORKFORCE LODGING & SUPPORT CONTRACTS | | | | |
| Elkford Lodge | Teck Coal Limited | Canada | Q2 2019 | Q4 2021 |
| Coeur Mining O&M Services | Coeur Mining Inc. | Canada | Q4 2018 | Q4 2021 |
| Coastal GasLink | Coastal GasLink Pipeline Limited Partnership | Canada | Q2 2019 | Q3 2022 |
| Site C Two Rivers Lodge | BC Hydro | Canada | Q1 2016 | Q4 2022 |
| TransMountain Expansion Project I | TransMountain Pipelines | Canada | Q2 2020 | Q4 2022 |
| TransMountain Expansion Project II | TransMountain Pipelines | Canada | Q3 2020 | Q1 2023 |
| China Lake Military Rebuild Phase I | Environmental Chemical Corp | US | Q1 2021 | Q3 2023 |

Facility Operations and Maintenance Contracts

Papa Air Base Facilities Management

ATCO Frontec has a five-year contract that started in the second quarter of 2016 to provide facilities management to the NSPA Strategic Airlift Capability (SAC) at Papa Airbase, Hungary. The SAC is a consortium of 12 partner nations to pool resources in order to operate Boeing C-17 Globe master III aircraft for joint strategic airlift purposes. The building area of approximately 25,000 square metres includes a state of the art hangar which can fully service a Boeing C-17 aircraft in a controlled environment. With approximately 40 staff in total, ATCO Frontec provides all maintenance and cleaning services for the facilities.

NATO Flying Training

ATCO Frontec manages, operates and maintains facilities to support NATO flying Training in Canada (NFTC) located at 15 Wing, Moose Jaw. This contract has been held by the Company since 2000 and negotiations are ongoing for a contract extension.

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

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

Iqaluit Fuel

In the second quarter of 2007, the Government of Nunavut awarded UQSUQ, a joint venture between ATCO Frontec and Nunavut Petroleum Corporation, a contract for bulk fuel delivery services in Iqaluit, Nunavut. The original contract commenced in the fourth 2007. The current contract is in place until the fourth quarter of 2021.

UQSUQ has submitted a proposal for the rebid of the contract for 10 years with a 5-year extension option starting the fourth quarter of 2021. UQSUQ is currently engaged in commercial negotiations for this contract.



ATCO Frontec Iqaluit Fuel truck, Iqaluit, Nunavut

NATO HQ CIS Support

For over 15 years, ATCO Frontec has held a contract to provide NSPA communication and information systems support to the NATO headquarters at the 820-person Camp Butmir near Sarajevo, Bosnia. With a staff of approximately 20 specialists, ATCO Frontec provides system administration; automated data processing maintenance; help desk services; database and configuration management services; network control desk, integrated digital network exchange including video teleconferencing and NATO cryptography; and line team support functions. This contract was extended on its final option year to the fourth quarter of 2021.

National Research Council

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

Real Property North

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

NATO Fire Protection

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

Alaska Radar System

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

Workforce Lodging & Support Contracts

Elkford Lodge

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

Coeur Mining O&M Services

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

Coastal GasLink

In the fourth quarter 2018, ATCO Frontec and its joint venture partner, the Haisla Nation, were chosen to provide workforce housing and operational support services for the three camps in the Haisla territory to support the construction of the Coastal GasLink pipeline in British Columbia. The contract started in the second quarter of 2019 and is expected to continue until the third quarter of 2022.

Site C Two Rivers Lodge

In the first quarter of 2016, ATCO Frontec commenced a workforce lodging and support contract at the Site C Energy Project located near Fort St. John, British Columbia. ATCO Frontec is providing a full suite of lodge-related services including catering, janitorial, maintenance, medical and fire protection until late 2022 for 1,750 workers. In the second quarter of 2020, the contract was expanded to accommodate up to 2,194 workers.

Trans Mountain Expansion Projects

In 2020, ATCO Frontec was awarded two workforce lodging and support contracts for approximately 1,150 persons to support the completion of the Trans Mountain Expansion project in British Columbia. One site will be operated from the second quarter of 2020 to the fourth quarter of 2022 and the other site from the third quarter of 2020 to the first quarter 2023. The lodge-related services include the catering, janitorial, maintenance, medical and fire protection at both sites.



Trans Mountain Expansion Project Camp, Valemount, British Columbia

China Lake Military Rebuild

In the fourth quarter of 2020, ATCO Frontec was awarded a 31-month workforce lodging services contract for approximately 450 persons to support the phase I rebuild of the China Lake Military Base. The contract is expected to commence in the first quarter of 2021.



OVERVIEW

ATCO has a 40 per cent interest in Neltume Ports. Neltume Ports is a port operator and developer with a diversified portfolio of multipurpose, bulk cargo and container terminals located primarily in Chile with additional operations in Uruguay, Argentina, and Brazil. Neltume Ports employs approximately 7,200 people and operates 16 port facilities and three port operation services businesses. A seventeenth port is under construction and is expected to be in service in 2021. In 2020, Neltume Ports handled 45 million tonnes of product, including copper, forestry products, consumer goods and agricultural products.

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



BUSINESS STRATEGY

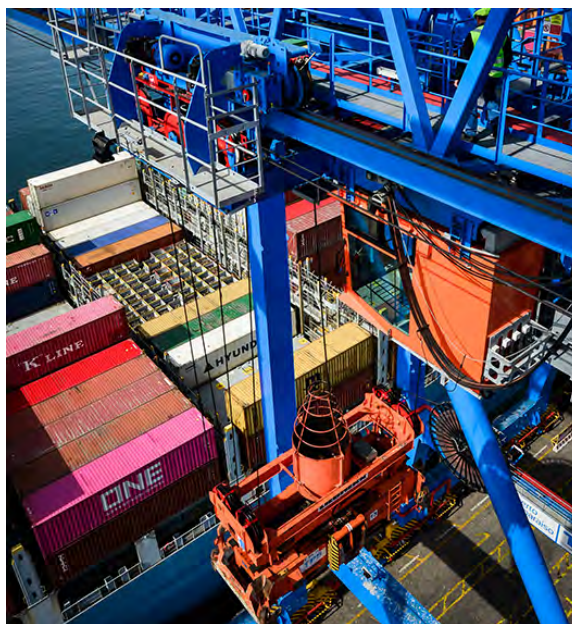
Neltume Ports' strategy is focused on continuous improvement initiatives to refine operational practices throughout all facets of its business. Sustained growth will continue to be achieved by improving margins, increasing volumes and ownership at existing ports, and investing in brownfield, greenfield and acquisition opportunities throughout the Americas. Most of Neltume's existing ports are underpinned by long-term contracts or concessions and are strategically located near major resource or agriculture hubs, as well as high density areas of economic importance. The business environment is also supported by key partnerships with shipping lines and cargo owners.

MARKET OPPORTUNITIES

Through Neltume Ports' exposure to global trade and transportation, the business is able to capitalize on increasing demand for resources, particularly copper, agriculture and forestry products, as well as on other macroeconomic factors. Neltume Ports continuously reviews opportunities to increase its ownership position in ports that are jointly owned. Brownfield expansion opportunities at ports also exist. Greenfield and acquisition expansion potential will continue to be evaluated.

MARKET CHALLENGES

The Latin American economy may experience a slow recovery from the COVID-19 pandemic. The ports industry by nature is sensitive to changes in international trade, commodity prices and foreign exchange and therefore prolonged economic recovery could impact Neltume Ports. There is exposure to certain countries with a higher possibility of political unrest.



Terminal Pacifico Sur, Valparaíso, Chile

PORTS

| Port Name | Neltume Ownership (%) | Country | Terminal Type | Key Cargo | Concession End | Concession Extension Option |
|--|-----------------------|---------------|------------------|-------------------|----------------|-----------------------------|
| Terminal Puerto Arica | 50 | Chile | Container | Mixed | 2034 | N/A |
| Terminal Puerto Angamos | 40 | Chile | Multi | Copper | 2033 | 2043 |
| Terminal Graneles del Norte | 40 | Chile | Dry Bulk | Coal/Copper | 2044 | N/A |
| Puerto Mejillones | 50 | Chile | Dry Bulk | Copper/Zinc | Private | N/A |
| Terminal Mejillones | 50 | Chile | Liquid Bulk | Sulfuric Acid | Private | N/A |
| Terminal Puerto Coquimbo | 70 | Chile | Multi | Copper | 2032 | 2042 |
| Terminal Pacifico Sur | 60 | Chile | Container | Fruit/Wine | 2029 | N/A |
| Puerto Coronel | 17 | Chile | Multi | Pulp/Wood | Private | N/A |
| Terminal Puerto Rosario | 50 | Argentina | Multi | Mixed | 2032 | N/A |
| Montecon | 100 | Uruguay | Container | Mixed | Public | N/A |
| Terminales Graneleras Uruguayas | 54 | Uruguay | Dry Bulk | Soy Beans | 2029 | N/A |
| Terminal Ontur | 20 | Uruguay | Multi | Agriculture/ Pulp | Private | N/A |
| Sagres - Four Ports (TLRG, TLP, TPP, TLG) | 86 | Brazil | Multi | Pulp/Wood | Private | N/A |
| Automobile International Terminal (under construction) | 50 | United States | Roll-on Roll-off | Vehicles | 2030 | 2050 |

New Port Under Construction - AutoMobile International Terminal

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

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



Construction Site of RoRo terminal, Mobile, Alabama



OVERVIEW

ATCO Corporate & Other contains ATCO Land and Development Ltd. which is a commercial real estate business that holds investments for sale, lease or development, as well as ASHCOR, an Alberta-based company engaged in the processing and marketing of ash, a waste byproduct of electricity generation. ATCO Corporate & Other also includes the global corporate head office in Calgary, Canada, ATCO licensing fees received, and financing expenses associated with the Neltume Ports investment.

REAL ESTATE

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

The current portfolio includes 15 commercial real estate properties, including 417,000 square feet of office property, 90,000 square feet of industrial property and 315 acres of land.

ASHCOR

ASHCOR is an Alberta-based company with a 20-year history, engaged in recycling and marketing of ash, a waste byproduct of electricity generation. ASHCOR recently engineered a new commercial solution that expands its ability to recycle ash previously stored in the ground. The unique properties of ASHCOR's recycled ash product offers many performance and financial benefits across a wide variety of applications including ready mix concrete and oil well cementing. It also creates a useful product from what would otherwise be industrial waste.



OVERVIEW

Canadian Utilities is a diversified global energy infrastructure corporation delivering service excellence and innovative business solutions in Utilities (Electricity and Natural Gas Transmission and Distribution, and International Electricity Operations); Energy Infrastructure (Electricity Generation, Energy Storage, and Industrial Water Solutions); and Retail Energy (Electricity and Natural Gas Retail Sales).

