CU INC.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2014

FEBRUARY 19, 2015

TABLE OF CONTENTS

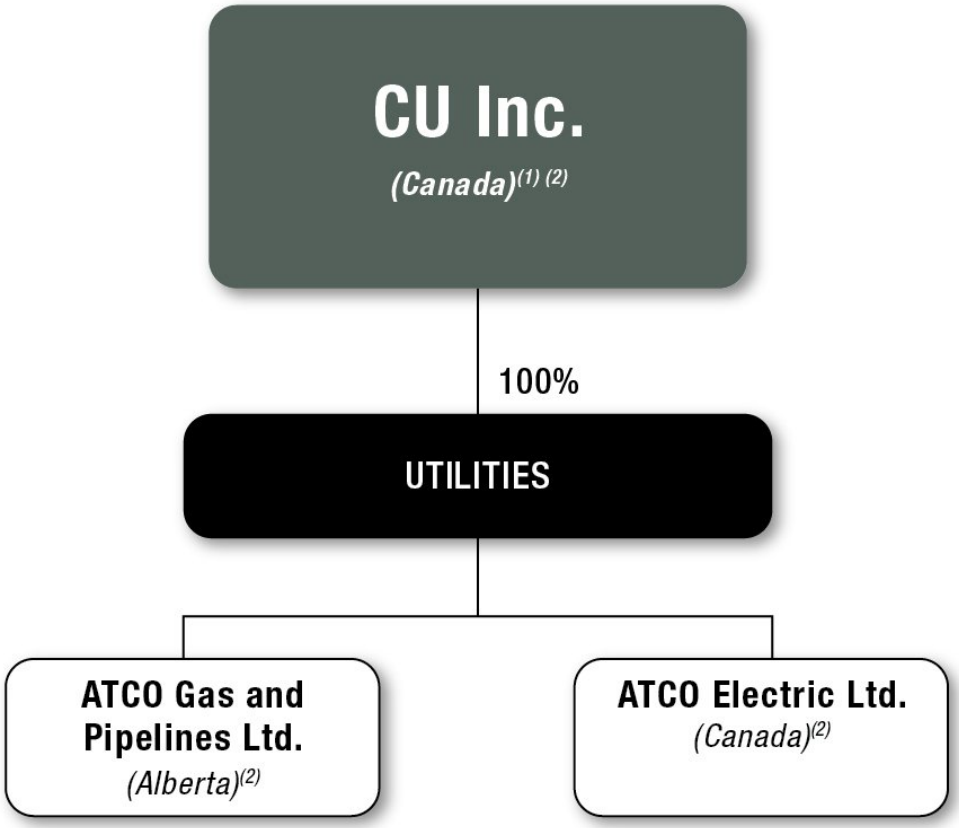
CORPORATE STRUCTURE

CU Inc. (the Company) was incorporated under the laws of Canada on March 12, 1999. The address of the head office and the registered office of the Company is 700, 909 - 11th Avenue S.W., Calgary, Alberta T2R 1N6.

INTERCORPORATE RELATIONSHIPS

CU Inc. is a holding company comprised of natural gas and electricity transmission and distribution companies (the Utilities).

The following chart includes the names of the Company's principal operating subsidiaries and the jurisdictions under the laws of which they are organized. The chart also shows the percentages of the principal operating subsidiaries' shares the Company beneficially owns, controls or directs, either directly or indirectly.



(1) CU Inc. owns all of the voting and non-voting shares of the operating subsidiaries.

