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 CU Inc. 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; CU Inc. undertakes no obligation to update such information except as required by applicable law. CU Inc. remains committed to taking steps to address climate change and continuing to engage in sustainability initiatives.

CU INC.
An ATCO Company

CU INC.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2020

March 5, 2021

This Annual Information Form (AIF) is meant to help readers understand the business and operations of CU Inc. (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 Canadian Utilities Limited, which in turn is controlled by ATCO Ltd. and its controlling share owners, Sentgraf Enterprises Ltd. and its controlling share owner, the Southern family.

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

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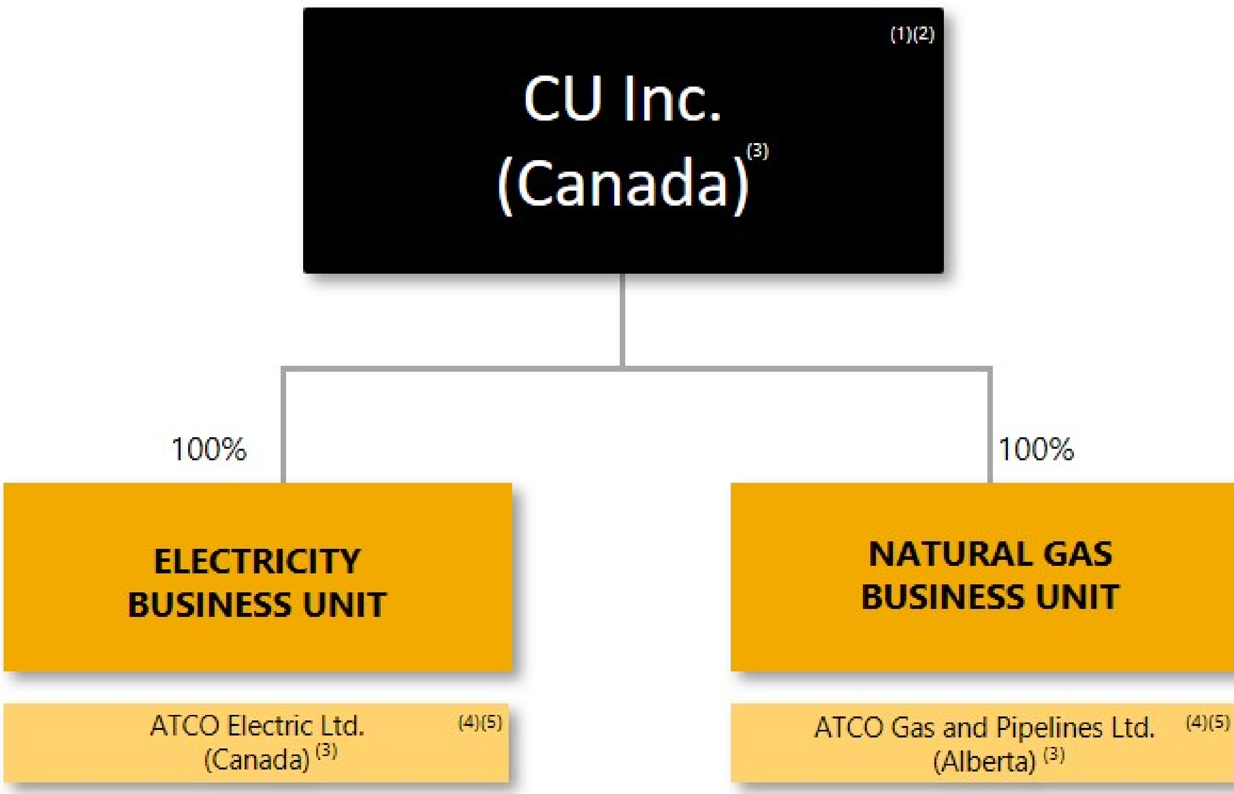
CORPORATE STRUCTURE

CU Inc. was incorporated under the laws of Canada on March 12, 1999. 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.

SIMPLIFIED INTERCORPORATE RELATIONSHIPS

CU Inc. is a wholly-owned subsidiary of Canadian Utilities Limited, an ATCO company. CU Inc. is an Alberta-based corporation with approximately 3,200 employees and assets of $17 billion comprised of rate regulated utility operations in natural gas transmission and distribution and electricity transmission and distribution. More information about CU Inc. can be found on the Canadian Utilities Limited website at www.canadianutilities.com.

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.



(1) 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.

(2) The Company owns all of the voting and non-voting shares of the subsidiaries.

(3) Jurisdiction in which the company was formed.

(4) ATCO Electric Ltd. includes Electricity Distribution and Electricity Transmission. ATCO Gas and Pipelines Ltd. includes Natural Gas Distribution and Natural Gas Transmission.

(5) 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.