UTILITIES

OVERVIEW

The Utilities' business unit's activities consist of four regulated utilities (Electricity Transmission and Distribution, and Natural Gas Transmission and Distribution) in Alberta, Saskatchewan and northern regions of Canada, that have delivered reliable electricity and cleaner-burning natural gas to customers for many decades, a regulated natural gas distribution business in Western Australia, and the newly formed International Electricity Operations business in Puerto Rico, which includes Canadian Utilities' 50 per cent ownership in LUMA Energy.

BUSINESS STRATEGY

Our strategy is to invest in regulated electricity and natural gas distribution and transmission assets, capitalize on opportunities to provide long-term contracted electricity and natural gas transmission and distribution services, and consistently deliver reliable, affordable and cleaner energy for our customers.

MARKET OPPORTUNITIES

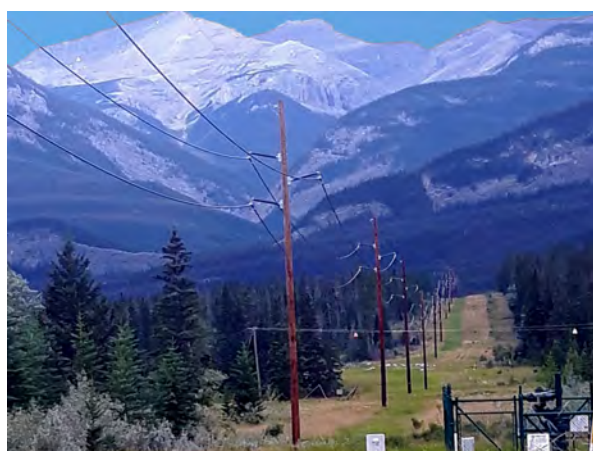
The utilities industry is changing with an increased focus on decarbonization, digitalization, decentralization, and evolving customer demand. Continuing climate change concerns, evolving regulations to encourage the advancement of new technologies, emission reduction targets, and government incentives present opportunities for utility companies. Our natural gas and electric utilities are well positioned to capitalize on these trends. Our strategic priorities remain focused on investments that provide lower emissions and cleaner energy solutions for our customers, while continuing to invest in our core business.

MARKET CHALLENGES

Traditional utility industry challenges include the regulator's approval of customer rates that permit a reasonable opportunity to recover service costs on a timely basis, including a fair return on invested capital. The increasing move towards decarbonization, arrival of new smart-grid technologies, renewable energy generation, decentralized generation, energy storage and digital transformation has forced the traditional utility sector to reinvent itself and adapt to remain competitive. These new challenges present new policy and technology risks that could lead to disruption of the Company's existing business models and create new competitive market dynamics.



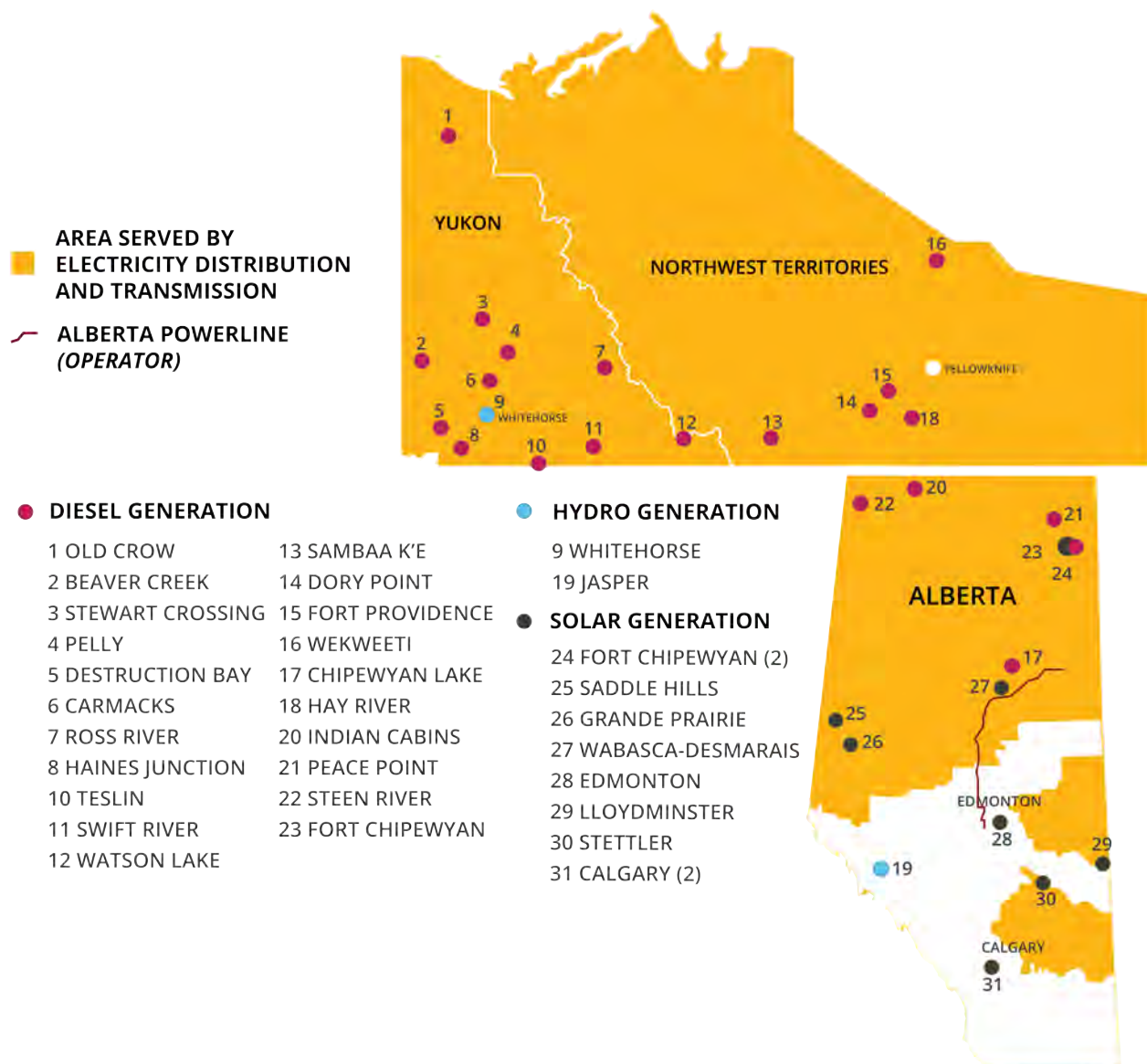
Electricity Distribution, Maintenance Work, Alberta



Jasper Interconnection Project, Alberta

ELECTRICITY DISTRIBUTION AND TRANSMISSION

The following map shows the areas served by Electricity Distribution and Electricity Transmission, as well as the locations of electricity generation owned or operated by Electricity Distribution and Transmission, in western and northern Canada.



Electricity Distribution and Transmission

Electricity Distribution and Transmission transmit and deliver electricity to approximately 240 communities and rural areas in east-central and Northern Alberta. Among those served are the communities of Drumheller, Lloydminster, Grande Prairie, and Fort McMurray as well as the oil sands areas near Fort McMurray and the heavy oil areas near Cold Lake and Peace River. Electricity utility service is also provided to three communities in Saskatchewan. Electricity Distribution and Transmission is headquartered in Edmonton and has 38 offices throughout its service area.

ATCO Electric Yukon (AEY) serves 19 communities in the Yukon, including the capital city of Whitehorse, and one community in British Columbia. Northland Utilities is a partnership between ATCO Ltd. and Denendeh Investments Incorporated, which represents the 27 Dene First Nations of the Northwest Territories. Northland Utilities has two operating divisions: Northland Utilities (NWT) Limited and Northland Utilities (Yellowknife) Limited (NUY). NUY and NWT serve nine communities in the Northwest Territories, including the capital city of Yellowknife.

Approximately 665,000 people live in the principal markets for electric utility service by Electricity Distribution and Transmission and its subsidiaries NUY, NWT and AEY. Service is provided to approximately 260,000 customers. Electricity Distribution and Transmission has been assigned approximately 65 per cent of the designated service area within Alberta. This service area contains approximately 14 per cent of the provincial electrical load and 13 per cent of the population.

The numbers of customers served by Electricity Distribution and Transmission, NUY, NWT and AEY at the end of 2020 and 2019 are shown below.

| | 2020 | | 2019 | |
|----------------------|---------|-----|---------|-----|
| | Number | % | Number | % |
| Industrial | 9,903 | 4 | 10,295 | 4 |
| Commercial | 34,652 | 13 | 34,686 | 14 |
| Residential | 183,858 | 71 | 182,726 | 70 |
| Rural, REA and other | 32,139 | 12 | 32,042 | 12 |
| Total | 260,552 | 100 | 259,749 | 100 |

Electricity distributed to the various classes of customers in 2020 and 2019 is shown below.

| | 2020 | | 2019 | |
|----------------------|--------|-----|--------|-----|
| | GWh | % | GWh | % |
| Industrial | 7,820 | 65 | 8,392 | 66 |
| Commercial | 2,254 | 19 | 2,395 | 19 |
| Residential | 1,384 | 11 | 1,321 | 10 |
| Rural, REA and other | 554 | 5 | 556 | 5 |
| Total | 12,012 | 100 | 12,664 | 100 |

Electricity Distribution and Transmission, NUY, NWT and AEY own and operate extensive electricity transmission and distribution systems. The systems consist of approximately 11,000 km of transmission lines and approximately 60,000 km of distribution lines. In addition, Electricity Distribution and Transmission deliver power to and operate approximately 3,500 km of distribution lines owned by Rural Electrification Associations (REA).

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

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

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

Under the Electric Utilities Act (Alberta) (EUA), wholesale tariffs for electricity transmission must be approved by the Alberta Utilities Commission (AUC). Transmission tariffs allow any owner of a generating unit to access the Alberta transmission system and thus facilitate the sale of its power. The same transmission tariff is charged to each distribution utility or customer directly connected to the transmission system, regardless of location.

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

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

Alberta PowerLine

Canadian Utilities is the operator of Alberta PowerLine (APL) under a 35-year contract. APL owns a 500-km, 500-kV electricity transmission line running from Wabamun to Fort McMurray Alberta. APL is 60 per cent owned by TD Asset Management Inc. for and on behalf of TD Greystone Infrastructure Fund (Global Master) L.P., and IST3 Investment Foundation acting on behalf of its investment group IST3 Infrastruktur Global. The other 40 per cent is owned by seven Indigenous communities in Alberta: Athabasca Chipewyan First Nation, Bigstone Cree Nation, Gunn Metis Local 55, Mikisew Cree First Nation, by way of its business arm, the Mikisew Group of Companies, Paul First Nation, Sawridge First Nation and Sucker Creek First Nation.