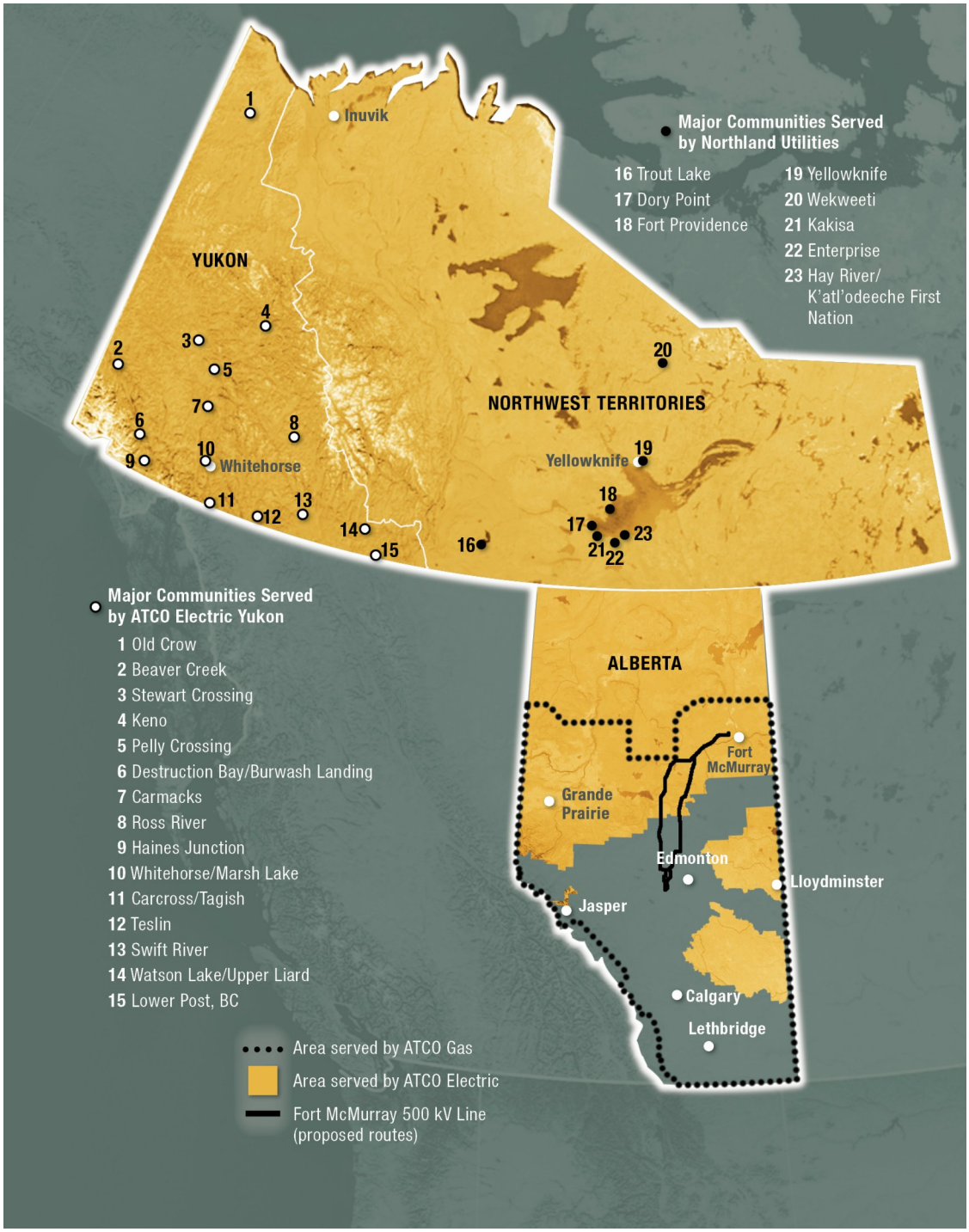
(2) Jurisdiction in which the company was incorporated.

BUSINESS DESCRIPTION

The Utilities segment includes three regulated business operations: (i) electricity distribution and transmission by ATCO Electric Ltd. and its subsidiaries, Northland Utilities (NWT) Limited (NWT), Northland Utilities (Yellowknife) Limited (NUY), and ATCO Electric Yukon (AEY); (ii) natural gas distribution by the ATCO Gas division of ATCO Gas and Pipelines Ltd. (AGP); and (iii) natural gas transmission by the ATCO Pipelines division of AGP.

EMPLOYEE INFORMATION

At December 31, 2014, the Company had 5,460 employees. The Utilities' activity areas in western and northern Canada, excluding ATCO Pipelines, are shown in the map below.



GOVERNMENT REGULATION

The Utilities segment is regulated mainly by the Alberta Utilities Commission (AUC). The AUC administers acts and regulations covering such matters as rates, financing and service area.

In 2012, both the transmission and distribution operations of the Utilities were subject to a cost-of-service regulatory model. Under this model, the regulator established the revenues required to recover forecast operating costs of the regulated service, including depreciation and amortization and income taxes. The regulator also established the revenues needed for a fair return on utility investment. Determining a fair return to common share owners involved the regulator assessing many factors, including returns on alternative investment opportunities with comparable risk and the level of return for a utility to attract the necessary capital to fund operations and maintain financial integrity.

In 2013, ATCO Gas and the distribution operations of ATCO Electric moved to a form of rate regulation called Performance Based Regulation (PBR). The PBR model uses a formula to determine utility rates on an annual basis; however, the rates should provide these Utilities the opportunity to recover prudently incurred operating costs for providing regulatory services and earn a fair return on investment.