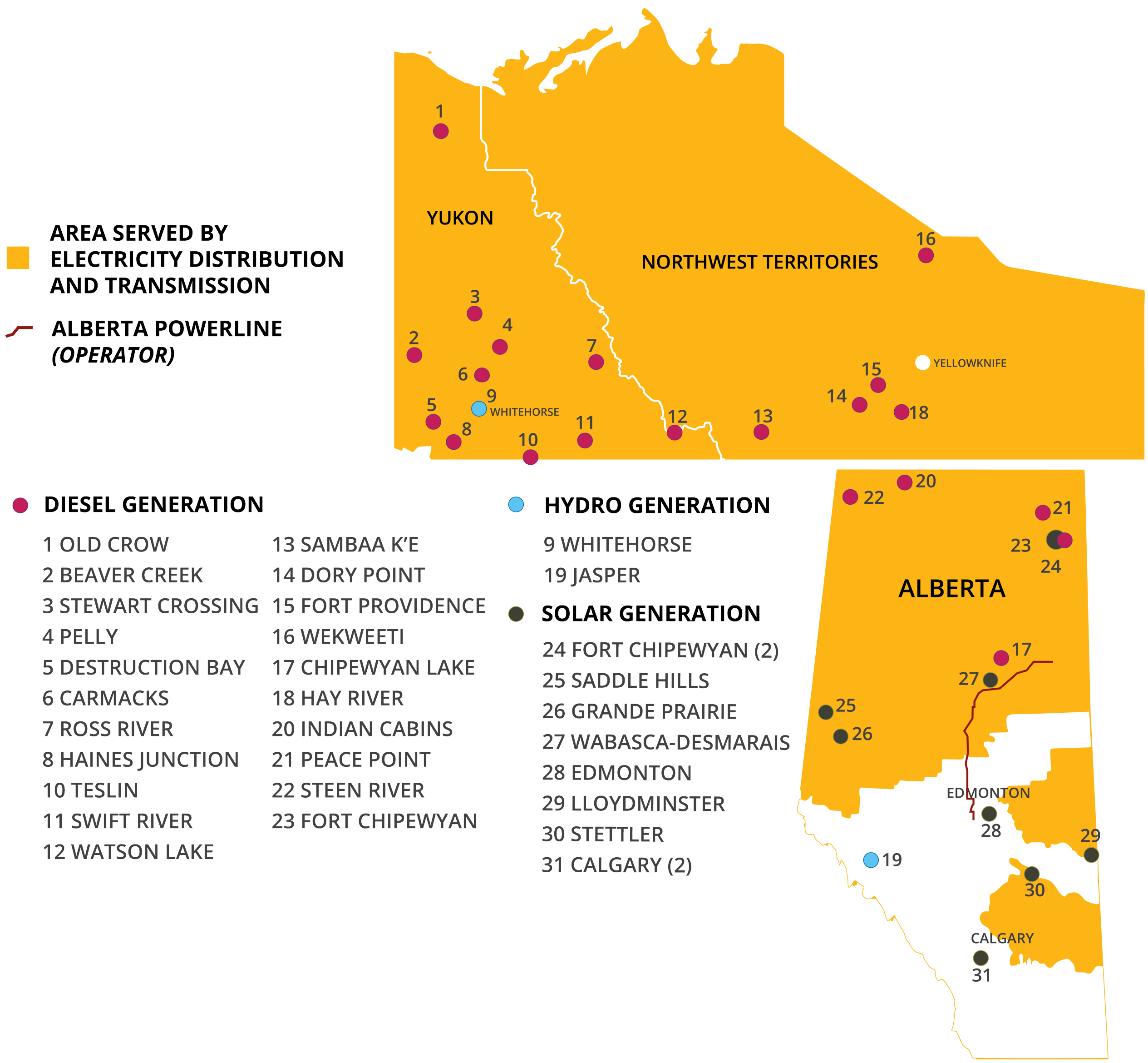
BUSINESS DESCRIPTION

The activities of the Company are conducted through the Utilities' regulated businesses in two business units within western and northern Canada: Electricity, which includes Electricity Distribution and Transmission and Natural Gas, which includes Natural Gas Distribution and Transmission.

ELECTRICITY BUSINESS UNIT

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 transmit and deliver electricity to 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

CU Inc. 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, CU Inc. completed Canada’s largest off-grid solar project, providing the remote Northern Alberta community of Fort Chipewyan with clean energy.

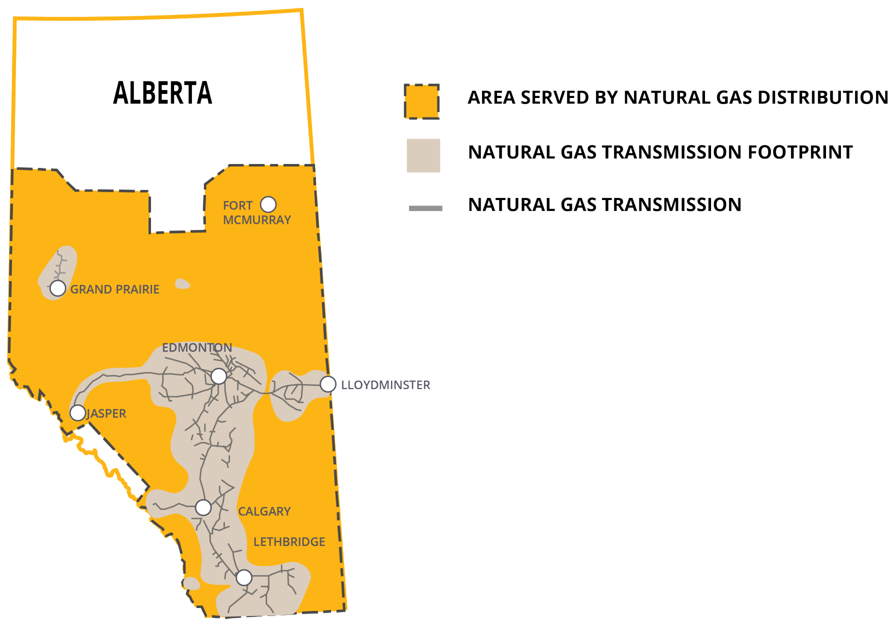
In partnership with Three Nations Energy (3NE), which is jointly owned by the Athabasca Chipewyan First Nation, Mikisew Cree First Nation and Fort Chipewyan Métis Association, CU Inc. designed and built the two-phased project which includes a 600-kW solar farm, owned and operated by CU Inc. and a 2,200-kW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

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

NATURAL GAS BUSINESS UNIT

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, CU Inc. 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.