Electricity Generation

Hydroelectric, Diesel and Solar Generation

Electricity Distribution and Transmission owns or operates 23 hydroelectric and diesel-generating plants, and 10 solar sites with an aggregate nameplate capacity of 48-MW in Alberta, the Yukon and Northwest Territories.

The hydroelectric assets include one facility in Whitehorse and one in Jasper that each generate 1.4-MW of hydroelectric power. The diesel sites are spread throughout the Yukon, Northwest Territories and Alberta and serve remote communities that are not connected to the grid. The solar sites in Alberta include rooftop and ground mounted solar sites including the Fort Chipewyan Solar Project.

Fort Chipewyan Solar Project

On November 18, 2020, Canadian Utilities completed Canada's largest off-grid solar project, providing the remote Northern Alberta community of Fort Chipewyan with clean energy.

In partnership with Three Nations Energy (3NE), which is jointly owned by the Athabasca Chipewyan First Nation, Mikisew Cree First Nation and Fort Chipewyan Métis Association, Canadian Utilities designed and built the two-phased project which includes a 600-kW solar farm, owned and operated by Canadian Utilities, and a 2,200-kW solar farm owned by 3NE and operated by Canadian Utilities.

Fort Chipewyan, located about 150 kilometres away from the nearest tie-in to Alberta's electric grid, is home to nearly 1,000 residents who rely on diesel-fueled generation for electricity. Each year, diesel is transported by trucks on a winter ice road, which recently has only been open for a six-week period. The solar project will provide about 25 per cent of Fort Chipewyan's electricity needs annually, reducing trucking and consumption of diesel fuel by approximately 800,000 litres per year – equivalent to a decrease in greenhouse gas emissions by 2,145 tons annually.



Fort Chipewyan Solar Project, Fort Chipewyan, Alberta

INTERNATIONAL ELECTRICITY OPERATIONS

LUMA Energy

On June 22, 2020, LUMA Energy, a newly-formed company owned 50 per cent by Canadian Utilities and 50 per cent by Quanta Services, Inc., was selected by the P3A to transform, modernize and operate Puerto Rico's 30,000-km electricity transmission and distribution system over a term of 15 years after a one-year transition period. The transition period commenced in the second quarter of 2020.

This innovative arrangement allows the Puerto Rico Electric Power Authority to retain ownership of all utility assets while benefiting from the expertise of a qualified operator. LUMA Energy combines Canadian Utilities' world-class utility operations and customer service expertise with Quanta's superior utility services and project execution capabilities.



LUMA Energy, Canóvanas, Puerto Rico

Key financial terms associated with the LUMA Energy contract are highlighted in the table below.

USD (millions)

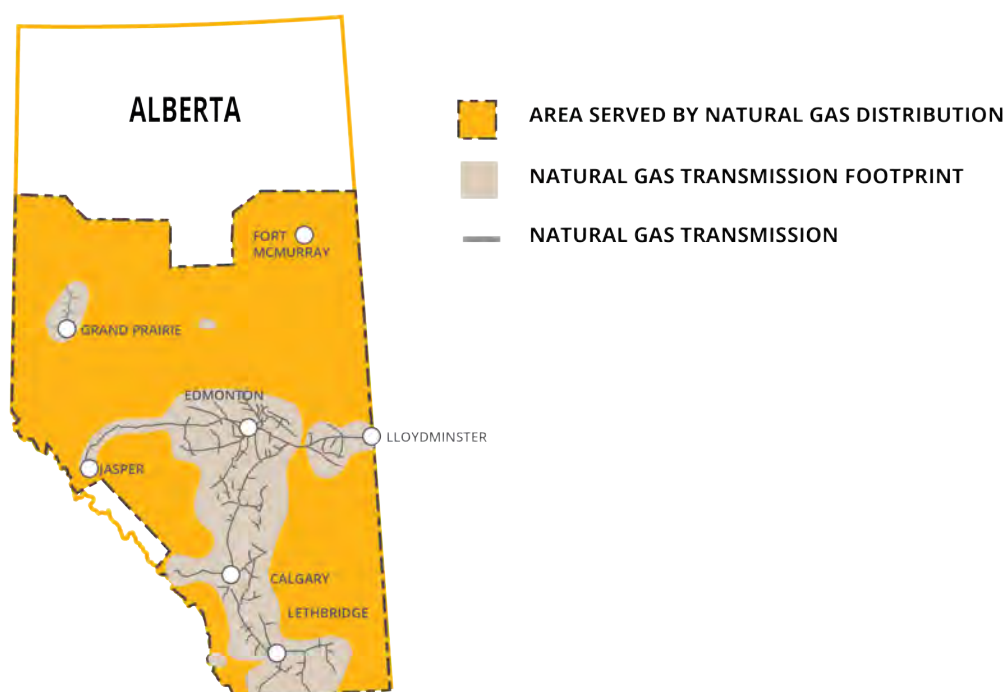
| | Front-End Service Fee ⁽¹⁾ | Fixed Fee ^{(1) (2)} (paid monthly) | Potential Incentive Fee ^{(1) (2)} |
|-------------------|--------------------------------------|--|---|
| Transition Period | 60 | | |
| Contract Year 1 | | 70 | 13 |
| Contract Year 2 | | 90 | 17 |
| Contract Year 3 | | 100 | 19 |
| Contract Year 4+ | | 105 | 20 |

(1) All compensation figures above are at the LUMA Energy level. Canadian Utilities Limited holds a 50 per cent interest in LUMA Energy.

(2) Fixed Fee and Incentive Fee are escalated annually at US CPI.

NATURAL GAS DISTRIBUTION AND TRANSMISSION

The following map shows the areas served by Natural Gas Distribution and Natural Gas Transmission in Alberta.



Natural Gas Distribution

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

Natural Gas Distribution's principal markets for distributing natural gas are in Edmonton, Calgary, Airdrie, Fort McMurray, Grande Prairie, Lethbridge, Lloydminster, Red Deer, Spruce Grove, St. Albert and Sherwood Park. These communities have a combined population of approximately 2.9 million. Approximately 76 per cent of Natural Gas Distribution's customers were located in these 11 communities in 2020. Also served are 279 smaller communities as well as rural areas with a combined population of approximately 770,000.

The number of customers served by Natural Gas Distribution at the end of 2020 and 2019 is shown below.

| | 2020 | | 2019 | |
|-------------|-----------|-----|-----------|-----|
| | Number | % | Number | % |
| Residential | 1,145,193 | 92 | 1,131,342 | 92 |
| Commercial | 101,839 | 8 | 100,698 | 8 |
| Industrial | 345 | — | 346 | — |
| Other | 4 | — | 7 | — |
| Total | 1,247,381 | 100 | 1,232,393 | 100 |

The quantity of natural gas distributed by Natural Gas Distribution in 2020 and 2019 is shown below.

| | 2020 | | 2019 | |
|-------------|-------|-----|-------|-----|
| | PJ | % | PJ | % |
| Residential | 129.5 | 47 | 133.3 | 47 |
| Commercial | 130.7 | 48 | 137.3 | 48 |
| Industrial | 12.7 | 5 | 13.7 | 5 |
| Other | 0.2 | — | 0.3 | — |
| Total | 273.1 | 100 | 284.6 | 100 |

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

Natural Gas Distribution delivers natural gas in incorporated communities under the authority of franchises or by-laws and in rural areas under approvals, permits or orders issued through applicable statutes. It currently has 169 franchise agreements with communities throughout Alberta. These franchise agreements detail the rights granted to natural gas distribution and its obligations to deliver natural gas services to consumers in the municipality.

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

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

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

Hydrogen Blending Project

In July 2020, Canadian Utilities was awarded funding from Emission Reduction Alberta's Natural Gas Challenge to advance a first-of-its-kind hydrogen blending project in Fort Saskatchewan, Alberta. Once complete, the project will be Canada's largest hydrogen blending project, injecting an initial five per cent hydrogen by volume into a section of Fort Saskatchewan's residential natural gas distribution network.

Canadian Utilities' project will use hydrogen derived from domestically-produced natural gas, with the intent to eventually leverage Alberta's existing carbon capture and sequestration infrastructure to store emissions associated with the production process.

Natural Gas Transmission

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

Natural Gas Transmission owns and operates an extensive natural gas transmission system. The system currently consists of approximately 9,000 km of pipelines, 16 compressor sites, approximately 3,700 receipt and delivery points, and a salt cavern natural gas storage peaking facility near Fort Saskatchewan, Alberta. The system has 180 producer receipt points, one interconnection with Alliance Pipeline, and one interconnection with Many Islands Pipelines. Peak delivery capability of the natural gas transmission system is 4 billion cubic feet per day.

Pembina-Kepphills

In the second quarter of 2020, Natural Gas Transmission completed and placed in-service the \$230 million Pembina-Kepphills transmission pipeline. The 59-km high-pressure natural gas pipeline supports coal-to-gas conversion of power producers in the Genesee and surrounding areas of Alberta with the capacity to deliver up to 550-TJ per day.

Pioneer Pipeline Acquisition

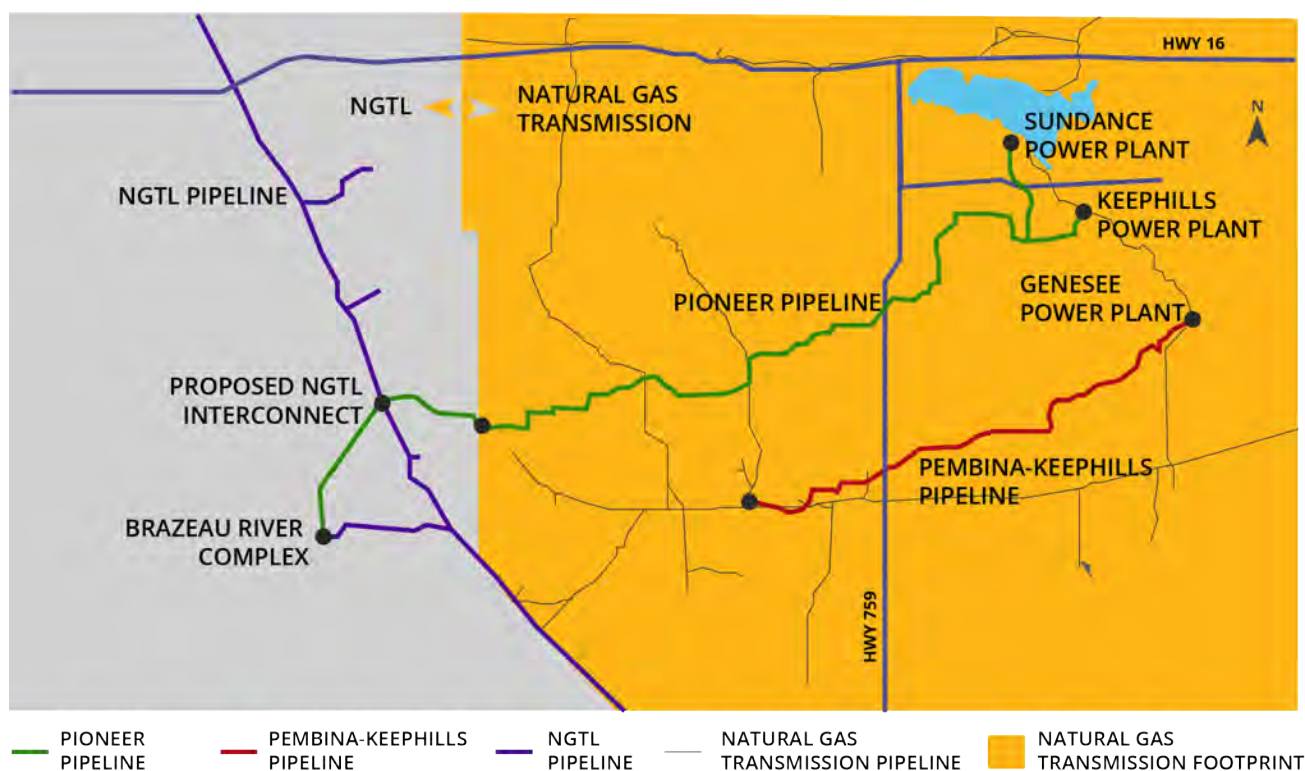
On September 30, 2020, Natural Gas Transmission entered into an agreement to acquire the Pioneer Pipeline from Tidewater Midstream & Infrastructure Ltd. (Tidewater) and its partner TransAlta Corporation (TransAlta) for a purchase price of \$255 million. The 131-km natural gas pipeline runs from the Drayton Valley area to the Wabamun area west of Edmonton, Alberta.