Before the introduction of PBR, the Utilities would have filed cost-of-service applications with the AUC to recover forecast costs from customers. Under PBR, however, revenue is determined by a formula that adjusts customer rates for inflation and expected productivity improvements over a five-year period.

Specifically, the PBR formula incorporates the following factors:

- Estimated annual inflation for input prices (I Factor)
- Less an offset to reflect expected productivity improvements during the PBR plan period (X Factor)

PBR also includes mechanisms to allow companies to:

- Recover capital expenditures not recoverable through the PBR formula that are significant and meet certain criteria (K Factor)
- Recover from or refund to customers amounts outside of management's ability to control that are material, should not significantly influence the I Factor, are prudently incurred, are recurring, and could vary greatly from year to year (Y Factor), or are unforeseen, and not likely to recur (Z Factor).

The first PBR period runs from 2013 to 2017. The AUC can re-open and review the PBR plan if utility return on common equity (ROE) is +/- 300 bps of the approved ROE for two consecutive years or +/- 500 bps of the approved ROE for any single year. The current AUC-approved interim ROE is 8.75%.

ATCO Pipelines and the transmission operations of ATCO Electric continue to operate under the cost-of-service model in 2014.

The Company's regulated operations in the Yukon Territory (AEY) and Northwest Territories (NWT and NUY) are subject to a cost-of-service regulatory model, similar to that in Alberta, administered by regulatory authorities in those jurisdictions.

ATCO ELECTRIC

ATCO Electric transmits and distributes electricity to 245 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.

ATCO Electric is headquartered in Edmonton and has 38 offices throughout its service area. Electric utility service is also provided to one community in British Columbia and two in Saskatchewan. AEY serves 19 communities in the Yukon Territory, including the capital city of Whitehorse. NUY and NWT serve 9 communities in the Northwest Territories, including the capital city of Yellowknife.

Approximately 564,000 people live in the principal markets for electric utility service by ATCO Electric and its subsidiaries NUY, NWT and AEY. Service is provided to approximately 252,000 customers. ATCO Electric has been assigned about 65% of the designated service area within Alberta. This service area contains approximately 14% of the provincial electrical load and 13% of the population.

The number of customers served by ATCO Electric, NUY, NWT and AEY at the end of each of the last two years was as follows.

	2014		2013	
	Number	%	Number	%
Industrial	**11,314**	**5**	11,547	5
Commercial	**33,338**	**13**	32,777	13
Residential	**175,934**	**70**	172,798	70
Rural, REAs and other	**31,169**	**12**	30,975	12
Total	**251,755**	**100**	248,097	100

Electricity distributed to the various classes of customers for each of the last two years was as follows.

	2014		2013	
	GWh	%	GWh	%
Industrial	**7,198**	**62**	7,038	62
Commercial	**2,496**	**21**	2,383	21
Residential	**1,375**	**12**	1,338	12
Rural, REAs and other	**531**	**5**	524	5
Total	**11,600**	**100**	11,283	100

ATCO Electric, NUY, NWT and AEY own and operate extensive electricity transmission and distribution systems. The systems consist of approximately 11,000 kilometres of transmission lines and 71,000 kilometres of distribution lines. In addition, ATCO Electric delivers power to and operates approximately 4,000 kilometres of distribution lines owned by Rural Electrification Associations (REA).

ATCO Electric, NUY, NWT and AEY own and operate 27 diesel, natural gas turbine and hydro-generating plants, with an aggregate nameplate capacity of 62 MW in Alberta, the Yukon and Northwest Territories. The maximum peak load demand for these plants during 2014 was 30 MW.

ATCO Electric, 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 ATCO Electric, 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 fixed by the regulatory authority. The franchise under which service is provided in the Yukon Territory was granted under the Public Utilities Act (Yukon Territory) and has no set expiry date.

Under the Electric Utilities Act (Alberta) (EUA), wholesale tariffs for electricity transmission must be approved by the 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 interprovincial intertie projects and those deemed "critical" by the Alberta government.

ATCO GAS

ATCO Gas distributes natural gas throughout Alberta and in the Lloydminster area of Saskatchewan. This subsidiary serves more than 1.1 million customers in nearly 300 Alberta communities. Headquartered in Edmonton, it has more than 60 district offices across the province. ATCO Gas services municipal, residential, business and industrial customers.

ATCO Gas' 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 2,640,000. At December 31, 2014, approximately 80% of ATCO Gas' customers were located in these 11 communities. Also served are 279 smaller communities as well as rural areas with a combined population of approximately 701,000.