CU Inc.'s 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-Keephills

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

Pioneer Pipeline Acquisition

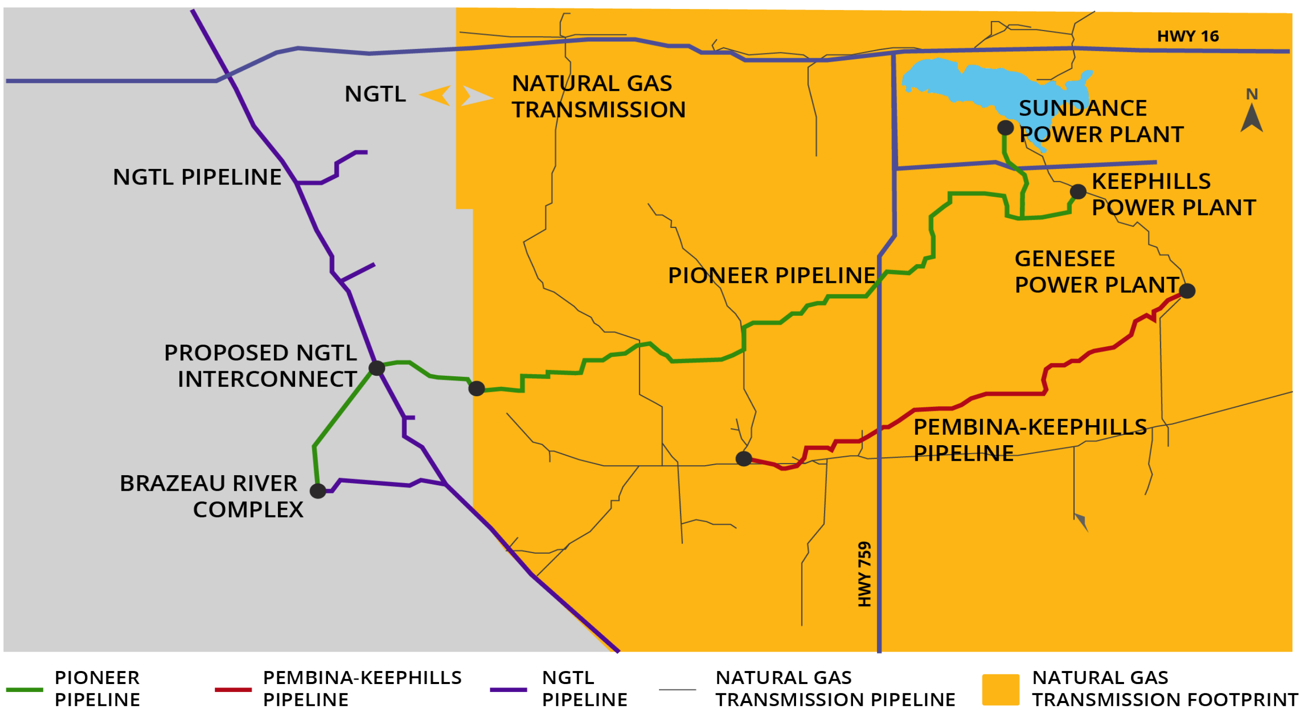
On September 30, 2020, Natural Gas Transmission entered into an agreement to acquire the Pioneer Pipeline from Tidewater Midstream & Infrastructure Ltd. (Tidewater) and its partner TransAlta Corporation (TransAlta) for a purchase price of $255 million. The 131-km natural gas pipeline runs from the Drayton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



REGULATORY DEVELOPMENTS

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

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

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 $2.7 billion in capital over the last three years.

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)***	**%**
Electricity	**1,356**	**50**	1,418	51	1,318	53
Natural Gas	**1,377**	**50**	1,371	49	1,190	47
Corporate & Other and Intersegment Eliminations	**(3)**	**—**	(2)	—	(1)	—
Total	**2,730**	**100**	2,787	100	2,507	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.

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.

ELECTRICITY BUSINESS UNIT

CAPITAL INVESTMENT

Total capital expenditure for Electricity 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
Total	1,222	**366**	389	467

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 BUSINESS UNIT

CAPITAL INVESTMENT

Total capital expenditure for Natural Gas in the last three years is provided in the table below.

($ millions)	Total	2020	2019	2018
		Year Ended December 31		
Natural Gas Distribution	811	**237**	284	290
Natural Gas Transmission	735	**203**	293	239
Total	1,546	**440**	577	529

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-Keephills

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

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

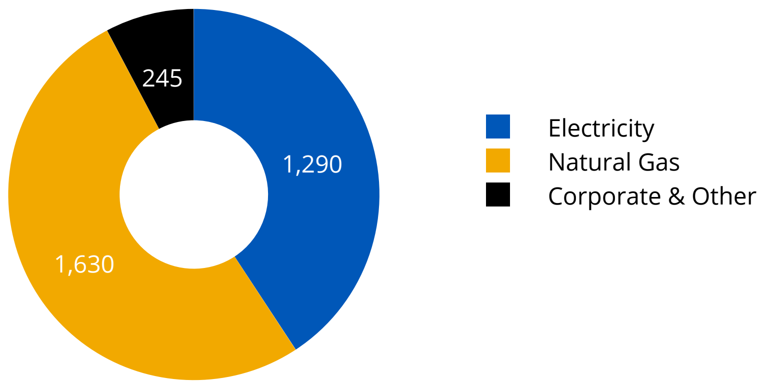
CORPORATE & OTHER

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 3,165 employees. The accompanying chart represents the employee numbers in each segment.