This agreement replaces the previously announced Tidewater and TransAlta purchase and sale agreement to sell the Pioneer Pipeline to NOVA Gas Transmission Ltd. (NGTL) and is under substantially similar terms.

NGTL and Natural Gas Transmission agreed that, consistent with the geographic areas defined in their Integration Agreement, Natural Gas Transmission would transfer to NGTL the 30-km segment of the Pioneer Pipeline located in the NGTL footprint for approximately \$63 million. Natural Gas Transmission will retain ownership and continue to operate the portion of the Pioneer Pipeline located in the Natural Gas Transmission footprint. Upon completion of this transfer, and some additional investment to connect the pipeline to the existing system, the Pioneer Pipeline acquisition will add a net \$200 million to the Natural Gas Transmission asset base.

The transaction is subject to customary conditions in a transaction of this nature including regulatory approvals by the AUC and the Alberta Energy Regulator, which are expected by the second quarter of 2021.

Following the close of the transaction, the Pioneer Pipeline will be integrated into NGTL's and ATCO's Alberta integrated regulated natural gas transmission systems to provide reliable natural gas supply to TransAlta's power generating units at Sundance and Keephills, facilitating the conversion of these coal plants to cleaner-burning natural gas.



INTERNATIONAL NATURAL GAS DISTRIBUTION

International Natural Gas Distribution's operations are shown in the following map.



International Natural Gas Distribution provides natural gas distribution services in Western Australia and serves approximately 776,000 customers in 18 communities, including metropolitan Perth and surrounding regions such as Geraldton, Bunbury, Busselton, Kalgoorlie, Harvey, Pinjarra, Brunswick Junction and Capel. International Natural Gas Distribution owns and operates approximately 14,000 km of natural gas pipelines and associated infrastructure and also distributes liquefied petroleum gas (LPG) to the community of Albany.

The number of customers served by International Natural Gas distribution at the end of 2020 and 2019 is shown below.

| | 2020 | | 2019 | |
|-------------|---------|-----|---------|-----|
| | Number | % | Number | % |
| Residential | 761,603 | 98 | 756,342 | 98 |
| Commercial | 14,146 | 2 | 14,063 | 2 |
| Industrial | 177 | — | 182 | — |
| Total | 775,926 | 100 | 770,587 | 100 |

The quantity of gas delivered by International Natural Gas distribution in 2020 and 2019 is shown below.

| | 2020 | | 2019 | |
|-------------|------|-----|------|-----|
| | PJ | % | PJ | % |
| Residential | 10.2 | 38 | 10.0 | 38 |
| Commercial | 3.2 | 12 | 3.4 | 13 |
| Industrial | 13.5 | 50 | 12.8 | 49 |
| Total | 26.9 | 100 | 26.2 | 100 |

Hydrogen Blending

In Australia, Canadian Utilities continues to build on its work at the Clean Energy Innovation Hub, a test bed for hybrid energy solutions integrating natural gas, solar photovoltaic, battery storage and hydrogen production. In 2020, Canadian Utilities was able to successfully test a 10 per cent hydrogen blend injected into the natural gas supply at its major depot at Jandakot in Perth, Western Australia.

REGULATORY DEVELOPMENTS

Regulatory developments are described in the "Utilities Regulatory Developments" section in ATCO Ltd.'s MD&A and is incorporated herein by reference. The MD&A may be found on SEDAR at www.sedar.com.

ENERGY INFRASTRUCTURE

OVERVIEW

The Energy Infrastructure non-regulated businesses include: hydro, solar and natural gas electricity generation in western Canada, Australia, Mexico, and Chile, as well as non-regulated electricity transmission, natural gas storage and transmission, Natural Gas Liquids (NGL) storage, and industrial water services in Alberta.

BUSINESS STRATEGY

Renewable energy, particularly hydro and solar electricity generation, is the key growth platform of our energy infrastructure business. Cleaner fuels, such as hydrogen, represent another key platform for development that provides both defensive and offensive opportunities. Additionally, we continue to optimize and drive growth in our natural gas and liquids storage business.

Greenfield projects will be our preferred driver of value creation as it allows more opportunity to create value by taking managed risk and leveraging our extensive experience in developing energy infrastructure projects. We will continue to evaluate smaller scale acquisition opportunities to accelerate growth.

MARKET OPPORTUNITIES

In developed markets, the political and societal push to address climate change with decarbonization goals and the energy transition are driving the demand for cleaner energy, mainly supplied through renewables. Energy markets will be focused on providing firm, reliable and affordable energy supply as the share of renewables grows; this is likely to drive further investment into storage and grid balancing solutions to improve system reliability.

MARKET CHALLENGES

There is significant competition as financial, strategic and traditional fuel-based energy producers become increasingly interested in the renewables space. Macroeconomic conditions such as government policy, slowing global economic activity, and political uncertainty pose challenges for investment.



Natural gas storage facility, Carbon, Alberta



Hydroelectric power station, Veracruz, Mexico

ELECTRICITY GENERATION

Electricity Generation owns 248-MW of non-regulated electricity generation assets in Canada, Mexico, Australia and Chile.



Canada

The Oldman River Hydro Plant is a 32-MW run-of-river project in southern Alberta, commissioned in 2003. The facility is jointly owned by Canadian Utilities and the Piikani Nation. Power generated at the plant meets the needs of up to 25,000 households.

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

(1) Name plate capacity

(2) Piikani Nation means Piikani Resource Development Inc.

Mexico

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

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

| Name & Location | Type | Date In Service | MW ⁽¹⁾ | Ownership (%) | Capacity Share (MW) | Contracted Capacity (MW) | Partner(s) ⁽²⁾ | Customer(s) | Contract Expiry Date |
|--|---------------|-----------------|-------------------|---------------|---------------------|--------------------------|---------------------------|-------------|----------------------|
| MEXICO | | | | | | | | | |
| Distributed Generation San Luis Potosí | Gas-Fired | 2016 | 11 | 79 | 9 | 9 | Grupo Ranman | Various | 2026 |
| Electricidad del Golfo Veracruz | Hydroelectric | 2014 | 35 | 100 | 35 | 35 | — | Various | 2028 |
| Total - Mexico | | | 46 | | 44 | 44 | | | |

(1) Name plate capacity

(2) Grupo Ranman means RANMAN Energy Inc.

Australia

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

Karratha Power Station

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

Osborne

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

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

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

(1) Name plate capacity

(2) Full names of customers and partners:

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

Australia Solar

Canadian Utilities acquired Source Energy Co. (Source) in July 2018, a behind the meter retail company in Western Australia with expertise in managing energy needs for high-density apartment buildings, using a mix of rooftop solar panels and energy from the grid, matched with smart metering technology. Source provides customers with advice on how to save energy and money with sustainable energy solutions. In 2020, Source generated approximately 1-MW of solar energy capacity.

Chile

Solar Generation Facility

In the fourth quarter of 2019, Canadian Utilities entered into a partnership with Impulso Capital, a Chilean developer, to build and operate the El Resplandor solar project. This project, located in Cabrero, Chile, will provide solar energy to the Chilean electricity grid. Construction on the first 3-MW of solar generation capacity was completed at the end of the second quarter of 2020 with the next 6-MW expected to be complete in 2021. The total investment for the 9-MW project is approximately \$13 million.



El Resplandor Solar Project, Cabrero, Chile

| Name & Location | Type | Date In Service | MW ⁽¹⁾ | Ownership (%) | Capacity Share (MW) | Contracted Capacity (MW) | Partner(s) ⁽²⁾ | Customer(s) | Contract Expiry Date |
|---------------------------------|----------|-----------------|-------------------|---------------|---------------------|--------------------------|---------------------------|-------------|----------------------|
| CHILE | | | | | | | | | |
| El Resplandor Cabrero | Solar PV | 2020 | 3 | 95 | 2.85 | — | Impulso Capital | Merchant | — |

(1) Name plate capacity

ELECTRIC VEHICLE INPUT CHARGING STATIONS

In 2020, Canadian Utilities continued to expand its number of electric vehicle (EV) fast charging stations providing end-users an opportunity to replace liquid fuel with a low-carbon emitting energy. To date, Canadian Utilities has installed a total of 25 public fast EV charging stations, including 20 installed through the Peak to Prairies initiative in Southern Alberta.