The number of customers served by ATCO Gas at the end of each of the last two years is shown below.

	2014		2013	
	Number	%	Number	%
Residential	**1,049,261**	**92**	1,025,668	92
Commercial	**94,005**	**8**	92,541	8
Industrial	**355**	**–**	355	–
Other	**3**	**–**	2	–
Total	**1,143,624**	**100**	1,118,566	100

The quantities of natural gas distributed by ATCO Gas for each of the last two years is given below.

	2014		2013	
	PJ	%	PJ	%
Residential	**125.7**	**48**	119.1	48
Commercial	**123.0**	**47**	115.7	46
Industrial	**14.2**	**5**	14.3	6
Other	**0.1**	**–**	0.1	–
Total	**263.0**	**100**	249.2	100

ATCO Gas owns and operates more than 40,000 kilometres of distribution mains. It also owns service and maintenance facilities in major centres in Alberta.

ATCO Gas distributes 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 167 franchise agreements with communities throughout Alberta. These franchise agreements detail the rights granted to ATCO Gas and its obligations to deliver natural gas services to consumers in the municipality.

All franchises are exclusive to ATCO Gas 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 fixed by the prevailing regulatory authority.

In Edmonton, distribution of natural gas is carried on under the authority of an exclusive franchise. ATCO Gas 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, distribution of natural gas operates under a municipal by-law. The rights of ATCO Gas 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.

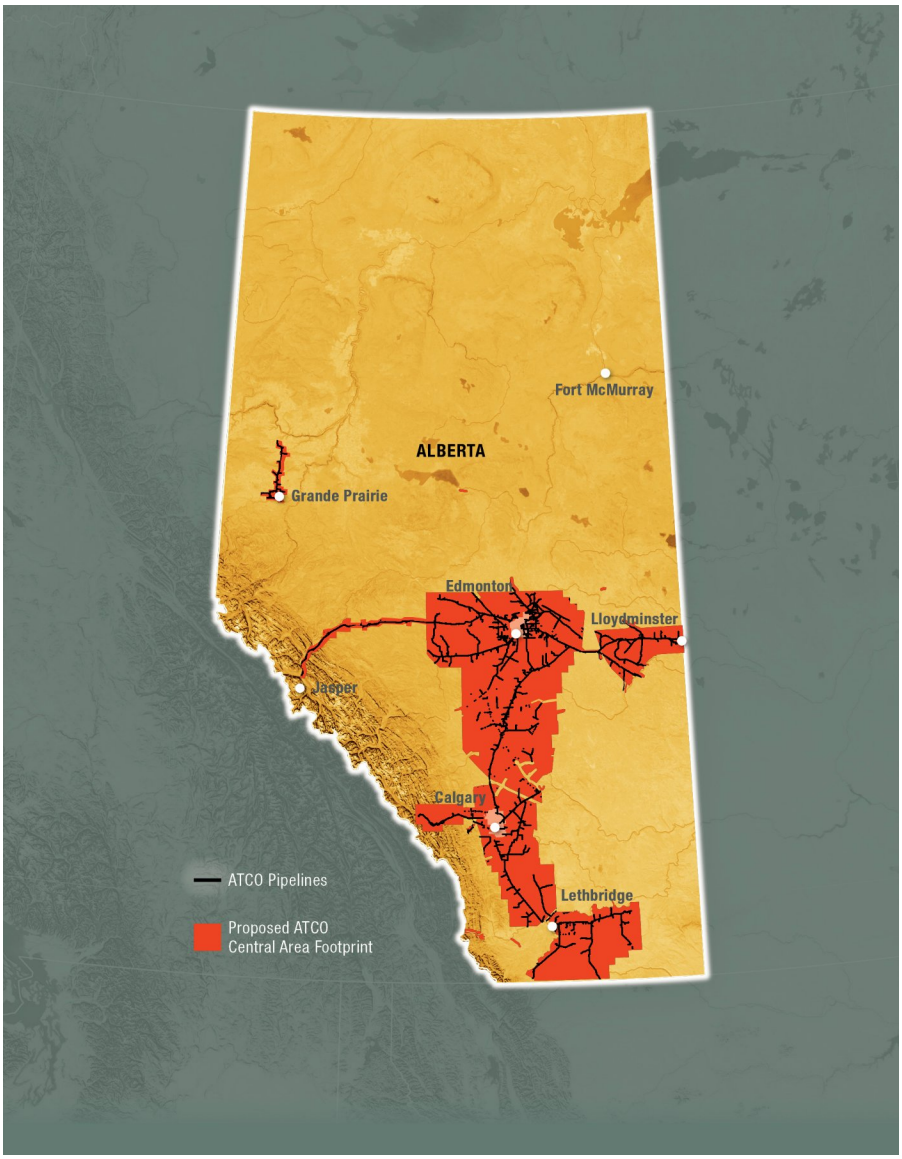
ATCO PIPELINES

ATCO Pipelines owns and operates natural gas transmission pipelines and facilities in Alberta. The business receives natural gas on its pipeline system at 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.