Number of Employees



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 CU Inc.'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 "Utilities Performance" and "Business Risks and Risk Management" sections in CU Inc.'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.

(Canadian dollars per share)	Date of Issue	2020	2019	2018
Series Preferred Shares				
Series 1	Apr 18, 2007	**1.1500**	1.1500	1.1500
Series 4	Dec 2, 2010	**0.5608**	0.5608	0.5608
Class A and Class B Shares		**72.9300**	66.8600	58.1700

CAPITAL STRUCTURE

SHARE CAPITAL

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

Share Description	Authorized	Outstanding
Series Preferred Shares	Unlimited	7,600,000
Class A shares	Unlimited	3,570,322
Class B shares	Unlimited	2,188,262

All of the Class A and Class B shares are owned by Canadian Utilities Limited.

SERIES PREFERRED SHARES

An unlimited number of Series Preferred Shares are issuable in series, each series consisting of such number of shares and having such provisions attaching thereto as may be determined by the directors. The Series Preferred Shares as a class have, among others, provisions to the following effect:

i. The Series Preferred Shares are, with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding up of the Company, entitled to preference over the Class A shares and the Class B shares and any other shares of the Company ranking junior to the Series Preferred Shares. The Series Preferred Shares may also be given such other preference over the Class A shares and the Class B shares and any other junior shares as may be determined for any series authorized to be issued.

ii. The owners of the Series Preferred Shares are not entitled as such (except as provided in any series) to any voting rights nor to receive notice of or to attend share owners' meetings unless dividends on the Series Preferred Shares of any series are in arrears to the extent of eight quarterly dividends or four half-yearly dividends, as the case may be, whether or not consecutive. Until all arrears of dividends have been paid, such owners will be entitled to receive notice of and to attend all share owners' meetings at which directors are to be elected (other than separate meetings of owners of another class of shares) and to one vote in respect of each Series Preferred Share held.

iii. The class provisions attaching to the Series Preferred Shares may be amended with the written approval of all the owners of the Series Preferred Shares outstanding or by at least two-thirds of the votes cast at a meeting of the owners of such shares duly called for the purpose and at which a quorum is present.

The following Series Preferred Shares are currently outstanding:

	Stated Value	Shares	Amount ($ millions)
Series Preferred Shares:			
4.60% Series 1	$25.00	4,600,000	115
2.24% Series 4	$25.00	3,000,000	75
		7,600,000	190

SERIES PREFERRED SHARE REDEMPTION

Series 1 Preferred Shares

The Series 1 Preferred Shares became redeemable at the option of the Company beginning on June 1, 2012 at the stated value plus a 4 per cent premium per share for the following 12 months plus accrued and unpaid dividends. The redemption premium declined by 1 per cent in each succeeding 12-month period until June 1, 2016.

Series 4 Preferred Shares

The Series 4 Preferred Shares became redeemable at the option of the Company on June 1, 2016, and are redeemable on June 1 of every fifth year thereafter at the stated value per share plus accrued and unpaid dividends. The dividend rate will reset every five years to the then current 5-year Government of Canada bond yield plus 1.36 per cent. If not redeemed, owners may elect to convert any or all of their Series 4 Preferred Shares into an equal number of Cumulative Redeemable Preferred Shares Series 5 on June 1, 2021, and on June 1 of every fifth year thereafter. The dividend rate on the Series 5 Preferred Shares will be equal to the then current 3-month Government of Canada Treasury Bill yield plus 1.36 per cent. On June 1, 2026, and on June 1 of every fifth year thereafter, the Company may redeem the Series 5 Preferred Shares in whole or in part at par. The Company may redeem the Series 5 Preferred Shares in whole or in part by the payment of $25.50 for each share to be redeemed in the case of redemption on any other date.

CLASS A SHARES AND CLASS B SHARES

The owners of the Class A shares and the Class B shares are entitled to share equally, on a share for share basis, in all dividends declared by the Company on either of such classes of shares as well as the remaining property of the Company upon dissolution. The owners of the Class B shares are entitled to vote and to exchange at any time each share held for one Class A share.

If a qualifying offer to purchase Class B shares is made to all, or substantially all owners of Class B shares, and such offer is not made concurrently to owners of Class A shares, then owners of Class A shares have the ability to convert their Class A shares into Class B shares on a one-for-one basis which Class B shares will, as a result of such conversion, be automatically tendered to the offer. Any converted for Class B shares shall be automatically converted back into Class A shares on a one-for-one basis if the owner withdraws the conversion during the term of the offer or pursuant to the terms of the offer such converted for Class B shares are not taken up.

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 CU Inc.

	DBRS	S&P
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

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

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

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.

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 Cumulative Redeemable Preferred Shares Series 1 and Series 4 are listed on the Toronto Stock Exchange (TSX).

The following table sets forth the high and low prices and volume of the Company’s shares traded on the TSX under the symbols CIU.PR.A for Series 1 shares and CIU.PR.C for Series 4 shares, during 2020.