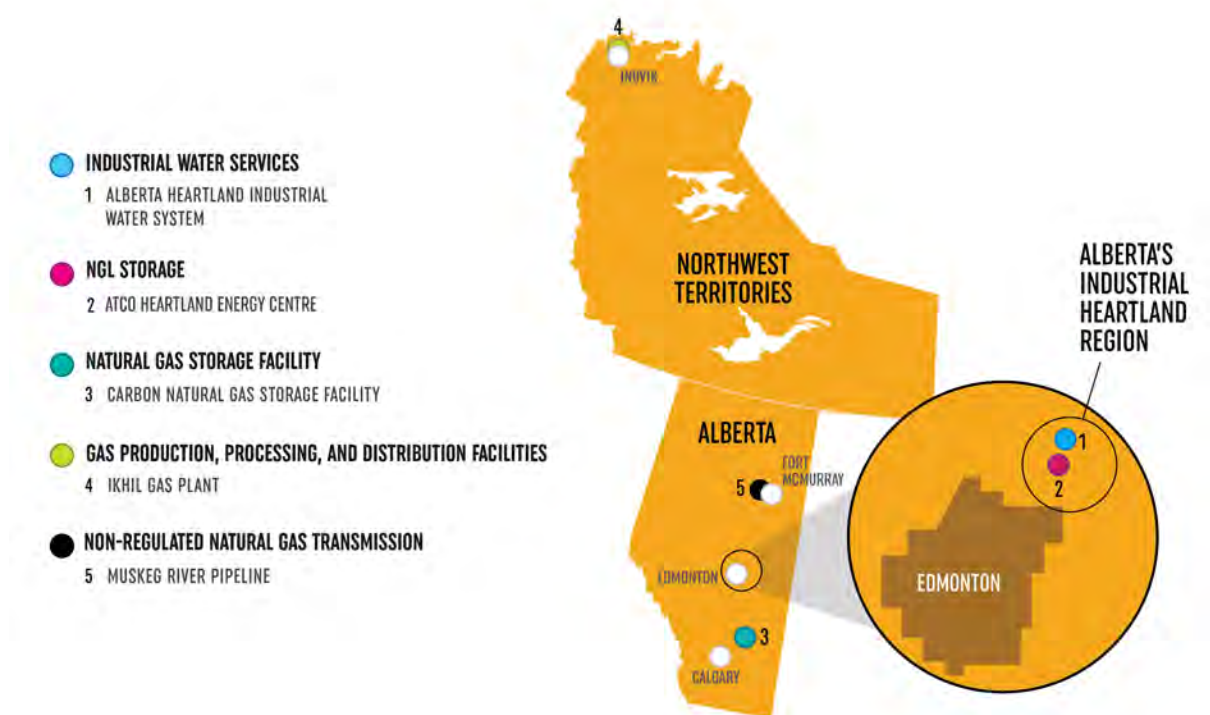
NON REGULATED ELECTRICITY TRANSMISSION

Canadian Utilities operates 33-km of transmission lines across four non-regulated electricity transmission assets in Alberta, including Scotford transmission line and substation, Muskeg River transmission line and substation, Grand Rapids substation, and Air Products transmission line.

STORAGE & INDUSTRIAL WATER

Storage & Industrial Water builds, owns and operates non-regulated industrial water, natural gas storage, NGL storage, and natural gas related infrastructure to serve the midstream and petrochemical sector of western

Canada's energy industry. It operates and owns a one-third interest in a regulated natural gas distribution system in the Northwest Territories.



Natural Gas Liquids Storage

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

In the fourth quarter of 2019, Canadian Utilities announced that the Partnership had secured a long-term contract for the construction and operation of a fifth salt cavern at the ATCO Heartland Energy Centre. This cavern will store hydrocarbon products for customers in the Alberta Industrial Heartland. Canadian Utilities also secured a long-term transportation contract for the construction and operation of a regional pipeline to connect the new cavern to existing facilities in the area, further strengthening the ATCO Heartland Energy Centre as a key storage hub in the largest hydrocarbon processing region in Canada. Construction began in the fourth quarter of 2019, with construction on track to be completed by the end of 2021.



ATCO Heartland NGL storage facility, Fort Saskatchewan, Alberta

Natural Gas Storage

Storage & Industrial Water owns and operates a natural gas storage facility at Carbon, Alberta. The facility is a natural gas reservoir with a seasonal storage capacity of 52 petajoules. The facility is connected to multiple transmission pipeline systems and has been in service more than 45 years.

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

Gas Production, Processing and Distribution Facilities

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

Natural Gas Liquids Extraction

Storage & Industrial Water has an interest in one natural gas liquids extraction facility as at December 31, 2020. The Empress Gas Liquids Straddle Plant is currently undergoing reclamation and remediation.

Non-regulated Natural Gas Transmission

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

Industrial Water

Storage & Industrial Water's multi-user water system is connected to the North Saskatchewan River through our industrial water system. We provide integrated water services including pipeline transportation, storage, water treatment, recycling and disposal to a number of our industrial customers. This industrial water system also supplies water for the development of salt caverns for our NGL storage facilities in the region. The water infrastructure capacity is 85,200 m³/day.

In 2017, Storage & Industrial Water entered into a long-term commercial agreement with Inter Pipeline Ltd. to provide water services to Inter Pipeline's integrated propane dehydrogenation and polypropylene plant to be known as the Heartland Petrochemical Complex. Construction of the pipeline began in 2019 and was completed in the second quarter of 2020. Service for this contract is expected to commence in the second quarter of 2021 in line with Inter Pipeline's facility needs.

CANADIAN UTILITIES CORPORATE & OTHER

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

RETAIL ENERGY

ATCOenergy sells electricity and natural gas to residential customers through a variety of flexible plans.

BLUE FLAME KITCHEN (BFK)

The BFK has been serving Albertans for more than eight decades. BFK had its start with simple natural gas appliance demonstrations and small cooking classes for homemakers and has since evolved into a comprehensive global resource for adults and kids alike. Today the BFK provides recipes and "how-to" guides, school programs, cooking classes and events hosted at our home-style kitchen in Edmonton and our state-of-the-art learning centres in Calgary and Jandakot, Western Australia. BFK began offering school programs and cooking classes online in 2020 due to the COVID-19 pandemic. Given the popularity of these programs, BFK will provide online programming on a permanent basis and plans to expand this offering globally in the future.

THREE YEAR HISTORY

Summarized below are the major events, acquisitions, dispositions, and conditions that have influenced the Company's development during the past three years.

REVENUE SUMMARY

Each business unit's contribution to the Company's consolidated revenues is shown in the chart below.

| Revenues ⁽¹⁾ | 2020 | | 2019 | | 2018 | |
|--------------------------------------|---------------|-----|---------------|-----|---------------|-----|
| | (\$ millions) | % | (\$ millions) | % | (\$ millions) | % |
| Structures & Logistics | 714 | 18 | 803 | 17 | 511 | 10 |
| Neltume Ports ⁽²⁾ | — | — | — | — | — | — |
| ATCO Corporate & Other | (3) | — | (2) | — | — | — |
| Canadian Utilities Limited | | | | | | |
| Utilities | 2,932 | 74 | 2,956 | 63 | 2,578 | 53 |
| Energy Infrastructure | 195 | 5 | 856 | 18 | 1,637 | 34 |
| Canadian Utilities Corporate & Other | 106 | 3 | 93 | 2 | 162 | 3 |
| Total | 3,944 | 100 | 4,706 | 100 | 4,888 | 100 |

(1) Data has been extracted from Note 3 ("Segmented Information") of the 2020 Consolidated Financial Statements which are prepared in accordance with International Financial Reporting Standards (IFRS). The reporting currency is the Canadian dollar.

(2) Neltume Ports is accounted for as an investment in equity interest in associate company. Additional detail is discussed in Note 24 of the 2020 Consolidated Financial Statements.

At the end of 2019, a novel strain of coronavirus (COVID-19) emerged and spread globally. The World Health Organization has since declared the state of a global pandemic. The COVID-19 pandemic and related measures taken by the authorities in the jurisdictions of the Company's operations are disrupting financial and commodity markets, supply chains, and affecting production and sales across different industries in private and public sectors.

In 2020, the Company's operations, financial position and performance have not been significantly impacted. This is primarily due to the nature of the Company's operations which are considered to be essential services. However, the extent to which COVID-19 may further impact the Company's operations, its consolidated financial position and performance remains uncertain, and will depend on further developments, including the duration and spread of the outbreak, its impact on the Company's customers, suppliers and employees and actions taken by governments.

STRUCTURES & LOGISTICS

ATCO Structures was awarded a number of significant contracts to manufacture and install workforce housing and permanent modular construction accommodation in North America and Australia during the previous three years. Contributions from these major workforce housing projects have been supplemented by improved rental revenues from a growing space rentals fleet.

Over the past three years, ATCO Frontec has benefited from a base of long-term facility operations and maintenance contracts as well as workforce lodging and support contracts.

For further details on Structures and Logistics contracts see the Business Description section of this AIF.

ATCO STRUCTURES

Brisbane Manufacturing Facility, Australia

In the fourth quarter of 2018, ATCO Structures opened a custom-built 330,000 sq. ft. manufacturing facility near Brisbane, Queensland, which complements an existing manufacturing plant in Perth, Western Australia. The new facility will meet growing demand in traditional markets such as mining and construction, and also serve emerging permanent modular construction markets within the health, education, justice and commercial sectors.

ATCO Espaciomovil Acquisition, Mexico

In 2018, ATCO Structures acquired a majority ownership position in ATCO Espaciomovil, a leading modular building manufacturer in Mexico. With a 182,000 sq. ft. manufacturing plant and approximately 1,300 modular rental units in operation, ATCO is now the largest manufacturer of modular products in the Mexican market, with the second largest fleet of modular rental assets in the country. ATCO Espaciomovil serves a diverse customer base across Mexico and Central America. Its manufacturing facility, located in Guadalajara, Mexico, produces a wide range of modular products including workforce accommodation, classrooms, offices, hospitals, and retail and commercial buildings that include hotel amenities.

Pocatello Idaho Manufacturing Facility, United States

In the second quarter of 2020, ATCO Structures closed its manufacturing facility located in Pocatello, Idaho, relocated materials and equipment to its manufacturing facilities in Calgary, Alberta, and Diboll, Texas, and recorded \$3 million in one-time closure costs.

ATCO Sabinco S.A. Acquisition, Chile

In the fourth quarter of 2020, ATCO Structures acquired the remaining 50 per cent interest in its ATCO Sabinco S.A. joint venture partnership. With this strategic investment, ATCO Structures gained full ownership and control of its Chilean business. This acquisition included a large-scale modular manufacturing facility in Santiago, Chile, 1,776 additional space rental units at 81 per cent utilization, and capabilities to deliver workforce housing projects throughout South America. The transaction closed on December 30, 2020.

ATCO FRONTEC

Kenya

In 2018, ATCO Frontec registered a company in Kenya, ATCO Frontec Pty Limited, with the aim of establishing a strong ATCO presence in East Africa. The Kenya office was closed in 2020.

NELTUME PORTS

On September 12, 2018, ATCO invested in Neltume Ports (40 per cent interest), a leading port operator and developer in South America, for approximately \$450 million. Neltume Ports operates 16 port facilities and three port operation services businesses located in Chile, Uruguay, Argentina, and Brazil. Neltume Ports' portfolio is highly diversified across both cargo types and volume mix. ATCO does not report revenue for Neltume Ports as it is accounted for using the equity accounting method.

Financial results from Neltume ports have been consistent over the past two years.

TGU Ownership Interest Increase

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

TPA Ownership Interest Increase

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

ATCO CORPORATE & OTHER

Commercial Real Estate Transactions

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

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

Purchase of ASHCOR

On December 31, 2019, Canadian Utilities sold its 100 per cent investment in ASHCOR Technologies Ltd., an Alberta-based company engaged in marketing ash, a waste byproduct of electricity generation, to ATCO for aggregate consideration of \$35 million. ASHCOR was previously reported in the Energy Infrastructure segment in the Thermal PPA business line.

CANADIAN UTILITIES

UTILITIES

Revenues and earnings in the Utilities business are driven by capital investment. Capital spending is the main contributor to rate base growth. Rate base growth is a primary driver of revenue and earnings growth. Utilities has invested \$3 billion in capital over the last three years.

Capital Investment

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

| | | Year Ended December 31 | | |
|--------------------------------|-------|---------------------------|-------|-------|
| (\$ millions) | Total | 2020 | 2019 | 2018 |
| Electricity Distribution | 672 | 221 | 224 | 227 |
| Electricity Transmission | 550 | 145 | 165 | 240 |
| Natural Gas Distribution | 811 | 237 | 284 | 290 |
| Natural Gas Transmission | 735 | 203 | 293 | 239 |
| International Gas Distribution | 232 | 70 | 69 | 93 |
| Total | 3,000 | 876 | 1,035 | 1,089 |

Electricity Distribution and Transmission

Capital investment in utility infrastructure in Alberta over the past three years has included the replacement of aging infrastructure, grid modernization, new customer connections and the Jasper Interconnection Project.

Jasper Interconnection Project

The Jasper Interconnection Project is a transmission line which connects Jasper National Park to Alberta's grid, allowing for safe and reliable electricity for the 5,000 permanent residents and 20,000 daily summer visitors. This transmission line was energized in the spring of 2019 and was delivered on time and on budget with total capital spent of \$118 million.

Natural Gas Distribution and Transmission

Capital investment in Natural Gas Distribution and Transmission over the past three years has been focused on the replacement of aging infrastructure, installation of new customer connections as well as the Urban Pipelines Replacement Program and the Mains Replacement Program.

Urban Pipelines Replacement Program

The Urban Pipelines Replacement (UPR) program is replacing and relocating aging, high-pressure natural gas pipelines in the densely populated areas of Calgary and Edmonton to address safety, reliability and future growth. Construction is expected to be complete in 2021 and the total cost of the UPR program is estimated to be

approximately \$910 million. Natural Gas Distribution and Natural Gas Transmission have invested \$820 million in the UPR program since its inception.

Mains Replacement Program

Natural Gas Distribution has two mains replacement programs which were approved in 2011, the plastic mains replacement and the steel mains program. The plastic mains replacement includes 8,000-km of polyvinyl chloride (PVC) and early generation polyethylene (PE) pipe that are planned for replacement by 2031. Natural Gas Distribution has replaced 2,098-km of PVC and PE pipe since the approval of this program. The steel mains program includes 9,000-km of steel pipe that is monitored and continually evaluated for replacement based on the performance history. Natural Gas Distribution has replaced 341-km of steel pipe since the approval of this program.

Pembina-Kepphills

In the second quarter of 2020, Natural Gas Transmission completed and placed in-service the \$230 million Pembina-Kepphills transmission pipeline. The 59-km high-pressure natural gas pipeline supports coal-to-gas conversion of power producers in the Genesee and surrounding areas of Alberta with the capacity to deliver up to 550-TJ per day.



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

International Gas Distribution

Over the last 3 years, International Gas Distribution has continued the end of life mains replacement program and growth capital expenditure for the distribution network within the scope of works set out in the approved Access Arrangements.

Major Utility Transactions

International Electricity Operations

On June 22, 2020, LUMA Energy, a newly-formed company owned 50 per cent by Canadian Utilities and 50 per cent by Quanta Services, Inc., was selected by the P3A to transform, modernize and operate Puerto Rico's 30,000-km electricity transmission and distribution system over a term of 15 years after a one-year transition period. The transition period commenced in the second quarter of 2020.

Pioneer Pipeline

On September 30, 2020, Natural Gas Transmission entered into an agreement to acquire the Pioneer Pipeline from Tidewater Midstream & Infrastructure Ltd. (Tidewater) and its partner TransAlta Corporation (TransAlta) for a

purchase price of \$255 million. The 131-km natural gas pipeline runs from the Drayton Valley area to the Wabamun area west of Edmonton, Alberta.

ENERGY INFRASTRUCTURE

Revenue in the Energy Infrastructure business has decreased significantly over the past three years mainly due to the sale of the Canadian fossil fuel-based electricity generation business and Alberta PowerLine in 2019.

Alberta PowerLine

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

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

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

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

The remaining 60 per cent of APL was acquired by a consortium including TD Asset Management Inc., for and on behalf of TD Greystone Infrastructure Fund (Global Master) L.P., and IST3 Investment Foundation acting on behalf of its investment group IST3 Infrastruktur Global.

Canadian Utilities received aggregate proceeds of \$222 million for its interest. Canadian Utilities will remain as the operator of APL over its 35-year contract.

Electricity Generation

Battle River Unit 5 PPA Termination

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

Sale of Canadian Fossil Fuel-Based Electricity Generation Business

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

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

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

Sale of Barking Power Assets in the U.K.

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

Sale of ASHCOR Technologies

On December 31, 2019, Canadian Utilities sold its 100 per cent investment in ASHCOR Technologies Ltd., an Alberta-based company engaged in marketing ash, a waste byproduct of electricity generation, to ATCO for aggregate consideration of \$35 million. ASHCOR was previously reported in the Energy Infrastructure segment in the Thermal PPA business line.

International Electricity Generation

Mexico Hydro Facility

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

La Laguna - Mexico Cogeneration Facility

In March 2018, Canadian Utilities entered into a commercial agreement with Chemours to build a 26-MW cogeneration facility, known as La Laguna Cogeneration, on the site of the Chemours Company Mexicana S. de R.L. de C.V.'s chemical facility near Gómez Palacio, Mexico.

Developed in partnership with RANMAN Energy, the La Laguna Cogeneration facility was expected to provide low-carbon and cost-effective heat and electricity under a long-term agreement. The total investment associated with the project was expected to be \$70 million. In February 2021, due to ongoing construction permitting delays, Canadian Utilities and Chemours mutually agreed to terminate the La Laguna Cogeneration facility contract. The contract provides for the recovery of Canadian Utilities' incurred costs on the project.

International Natural Gas Transmission - Mexico Tula Pipeline

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

CANADIAN UTILITIES CORPORATE & OTHER

Participation in Canadian Utilities Dividend Reinvestment Plan

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

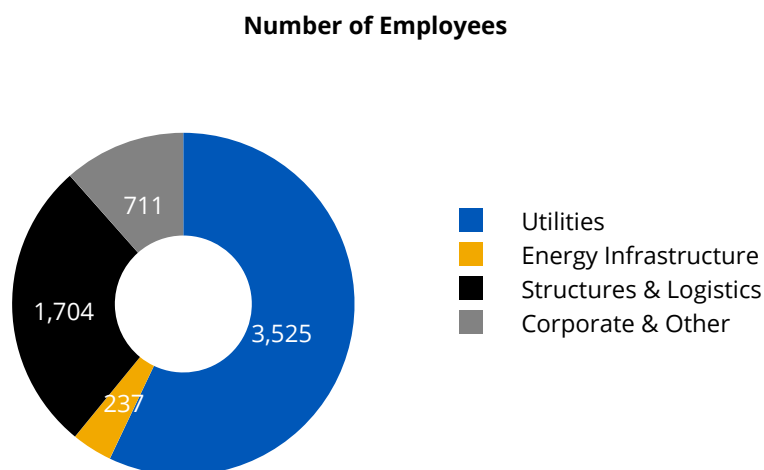
Effective January 10, 2019, the Canadian Utilities suspended its DRIP. No Class A non-voting shares were issued under the DRIP during the years ended December 31, 2019 and December 31, 2020. In 2019 and 2018, ATCO did not participate in the DRIP.

Wipro Master Service Agreement

In the fourth quarter of 2020, Canadian Utilities signed a Master Services Agreement (MSA) with IBM Canada Ltd. (IBM) to provide managed information technology services. These services are currently provided by Wipro Ltd. (Wipro) under a ten-year MSA maturing in December 2024. The transition of the managed IT services from Wipro to IBM will be completed over a six-month period, which commenced February 1, 2021.

EMPLOYEE INFORMATION

At December 31, 2020, the Company had 6,177 employees. The accompanying chart represents the employee numbers in each segment. The chart does not include 695 employees in joint ventures, and 7,200 employees in the Neltume Ports equity investment.



SUSTAINABILITY, CLIMATE CHANGE AND ENERGY TRANSITION

Sustainability, Climate Change and the Energy Transition is described in the "Sustainability, Climate Change and the Energy Transition" section in ATCO Ltd.'s MD&A and is incorporated herein by reference. The MD&A may be found on SEDAR at www.sedar.com. Our 2020 Sustainability Report will be published in May 2021.

BUSINESS RISKS

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

DIVIDENDS

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

| <i>(Canadian dollars per share)</i> | 2020 | 2019 | 2018 |
|-------------------------------------|------|------|------|
| Class I and Class II Shares | 1.74 | 1.62 | 1.51 |

The Company's practice is to pay dividends quarterly on its Class I and Class II Shares. The Company has increased its common share dividend each year since 1993. On January 14, 2021, the Board of Directors declared a first quarter dividend of 44.83 cents per share. The payment of any dividend is at the discretion of the Board of Directors and depends on our financial condition and other factors.

CAPITAL STRUCTURE

SHARE CAPITAL

The share capital of the Company at February 23, 2021 is as shown below:

| Share Description | Authorized | Outstanding |
|--|-------------|-------------|
| Preferred Shares issuable in series | 20,000,000 | – |
| Junior Preferred Shares issuable in series | 8,000,000 | – |
| Class I Shares | 300,000,000 | 101,347,899 |
| Class II Shares | 50,000,000 | 13,196,129 |

PREFERRED SHARES AND JUNIOR PREFERRED SHARES

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

CLASS I NON-VOTING SHARES AND CLASS II VOTING SHARES

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

Of the 10,200,000 Class I Shares authorized for grant of options under our stock option plan, 1,994,950 Class I Shares were available for issuance at December 31, 2020. Options may be granted to our officers and key employees at an exercise price equal to the weighted average of the trading price of the shares on the Toronto Stock Exchange for the five trading days immediately preceding the grant date. The vesting provisions and exercise period (which cannot exceed 10 years) are determined at the time of grant.

NORMAL COURSE ISSUER BID

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

On March 9, 2020, we commenced a normal course issuer bid to purchase up to 1,014,684 outstanding Class I Shares. This bid will expire on March 8, 2021. From March 9, 2020 to February 24, 2021, 150,000 shares were purchased for \$6 million.