			Series 1			Series 4
2020	**High ($)**	**Low ($)**	**Volume**	**High ($)**	**Low ($)**	**Volume**
January	22.23	21.58	39,858	13.93	13.00	223,901
February	22.69	21.30	36,717	13.60	12.73	14,074
March	22.79	15.98	51,579	12.89	7.80	1,100
April	21.38	17.67	28,928	12.70	8.50	36,980
May	21.37	20.30	38,204	10.77	9.01	25,365
June	21.65	20.67	60,233	10.36	8.98	17,000
July	21.76	21.00	43,352	12.80	8.96	24,216
August	22.37	21.56	21,379	11.34	10.36	11,100
September	23.19	22.35	43,970	11.34	9.25	12,031
October	24.00	22.99	75,189	10.48	10.00	7,732
November	23.83	22.80	18,478	11.00	10.20	10,955
December	23.92	23.11	47,720	11.00	10.60	20,776

DIRECTORS AND OFFICERS

DIRECTORS [(1)]

Name, Province or State and Country of Residence	Position	Position Held and Principal Occupation	Director Since
R.T. Booth [(2)] Alberta, Canada	Director	Partner, Bennett Jones LLP	2014
L.M. Charlton [(2)] Alberta, Canada	Director	Vice President & Chief Financial Officer, Lintus Resources Limited	2008
S.W. Kiefer Alberta, Canada	Director	Member, Office of the Chair, ATCO Ltd. & President & Chief Executive Officer, Canadian Utilities Limited	2011
R.J. Normand [(2)] Alberta, Canada	Director	Corporate Director, Canadian Utilities Limited	2020
N.C. Southern Alberta, Canada	Executive Chair & Director	Chair & Chief Executive Officer, ATCO Ltd. and Executive Chair, Canadian Utilities Limited	1999
L.A. Southern-Heathcott Alberta, Canada	Vice Chair & Director	President & Chief Executive Officer of Spruce Meadows Ltd.	2017

(1) All directors hold office until their successors are elected on an annual basis

(2) Member of the Audit Committee

OFFICERS (IN ALPHABETICAL ORDER)

Name, Province or State and Country of Residence [(1)]	Position	Principal Occupation
M.L. Bayley [(2)] Alberta, Canada	President, ATCO Electric	President, ATCO Electric Ltd.
D.A. DeChamplain Alberta, Canada	Executive Vice President & Chief Financial Officer	Executive Vice President & Chief Financial Officer, ATCO Ltd. & Canadian Utilities Limited
C. Gear Alberta, Canada	Corporate Secretary	Corporate Secretary ATCO Ltd. & Canadian Utilities Limited
C.R. Jackson Alberta, Canada	Vice President, Finance, Treasury & Risk	Vice President, Finance, Treasury & Risk, ATCO Ltd. & Canadian Utilities Limited
S.W. Kiefer Alberta, Canada	President & Chief Executive Officer	Member, Office of the Chair, ATCO Ltd. and President & Chief Executive Officer, Canadian Utilities Limited
R.A. Penrice Ontario, Canada	Executive Vice President, Corporate Services	Executive Vice President, Corporate Services, ATCO Ltd. & Canadian Utilities Limited
D.J. Sharpe [(3)] Alberta, Canada	President, ATCO Gas and Pipelines	President, ATCO Gas and Pipelines Ltd.
B.P. Shkrobot Alberta, Canada	Senior Vice President, Finance & Regulatory	Senior Vice President, Finance & Regulatory, Utilities
N.C. Southern Alberta, Canada	Executive Chair	Chair & Chief Executive Officer, ATCO Ltd. & Executive Chair, Canadian Utilities Limited

(1) G.J. Lidgett, Executive Vice President & General Manager, retired from the Company effective January 1, 2021

(2) M.L Bayley became an officer of the Company effective January 1, 2021

(3) D.J. Sharpe become an officer of the Company effective January 1, 2021

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. 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.

DIRECTORS' AND OFFICERS' INTEREST IN THE COMPANY

At December 31, 2020, none of the Company's directors and officers, as a group, beneficially owned, or controlled or directed, directly or indirectly, by corporate holdings or otherwise, any of the outstanding Class B shares of the Company.

EXECUTIVE COMPENSATION

Refer to Appendix 1 for the Compensation Discussion and Analysis.

DIRECTORS' COMPENSATION

In 2020, non-employee directors of the Company were paid annual retainers for acting as directors as shown in the table below.

Directors	Annual Retainer	Audit Member	Director Totals
R.T. Booth	$6,500	$6,000	$12,500
L.M. Charlton	$6,500	$4,000	$10,500
R.J. Normand (1)	$4,250	$2,615	$6,865
L.A. Southern-Heathcott	$6,500	—	$6,500
R.J. Urwin, PhD, C.B.E. (2)	$2,275	$1,400	$3,675
Total Renumeration	$26,025	$14,015	$40,040

(1) R.J. Normand joined the Board on May 6, 2020 and his retainers are pro-rated

(2) R.J. Urwin retired from the Board on May 6, 2020 and his retainers are pro-rated

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

No director or executive officer of the Company, person or company that beneficially owns, or controls or directs, directly or indirectly, greater than ten per cent of the Company's Class B 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 Canada Business Corporations Act (CBCA) 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.

VOTING SECURITIES AND PRINCIPAL HOLDER THEREOF

The Company has 2,188,262 Class B shares outstanding, all of which are owned by Canadian Utilities. ATCO, directly or indirectly, owns 90.3 per cent of the voting securities of Canadian Utilities. The Southern family controls ATCO.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Cumulative Redeemable Preferred Shares Series 1 and Series 4 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 23 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 equity owners of the Company after adjusting for the timing of revenues and expenses associated with rate-regulated activities and dividends on equity preferred shares of the Company. Adjusted earnings also exclude one-time gains and losses, significant impairments, and items that are not in the normal course of business or a result of day-to-day operations.

Adjusted earnings present earnings from rate-regulated activities on the same basis as was used prior to adopting IFRS - that basis being the U.S. accounting principles for rate-regulated activities. Management's view is that adjusted earnings allow for a more effective analysis of operating performance and trends. A reconciliation of adjusted earnings to earnings attributable to Class A and Class B 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. 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 financial information is provided in the Company's audited 2020 Consolidated Financial Statements and MD&A for the financial year ended December 31, 2020.