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

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

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

CREDIT RATINGS

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

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

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

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

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

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

On July 20, 2020, Dominion Bond Rating Service affirmed its 'A (high)' long-term corporate credit rating and stable trend on ATCO subsidiary CU Inc.

On August 10, 2020, Dominion Bond Rating Service affirmed its 'A' long-term corporate credit rating and stable trend on ATCO subsidiary Canadian Utilities.

On August 28, 2020, Dominion Bond Rating Service affirmed its 'A (low)' long-term corporate credit rating and stable trend on ATCO Ltd.

On September 17, 2020, S&P Global Ratings affirmed its 'A-' long-term issuer credit ratings on ATCO Ltd. and Canadian Utilities with the outlooks revised from stable to negative.

On September 17, 2020, S&P Global Ratings affirmed ATCO subsidiary CU Inc.'s 'A-' long-term issuer credit rating and maintained a stable outlook, reflecting S&P's decision to insulate CU Inc.'s rating from ATCO's issuer credit rating.

ISSUER CREDIT RATINGS AND LONG-TERM DEBT

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

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

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

COMMERCIAL PAPER AND SHORT-TERM DEBT CREDIT RATINGS

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

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

PREFERRED SHARE CREDIT RATINGS

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

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

MARKET FOR SECURITIES OF THE COMPANY

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

TRADING PRICE AND VOLUME

The following table sets forth the high and low prices and volume of the Company's shares, traded on the TSX under the symbols ACO.X for Class I shares and ACO.Y for Class II shares during 2020 as reported by the TSX:

| 2020 | Class I Shares | | | Class II Shares | | |
|-----------|----------------|----------|------------|-----------------|----------|--------|
| | High (\$) | Low (\$) | Volume | High (\$) | Low (\$) | Volume |
| January | 52.30 | 48.84 | 3,074,395 | 52.25 | 49.00 | 4,259 |
| February | 54.97 | 49.73 | 5,291,582 | 54.80 | 49.90 | 8,619 |
| March | 54.32 | 27.72 | 10,617,001 | 54.20 | 29.15 | 9,890 |
| April | 40.64 | 35.09 | 7,141,979 | 48.14 | 35.30 | 4,011 |
| May | 39.53 | 34.43 | 9,305,129 | 47.07 | 36.55 | 878 |
| June | 40.58 | 35.24 | 8,796,563 | 50.27 | 38.00 | 1,906 |
| July | 42.71 | 39.84 | 4,055,273 | 41.42 | 35.49 | 200 |
| August | 42.11 | 39.62 | 3,862,312 | 42.00 | 39.66 | 5,590 |
| September | 41.01 | 37.94 | 4,995,911 | 43.00 | 38.21 | 3,508 |
| October | 40.30 | 36.81 | 3,687,181 | 49.25 | 35.06 | 1,374 |
| November | 39.82 | 36.72 | 5,422,290 | 45.00 | 37.21 | 10,964 |
| December | 39.45 | 35.68 | 5,841,945 | 49.25 | 37.75 | 4,887 |

DIRECTORS AND OFFICERS

DIRECTORS ⁽¹⁾



ROBERT T. BOOTH, Q.C. ⁽²⁾

| | |
|-------------------|--|
| Primary residence | Calgary, Alberta, Canada |
| Director since | 2008 |
| Age | 68 |
| 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.

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 serves on the boards of a number of not-for-profit organizations including having served since 2005 as the CEO and Chair of the Board of Milit-Air Inc., a federal not-for-profit company having a role in the training of military pilots in Canada.

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



DENIS M. ELLARD

| | |
|-------------------|--------------------------|
| Primary residence | Calgary, Alberta, Canada |
| Director since | 2014 |
| Age | 74 |
| Independent | |

Prior to his retirement in 2003, Mr. Ellard was Senior Vice President Business Development, ATCO. Over his 35-year career, Mr. Ellard held several senior positions within the organization, including Senior Vice President and General Manager, Northwestern Utilities Limited; Senior Vice President, Canadian Utilities Limited; and President, ATCO Singlepoint Ltd. His responsibilities included oversight of operations, management, and regulatory matters, as well as reviews of risk, general safety, and environmental issues. Mr. Ellard has served in various capacities on several community and industry boards, including the Alberta Economic Development Authority.

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



MICHAEL R.P. RAYFIELD ⁽³⁾

Primary residence Toronto, Ontario, Canada

Director since 2009

Age 78

Independent

Mr. Rayfield was Vice Chair, Investment and Corporate Banking, BMO Capital Markets until 2013. He was responsible for senior corporate relationships in Canada, the U.S. and the U.K., and management of BMO's investment banking business in China and India. Mr. Rayfield was also on the Canadian Management Committee. He has extensive international banking experience in North America, South America and Australia. Mr. Rayfield is also a director of ATCO Structures & Logistics Ltd.

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



ROBERT J. ROUTS, PhD ⁽²⁾⁽³⁾

Primary residence Brunnen, Switzerland

Director since 2012

Age 74

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. and Neltume Ports S.A.

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

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

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



NANCY C. SOUTHERN

| | |
|-------------------|--|
| Primary residence | Calgary, Alberta, Canada |
| Director since | 1989 |
| Age | 64 |
| Not Independent | As Chair & Chief Executive Officer, Ms. Southern is not independent because she has a material relationship with ATCO. |

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

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

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

In 2020, Ms. Southern was awarded a British Empire Medal by Her Majesty Queen Elizabeth II for services to British Equestrian, Military and Commercial interests in Alberta, Canada.



LINDA A. SOUTHERN-HEATHCOTT

| | |
|-------------------|--|
| Primary residence | Calgary, Alberta, Canada |
| Director since | 2012 |
| Age | 57 |
| Not Independent | Ms. Southern-Heathcott is not independent because she has a material relationship with ATCO. She is an immediate family member of the Chair & Chief Executive Officer. |

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

Ms. Southern-Heathcott is a founding director, and currently serves as Board Chair, of AKITA Drilling Ltd. Ms. Southern-Heathcott is also a Chair of Travel Alberta Board and serves on the Boards of ATCO Structures & Logistics

Ltd., Sentgraf Enterprises Ltd., TELUS Calgary Community Board and is a member of the National Music Centre Benefit Committee.

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

In 2020, Ms. Southern-Heathcott was awarded a British Empire Medal by Her Majesty Queen Elizabeth II for services to British Equestrian, Military and Commercial interests in Alberta, Canada.



ROGER J. URWIN, PhD, C.B.E. ⁽³⁾

Primary residence London, England

Director since 2014

Age 74

Independent

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

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

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



SUSAN R. WERTH ^{(2) (3)}

Primary residence Calgary, Alberta, Canada

Director since 2014

Age 64

Independent

Ms. Werth retired as Senior Vice President & Chief Administration Officer, ATCO Ltd. and Canadian Utilities Limited in May 2014. In this role Ms. Werth was responsible for Human Resources, Corporate Secretarial, Marketing and Communications, Security, Real Estate, Aviation and Administration. She was Chair of ATCO's Disclosure, Management Pension, Crisis Management, and Donations & Sponsorship Committees. She was Vice President, Administration, ATCO Group from 1995 to 2000. During her career, Ms. Werth has gained a wealth of experience

and brings significant insight into all aspects of ATCO's business. Ms. Werth is also on the Board of ATCO Structures & Logistics Ltd. and Sentgraf Enterprises Ltd.



CHARLES W. WILSON ⁽²⁾⁽³⁾

Primary residence Boulder, Colorado, US

Director since 2002

Age 81

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. Refining and Marketing and Chemical of Shell Oil Company from 1988 to 1993. Prior to 1988, he was Vice President, U.S. Exploration and Production of Shell Oil Company, and held various executive positions in the domestic and international natural resource operations of Shell.

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

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

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

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

(3) Member of the Audit & Risk Committee

OFFICERS (IN ALPHABETICAL ORDER)

| Name, Province and Country of Residence | Position Held and Principal Occupation |
|---|--|
| M.G. Constantinescu Alberta, Canada | Senior Vice President & Chief Transformation Officer, ATCO Ltd. & Canadian Utilities Limited |
| D.A. DeChamplain Alberta, Canada | Executive Vice President & Chief Financial Officer, ATCO Ltd. & Canadian Utilities Limited |
| C. Gear Alberta, Canada | Corporate Secretary, ATCO Ltd. & Canadian Utilities Limited |
| C.R. Jackson Alberta, Canada | Vice President, Finance, Treasury & Risk, ATCO Ltd. & Canadian Utilities Limited |
| S.W. Kiefer Alberta, Canada | Member, Office of the Chair, ATCO Ltd. and President & Chief Executive Officer, Canadian Utilities Limited |
| K.J. Patrick Alberta, Canada | Senior Vice President, Investment Portfolio Management, ATCO Ltd. |
| R.A. Penrice Ontario, Canada | Executive Vice President, Corporate Services, ATCO Ltd. & Canadian Utilities Limited |
| N.C. Southern Alberta, Canada | Chair & Chief Executive Officer, ATCO Ltd. and Executive Chair, Canadian Utilities Limited |

POSITIONS HELD BY OFFICERS WITHIN PRECEDING FIVE YEARS

All the officers have been engaged for the last five years in the indicated principal occupations, or in other capacities with the companies or firms referred to, or with their affiliates or predecessors, except for Ms. Penrice and Mr. Constantinescu. Ms. Penrice was appointed Executive Vice President, Corporate Services in January 2020. Prior to joining the Company, Ms. Penrice was Interim CEO for Sears Canada Inc. where she led the wind down of the operations in Canada. Ms. Penrice held several senior management roles within Sears Canada and at Hudson's Bay Company specializing in Human Resources, Logistics, Merchandising, Store Operations and Marketing. Mr. Constantinescu was appointed Senior Vice President & Chief Transformation Officer in February 2018. Prior to joining the Company, he was Chairman and Chief Executive Officer of Orthoshop Geomatics Ltd.

DIRECTORS' AND OFFICERS' INTEREST IN THE COMPANY

At December 31, 2020, the directors and officers of the Company, as a group, beneficially owned, or controlled or directed, directly or indirectly (via corporate holdings or otherwise), 11,548,685 (87.5 per cent) of the issued and outstanding Class II Shares of the Company. In addition, the directors and officers of the Company, as a group, beneficially owned, or controlled or directed, directly or indirectly (via corporate holdings or otherwise), 66,603,628 (90.7%) of the issued and outstanding Class B common shares of Canadian Utilities Limited.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

Since January 1, 2020, there has been no indebtedness outstanding to the Company from any of its directors, executive officers, senior officers or associates of any such directors, nominees or senior officers.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

As at February 23, 2021, there were 13,196,129 Class II Shares outstanding. To the knowledge of the directors and officers of the Company, the only person who beneficially owns, controls or directs, either directly or indirectly, 10 per cent or more of the Class II Shares is Sentgraf Enterprises Ltd. (Sentgraf). Sentgraf owns 11,483,120 Class II Shares representing 87.0 per cent of the outstanding Class II Shares. Sentgraf is controlled by the Sentgraf Spousal Trust (the Spousal Trust) and Ms. Nancy Southern, Ms. Linda Southern-Heathcott and Mrs. Margaret E. Southern are the trustees of the Spousal Trust. Sentgraf and the Spousal Trust are collectively referred to as the Majority Share Owner.

No director or executive officer of the Company, person or company that beneficially owns, or controls or directs, directly or indirectly, greater than 10 per cent of the Company's Class II voting common shares, nor any associate or affiliate of the foregoing, has, or has had, any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES OR SANCTIONS

Corporate Cease Trade Orders

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

- i. was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- ii. was subject to an event that resulted, after the person ceased to be a director or executive officer, in the Company being the subject of a cease trade or similar order or an order that denied the relevant company access to an exemption under securities legislation for a period of more than 30 consecutive days; or
- iii. within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Nancy C. Southern was, until her resignation on August 24, 2020, a director and President of Swizzlesticks Enterprises Ltd., a private Alberta corporation operating a salon and spa in Calgary, Alberta, which on August 24, 2020, commenced proposal proceedings pursuant to the Bankruptcy and Insolvency Act (Canada) by filing a notice of intention to make a proposal.

Personal Bankruptcies

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

Penalties or Sanctions

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

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

CONFLICTS OF INTEREST

Circumstances may arise where members of the Board serve as directors or officers of corporations which are in competition to the interests of the Company. No assurances can be given that opportunities identified by any such member of the Board will be provided to the Company. However, the Company's procedures provide that each director and executive officer must comply with the disclosure requirements of the Alberta Business Corporations

Act (ABCA) regarding any material interest. If a declaration of material interest is made, the declaring director shall not vote on the matter if put to a vote of the Board. In addition, the declaring director and executive officer may be requested to recuse himself or herself from the meeting when such matter is being discussed.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Class I Shares and Class II Shares is AST Trust Company (Canada) at its principal offices in Calgary and Toronto. On September 25, 2020, The TMX Group Limited announced it had entered an agreement to acquire AST Trust Company (Canada). The transaction is expected to close within 6 to 12 months subject to regulatory approvals.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is occasionally named as a party in claims and legal proceedings which arise during the normal course of its business. The Company reviews each of these claims, including the nature of the claim, the amount in dispute or claimed and the availability of insurance coverage. There can be no assurance that any particular claim will be resolved in the Company's favour or that such claim may not have a material adverse effect on the Company. For further information, please refer to Note 29 of the 2020 Consolidated Financial Statements.

MATERIAL CONTRACTS

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

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP has prepared the auditor's report for the Company's 2020 Consolidated Financial Statements. PricewaterhouseCoopers LLP is independent in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

NON-GAAP AND ADDITIONAL GAAP MEASURES

Adjusted earnings are defined as earnings attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses associated with rate-regulated activities and unrealized gains or losses on mark-to-market forward and swap commodity contracts. Adjusted earnings also exclude one-time gains and losses, significant impairments, and items that are not in the normal course of business or a result of day-to-day operations.

Adjusted earnings present earnings from rate-regulated activities on the same basis as was used prior to adopting IFRS - that basis being the US accounting principles for rate-regulated activities. Management's view is that adjusted earnings allow for a more effective analysis of operating performance and trends. A reconciliation of adjusted

earnings to earnings attributable to Class I and Class II Shares is presented in the MD&A. Adjusted earnings is an additional GAAP measure presented in Note 3 of the 2020 Consolidated Financial Statements.

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

FORWARD-LOOKING INFORMATION

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

The Company's actual results could differ materially from those anticipated in any forward-looking information contained in this AIF as a result of regulatory decisions, competitive factors in the industries in which the Company operates, prevailing economic conditions (including as may be affected by the COVID-19 pandemic) and other factors, many of which are beyond the control of the Company.

Any forward-looking information contained in this AIF represents the Company's expectations as of the date hereof, and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.

ADDITIONAL INFORMATION

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

Additional information, including directors' and officers' remuneration, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, is contained in the Company's most recent Management Proxy Circular dated March 10, 2020.

Additional financial information is provided in the Company's audited 2020 Consolidated Financial Statements and MD&A for the financial year ended December 31, 2020. Corporate information is also available on the Company's website: www.ATCO.com.

Information relating to Canadian Utilities or CU Inc. may be obtained on request from Investor Relations at 3rd Floor, West Building, 5302 Forand Street SW, Calgary, Alberta, T3E 8B4, or by telephone (403) 292-7500 or fax (403) 292-7532.

GLOSSARY

APL means Alberta PowerLine.

ATCO means ATCO Ltd. and its subsidiaries.

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

AUC means Alberta Utilities Commission.

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

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

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

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

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

GAAP means Canadian generally accepted accounting principles.

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

IFRS means International Financial Reporting Standards.

K Bar means the AUC allowance for capital additions under performance based regulation.

Kilowatt (kW) is a measure of electric power equal to 1,000 watts.

LNG means liquefied natural gas.

MD&A means the Company's Management's Discussion and Analysis for the year ended December 31, 2020.

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

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

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

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

PPA means Power Purchase Arrangements.

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

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

APPENDIX 1

AUDIT & RISK COMMITTEE INFORMATION

AUDIT & RISK COMMITTEE MANDATE

PURPOSE

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

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

AUTHORITY

The Committee is empowered to:

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

COMPOSITION

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

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

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

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

MEETINGS

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

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

DUTIES AND RESPONSIBILITIES

Financial and Operating

- Review significant accounting and reporting issues and understand their impact on the financial statements. These issues include: complex or unusual transactions and highly judgmental areas; major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles; and the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation.
- Review analyses prepared by management and/or the external auditors, setting forth significant financial reporting issues and judgements made in connection with the preparation of the financial statements, including analyses of the effects of new or revised IFRS methods on the financial statements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Review the Corporation's annual and interim financial statements, MD&A and earnings press releases and the AIF before the Corporation publicly discloses this information.
- Review reports prepared by Designated Audit Directors and directors appointed to corporate entities including joint ventures or partnerships (which do not have an appointed Designated Audit Director) regarding any significant items pertaining to year end financial disclosure documents.
- If delegated by the Board, approve the interim financial statements, interim MD&A and interim earnings press releases before the Corporation publicly discloses this information.
- Recommend to the Board the approval of the Corporation's annual financial statements, AIF and annual MD&A.
- Be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and periodically assess the adequacy of these procedures.
- Be satisfied that the Corporation has implemented appropriate systems of internal control over financial reporting and that these systems are operating effectively.

External Auditor

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

Internal Auditor

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

Risk Management

- Understand the principal risks of the Corporation: review and consider with management the Corporation's risk taking philosophy; review and discuss with management the Corporation's risk inventory and related mitigation plans; receive presentations, reports and other information about extraordinary risks, emerging risks and significant trends that could materially affect the Corporation's ability to achieve its strategic objectives; review reports prepared by Designated Audit Directors and directors appointed to corporate entities including joint venture partnerships (which do not have an appointed Designated Audit Director) regarding any significant risks identified by management; review and discuss with management a summary of safety and environmental performance.
- Be satisfied that management has appropriate processes in place to identify, assess, manage and monitor risk.
- Review the Corporation's insurance programs for adequacy annually.

Other

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

REPORTING

The Committee shall report to the Board on such matters and questions relating to the financial position or risk management of the Corporation as the Board may from time to time refer to the Committee. A summary of all

meetings will be provided to the Board by the Chair of the Committee. Supporting schedules and information reviewed by the Committee will be available for examination by any director upon request. The external auditor and the Vice President, Internal Audit of the Corporation shall report directly to the Committee. The Committee is expected to maintain free and open communication with the Corporation's external auditor, internal auditor and management. This communication shall include private sessions, at least annually, with each of these parties.

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

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

- M.R.P. Rayfield - Mr. Rayfield was Vice Chair, Investment and Corporate Banking, BMO Capital Markets until 2013. He is a graduate of The Chartered Institute of Bankers in the U.K. and held a series of executive roles in the domestic and international banking sectors during his career. He is also a graduate from the Director Education Program at the Institute of Corporate Directors where he obtained extensive enterprise risk and financial literacy knowledge.
- R.J. Routs (Chair) - Until his retirement in 2008, Dr. Routs was an Executive Board Member at Royal Dutch Shell plc. Prior to that, he held various senior management positions at Royal Dutch Shell in the U.S., Canada and The Netherlands. Additionally, Dr. Routs has been a member of the Audit and Pension Committees for several public companies. Dr. Routs has substantial experience in the refining and chemical industry with a strong focus on operational safety and sustainable operations to reduce the industry's impact on the environment.
- R.J. Urwin - Dr. Urwin has been the Chief Executive Officer of several major public companies. He was the Group Chief Executive of National Grid plc from 2001 until his retirement in 2006, and was responsible for compliance with the U.S. Sarbanes-Oxley requirements. Dr. Urwin has been a member of the Audit Committees of a number of U.K. public companies.
- S.R. Werth - Until her retirement as Senior Vice President & Chief Administration Officer of ATCO and Canadian Utilities Limited in 2014, Ms. Werth was responsible for the financial and operating performance of the corporate administrative functions of both companies. She also Chaired numerous committees including the ATCO & Canadian Utilities Disclosure Committees, the ATCO Crisis Management Committee, as well as the Canadian Utilities Management Pension Committee. Membership on these committees required a strong understanding of financial reporting, public reporting requirements and risk management strategies.
- C.W. Wilson - Mr. Wilson was President and Chief Executive Officer of Shell Canada from 1993 to 1999, through which he directly supervised the CFO, and Executive Vice President, U.S. Downstream Oil and Chemical of Shell Oil Corporation from 1988 to 1993. Prior to 1988, he was Vice President U.S. Refining and Marketing of Shell Oil Corporation and held various positions in the domestic and international natural resource operations of Shell. As the former Head of the Environment Committee of the Canadian Association of Petroleum Producers, Mr. Wilson was actively involved in climate change matters and emerging regulatory policies related to the petroleum industry. Mr. Wilson has also been a member of five different Canadian Corporations' Audit Committees in the past.

PRE-APPROVAL PROCEDURES

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

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

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

EXTERNAL AUDITOR SERVICE FEES

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

| (\$ Millions) | 2020 | 2019 |
|-----------------------------------|------|------|
| Audit fees ⁽¹⁾ | 4.1 | 5.0 |
| Audit-related fees ⁽²⁾ | — | 0.1 |
| Tax fees ⁽³⁾ | 0.7 | 0.4 |
| Total | 4.8 | 5.5 |

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

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

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