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

GLOSSARY

AUC means Alberta Utilities Commission.

Board means CU Inc.'s Board of Directors.

Class A shares means Class A non-voting shares of the Company.

Class B shares means Class B voting common shares of the Company.

Company means CU Inc. 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.

IFRS means International Financial Reporting Standards.

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

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

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.

APPENDIX 1

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis (CD&A) discusses the Company's executive compensation program, and how it is structured, governed, and designed to support the corporate business objectives.

This CD&A discloses compensation of the Executive Chair, Chief Executive Officer, Chief Financial Officer and the next two executives that received the highest pay as of December 31, 2020 (our named executives):

- Nancy C. Southern, Executive Chair
- Dennis A. DeChamplain, Executive Vice President & Chief Financial Officer
- Siegfried W. Kiefer, President & Chief Executive Officer
- George J. Lidgett, Executive Vice President & General Manager, Utilities
- Brian P. Shkrobot, Senior Vice President, Finance & Regulatory, Utilities

In 2020, the named executives had multiple roles for CU Inc., Canadian Utilities, and ATCO, the Company's ultimate parent company. The exceptions were George J. Lidgett and Brian P. Shkrobot, 100 per cent of their compensation expenses were allocated to CU Inc.

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

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

The table below shows how CU Inc., Canadian Utilities and ATCO have shared the compensation expense of executives with multiple roles over the past three years:

	Amount paid and reported by CU Inc. (%)	Amount paid by Canadian Utilities (%)	Amount paid by ATCO (%)	Combined total reported by ATCO (%)
2020	**78.1**	**11.9**	**10.0**	**100**
2019	70.7	19.2	10.1	100
2018	70.4	17.1	12.5	100

EXECUTIVE COMPENSATION PROGRAM ELEMENTS

The Company's executive compensation program includes direct and indirect compensation. Direct compensation is made up of:

- Fixed compensation (base salary); and
- Variable compensation (short-term incentives).

Indirect compensation includes a pension plan and other benefits.

Discretionary incentives may also be awarded to senior executives for their contribution to particularly notable accomplishments.

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

FIXED COMPENSATION

Base salaries are targeted at the median (50th percentile) of the comparator group, and can be up to the 75th percentile for executives who consistently perform above the role's expectations.

VARIABLE COMPENSATION

Variable compensation makes up a significant portion of each senior executive's total compensation. Awards and payouts are tied to corporate, Business Unit and individual performance.

Nancy C. Southern

Executive Chair
Age: 64
Location: Calgary, Canada
Years of Service: 31

Ms. Southern is Executive Chair of CU Inc. She is accountable for the Company's strategic direction, vision and governance. She reports to the Board of Directors and has been a director of CU Inc. since 1989.

Under Ms. Southern's guidance, adjusted earnings have increased from $275 million in 2010 to $534 million in 2020. CU Inc.'s total assets have grown from approximately $7 billion in 2010 to $17 billion in 2020.

	2020	**2019**	**2018**
Cash			
Base salary	**553,208** (1)	707,000	704,000
Short-term incentive	**1,249,600**	989,800	844,800
Total direct compensation	**1,802,808**	1,696,800	1,548,800

(1) In anticipation of possible COVID-19 ramifications, Ms. Southern took a voluntary base salary reduction of 50% from June 1, 2020 to December 31, 2020.

EMPLOYMENT AGREEMENT

Ms. Southern has an employment agreement with Canadian Utilities that is reviewed and approved regularly. It is currently effective to February 28, 2024. The agreement includes insurance benefits if Ms. Southern dies or becomes disabled before she retires or employment is terminated. The amount is based on her salary, using formulas that take into account the amounts payable to her under Canadian Utilities' group life insurance policies and disability income programs. It also includes supplemental pension benefits.

Dennis A. DeChamplain

Executive Vice President & Chief Financial Officer
Age: 57
Location: Calgary, Canada
Years of Service: 28

Mr. DeChamplain is Executive Vice President & Chief Financial Officer of CU Inc. He is responsible for Finance, Accounting, Treasury, Taxation, Risk Management, Information Technology, Investor Relations and the administration of Internal Audit. He was appointed to his current role in June 2017.

	2020	2019	2018
Cash			
Base salary	**435,112**	334,058	268,137
Short-term incentive	**624,800**	226,240	193,600
Total direct compensation	**1,059,912**	560,298	461,737

Siegfried W. Kiefer

President & Chief Executive Officer
Age: 62
Location: Calgary, Canada
Years of Service: 38

Mr. Kiefer is President & Chief Executive Officer of CU Inc. He is responsible for leading the development and execution of the Company's growth strategy, and ensuring its alignment with short and long-term objectives. He joined ATCO in 1983 and has held progressively senior roles in ATCO and Canadian Utilities. He was appointed to the role of President & Chief Executive Officer of CU Inc. in 2019.

	2020	2019	2018
Cash			
Base salary	**702,900**	627,463	589,600
Short-term incentive	**937,200**	565,600	352,000
Total direct compensation	**1,640,100**	1,193,063	941,600

EMPLOYMENT AGREEMENT

Mr. Kiefer has an employment agreement with Canadian Utilities in his role as Chief Executive Officer of Canadian Utilities. His employment agreement came into effect on March 1, 2019 and is reviewed regularly. It is currently effective until February 28, 2022. The agreement includes insurance benefits if Mr. Kiefer dies or becomes disabled before he retires or employment is terminated. The amount is based on his salary, using formulas that take into account the amounts payable to him under Canadian Utilities' group life insurance policies and disability income programs. It also includes supplemental pension benefits.

George J. Lidgett

Executive Vice President & General Manager, Utilities
Age: 59
Location: Calgary, Canada
Years of Service: 35

Mr. Lidgett held the position of Executive Vice President & General Manager, Utilities until his retirement effective January 1, 2021. He oversaw the Company's natural gas and electric utilities in Alberta and Canada's North, focusing on building upon the Company's track record of operational and regulatory excellence. Mr. Lidgett joined ATCO in 1985 and held a variety of leadership positions across Canadian Utilities and ATCO.

	2020	2019	2018
Cash			
Base salary	**485,000**	465,613	435,938
Short-term incentive	**420,000**	279,850	213,900
Total direct compensation	**905,000**	745,463	649,838

Brian P. Shkrobot

Senior Vice President, Finance & Regulatory, Utilities
Age: 48
Location: Edmonton, Canada
Years of Service: 20

Mr. Shkrobot is Senior Vice President, Finance & Regulatory, Utilities. He is responsible for all financial and regulatory matters for the Company's natural gas and electric utilities in Alberta and Canada's North. Mr. Shkrobot joined Canadian Utilities in 2000 and has held a variety of leadership positions across Canadian Utilities. He was appointed to his current role in July 2019.

	2020	2019	2018
Cash			
Base salary	**362,273**	305,181	262,725
Short-term incentive	**350,000**	168,875	139,500
Total direct compensation	**712,273**	474,056	402,225

2020 COMPENSATION DETAILS

Summary Compensation Table

The table below summarizes the total compensation of each of the named executives received or awarded for the years ended December 31, 2018, 2019 and 2020. In 2020, all of the named executives had multiple roles for CU Inc., Canadian Utilities, and ATCO, the Company's ultimate parent company. The exceptions were George J. Lidgett and Brian P. Shkrobot, 100 per cent of their compensation expenses were allocated to CU Inc. The table below shows how the compensation expense for executives with multiple roles has been shared over the past three years.

	Amount paid and reported by CU Inc. (%)	Amount paid by Canadian Utilities (%)	Amount paid by ATCO (%)	Combined total reported by ATCO (%)
2020	**78.1**	**11.9**	**10.0**	**100**
2019	70.7	19.2	10.1	100
2018	70.4	17.1	12.5	100

	Salary	Share based awards	Option based awards	Non-equity incentive plan compensation: Annual incentive plans	Non-equity incentive plan compensation: Long term incentive plans	Pension value (1)	All Other Compensation (2)	Total Compensation
Nancy C. Southern								
Executive Chair								
2020	**553,208 (3)**	**N/A**	**N/A**	**1,249,600**	**N/A**	**1,990,852 (4)**	**27,335**	**3,820,995**
2019	707,000	N/A	N/A	989,800	N/A	(1,732,942)	24,745	(11,397)
2018	704,000	N/A	N/A	844,800	N/A	844,161	24,640	2,417,601
Dennis A. DeChamplain								
Executive Vice President & Chief Financial Officer								
2020	**435,112**	**N/A**	**N/A**	**624,800**	**N/A**	**3,832,793 (5)**	**15,229**	**4,907,934**
2019	334,058	N/A	N/A	226,240	N/A	19,252	11,362	590,912
2018	268,137	N/A	N/A	193,600	N/A	18,656	4,994	485,387
Siegfried W. Kiefer								
President & Chief Executive Officer								
2020	**702,900**	**N/A**	**N/A**	**937,200**	**N/A**	**176,357 (6)**	**24,602**	**1,841,059**
2019	627,463	N/A	N/A	565,600	N/A	(689,444)	21,961	525,580
2018	589,600	N/A	N/A	352,000	N/A	308,031	20,636	1,270,267
George J. Lidgett								
Executive Vice President & General Manager, Utilities								
2020	**485,000**	**N/A**	**N/A**	**420,000**	**N/A**	**152,308**	**6,063**	**1,063,371**
2019	465,613	N/A	N/A	279,850	N/A	196,411	5,247	947,121
2018	435,938	N/A	N/A	213,900	N/A	234,333	3,270	887,441
Brian P. Shkrobot								
Senior Vice President, Finance & Regulatory, Utilities								
2020	**362,273**	**N/A**	**N/A**	**350,000**	**N/A**	**27,830**	**12,680**	**752,783**
2019	305,181	N/A	N/A	168,875	N/A	26,277	11,365	511,698
2018	262,725	N/A	N/A	139,500	N/A	24,645	9,195	436,065

(1) Estimated using a prescribed formula based on several assumptions. Also includes other compensatory items.

(2) Employer contribution to the Employee Share Purchase Plan.

(3) In anticipation of possible COVID-19 ramifications, Ms. Southern took a voluntary base salary reduction of 50% from June 1, 2020 to December 31, 2020.

(4) Increase in value reflects a return to a normal year pension valuation following 2019, when pension value decreased as a result of a change in the assumed retirement date.

(5) Mr. DeChamplain joined the supplemental pension plan for all service, effective 2020.

(6) Increase in value reflects a return to a normal year pension valuation following 2019, when pension value decreased as a result of changes in the assumed retirement date and Supplemental Employee Retirement Plan service limit.

PENSION PLAN

The named executives participate in the Retirement Plan for Employees of Canadian Utilities Limited and Participating Companies (CU plan), which has both a defined benefit (DB) and defined contribution (DC) component. Nancy C. Southern, Dennis A. DeChamplain, Siegfried W. Kiefer, and George J. Lidgett participate in the DB component.

How the DB component works:

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

How we calculate the pension benefit:

[1.4% X average year's maximum pensionable earnings ($56,440 in 2020) **+** 2% X average salary (highest five consecutive years of base salary, not including short-term incentive) *minus* $56,440] **X** Years of service

Dennis A. DeChamplain and Brian P. Shkrobot participate in the DC component.

How the DC component works:

- Executives do not contribute to the plan;
- The Company contributes 10 per cent of base salary up to the maximum permitted by the Income Tax Act (Canada) which was $27,830 in 2020; and
- Participants are responsible for the investment decisions in the DC plan and may invest contributions in a broad selection of funds.

SUPPLEMENTAL PENSION BENEFITS

Pension benefits under our pension plans are subject to limits imposed by the Income Tax Act (Canada). Benefits that are higher than these limits are paid to each of the named executives except Brian P. Shkrobot as a supplemental pension. This supplemental pension is provided by Canadian Utilities and benefits are not pre-funded, it is also inclusive of the benefit under the Canadian Utilities plan. Benefits are paid on the same terms as the plan, with the same survivor benefits and top-up for inflation.

How it works:

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

Nancy C. Southern's supplemental pension benefit is part of her employment agreement. Her benefits are calculated as 80 per cent of the average of the highest five years of cash compensation (salary and short-term incentives) throughout her career.

Siegfried W. Kiefer's supplemental pension benefit is part of his employment agreement. His benefits are calculated as the average of the highest consecutive five years of salary compensation. Mr. Kiefer's maximum service limit for the supplemental pension benefit is 40 years.

DEFINED BENEFIT

The table below shows the pension benefits and accrued obligations under all registered pension plans and supplemental arrangements for each of the named executives.

	Number of years credited service	Annual Benefits Payable ($) At year end	At age 65	Opening present value of defined benefit obligation ($)	Compensatory Change ($)	Non Compensatory Change ($)	Closing present value of defined benefit obligation ($)
Nancy C. Southern	25.00	1,574,496	1,574,496	22,395,064	1,990,852	5,579,024	29,964,940
Dennis A. DeChamplain	27.92	81,743	135,740	0	3,811,058[1]	522,298	4,333,356
Siegfried W. Kiefer	37.00	472,794	508,999	9,520,666	176,357	2,333,378	12,030,401
George J. Lidgett	35.00	309,098	309,098	7,790,700	152,308	1,069,289	9,012,297

(1) Mr. DeChamplain joined the supplemental pension plan for all service, effective 2020.

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

Annual benefits payable at year end is based on the defined benefit credited service and actual average pensionable earnings at December 31, 2020. The benefits are reduced if a named executive is eligible for early retirement.

Annual benefits payable at age 65 is based on actual average pensionable earnings at December 31, 2020, and their projected service at age 65, to a maximum of 35 years service (with the exception to Supplemental Employee Retirement Plan maximum for Siegfried W. Kiefer).

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

The compensatory change includes the service cost, differences between actual and estimated earnings, the impact of plan amendments and past service benefits, as well as changes in expected future retirement dates.

The non-compensatory change includes interest on the obligation, the impact of assumption changes, and the impact of changing the CU Inc. allocation from 70.7 per cent in 2019 to 78.1 per cent in 2020. See Note 14, Retirement Benefits, in the Company's consolidated financial statements for the year ended December 31, 2020, for more information about the methods and assumptions used to calculate accrued obligations.

DEFINED CONTRIBUTION

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

	Accumulated value at start of year	Compensatory ($)	Accumulated value at year end ($)
Dennis A. DeChamplain	656,473	21,735	735,749
Brian P. Shkrobot	540,243	27,830	623,414

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

TERMINATION AND CHANGE OF CONTROL

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

The Company considers there to be a change of control when holders of more than 50 per cent of Canadian Utilities Class B common shares accept an offer for any portion or all of the shares. This change can be by way of a takeover bid or some other means, as long as it is not the result of a transaction to convert Canadian Utilities to a trust with our shareholders owning more than 50 per cent of the voting securities of the trust.

The Company's employment agreements with Ms. Southern, our Executive Chair and Mr. Kiefer, our President & Chief Executive Officer, outline the following:

Retirement

- Salary ends.
- Retiring allowance is based on years of service to a maximum of one month's salary.
- Retiree health benefits coverage starts when he or she retires, and continues until six months after the pensioner dies.
- Annual incentive bonus is paid on a pro rata basis to the retirement date.
- All vested options and share appreciation rights can be exercised within 24 months of the retirement date, or on the expiry date if earlier.
- All unvested options and share appreciation rights granted in 2019 and prior are forfeited on the retirement date.
- All options granted after 2019 will continue to vest over the four-year term and expire eight years after the grant date.
- Pension benefits are provided based on membership in the plan.

Resignation

- All salary and benefits end.
- Annual incentive bonus for the current year is forfeited.
- All vested options and share appreciation rights can be exercised within 90 days of the resignation date, or on the expiry date if earlier.
- All unvested options, share appreciation rights and mid-term incentive plan awards are forfeited on the resignation date.
- Pension is paid as a commuted value or deferred benefit.

Termination

- All salary and benefits end.
- Annual incentive bonus for the current year is forfeited.
- All vested options and share appreciation rights can be exercised within 90 days of the termination date, or on the expiry date if earlier.
- All unvested options, share appreciation rights and mid-term incentive plan awards are forfeited on the termination date.
- Pension is paid as a commuted value or deferred benefit.
- If applicable, severance is provided based on employment standards and common law provisions.

Change of Control

- No changes are made to salary, incentives or benefits.
- All vested options and share appreciation rights can be exercised within 90 days of a change of control, or on the expiry date, if earlier.
- All unvested options and share appreciation rights are accelerated and can be exercised within 90 days of a change of control date, or on the expiry date, if earlier.
- All unvested mid-term incentive plan awards vest on the date immediately preceding the change of control.