ATCO Pipelines owns and operates an extensive natural gas transmission system. The system currently consists of approximately 8,500 kilometres of pipelines, 19 compressor sites, approximately 4,000 receipt and delivery points, and a salt cavern storage peaking facility near Fort Saskatchewan, Alberta. The system has 177 producer receipt points, four interconnections with Alliance Pipeline, and one interconnection with Many Islands Pipelines. Peak delivery capability of the ATCO Pipelines system is 3.8 billion cubic feet per day.

The Alberta System Integration Agreement entered into by ATCO Pipelines and NOVA Gas Transmission Ltd. (NGTL) resulted in a single rate and services structure for gas transmission in Alberta. Starting in October 2011, natural gas transportation rates in Alberta are based on the ATCO Pipelines cost-of-service approved by the AUC plus the NGTL cost-of-service approved by the National Energy Board (NEB).

The Alberta System Integration Agreement requires ATCO Pipelines and NGTL, subject to regulatory approvals, to swap ownership of certain physical assets within distinct operating territories or “footprints” in Alberta (Asset Swap). The following map shows ATCO Pipeline’s current activity in Alberta, and the shaded area on the map represents the proposed ATCO Pipelines footprint on completion and approval of the Asset Swap.



THREE-YEAR HISTORY

Summarized below are major events that occurred in the Company and the significant conditions that influenced the Company's development during the past three years.

Utilities

Total capital expended in the Utilities over the last three years was $6.4 billion (see table below). The largest expenditures were in the transmission operations of ATCO Electric. The AESO has identified the need for major reinforcement and expansion of the electricity transmission system in Alberta, and ATCO Electric is dedicated to improving Alberta's electrical system through responsible transmission development. Capital expenditures for ATCO Gas, ATCO Electric Distribution and ATCO Pipelines over the three-year period are representative of expenditure levels required to provide safe and reliable service and meet the demands of a growing province.

Total capital expenditures for the Utilities in the last three years are provided in the table below.

			Year Ended December 31
($ millions)	**2014**	**2013**	**2012**
Electric Transmission	**1,233**	1,355	1,345
Electric Distribution	**369**	408	387
Gas Distribution	**292**	268	323
Pipeline Transmission	**185**	147	87
Total	**2,079**	2,178	2,142

REGULATORY DEVELOPMENTS

In 2013, ATCO Gas and the distribution operations of ATCO Electric moved to a form of rate regulation called Performance Based Regulation (PBR). The PBR model uses a formula to determine utility rates on an annual basis; however, the rates should provide these Utilities the opportunity to recover prudently incurred operating costs for providing regulatory services and earn a fair return on investment.

ATCO Pipelines and the transmission operations of ATCO Electric continued under the cost-of-service model in 2014.

The table below details mid-year rate base, rate of return on common equity and the common equity ratio for each of ATCO's Utilities during the past three years.

	Year	Date of Decision[1]	Mid-Year Rate Base ($ millions)	Rate of Return on Common Equity[2] (%)	Common Equity Ratio[3] (%)
ATCO Electric					
Transmission	**2014**	**Sep. 24/13**	**4,413** [5]	**8.75%** [6]	**37.0%** [6]
	2013	Sep. 24/13	3,576 [5]	8.75% [6]	37.0% [6]
	2012	Nov. 22/11	2,839	8.75% [4]	37.0% [4]
Distribution	**2014**	**_** [7]	**_** [7]	**8.75%** [6]	**39.0%** [6]
	2013	_ [7]	_ [7]	8.75% [6]	39.0% [6]
	2012	Nov. 22/11	1,392	8.75% [4]	39.0% [4]
ATCO Gas	**2014**	**_** [7]	**_** [7]	**8.75%** [6]	**39.0%** [6]
	2013	_ [7]	_ [7]	8.75% [6]	39.0% [6]
	2012	Nov. 20/12	1,666	8.75% [4]	39.0% [4]
ATCO Pipelines	**2014**	**Jun. 10/14**	**979** [9]	**8.75%** [6]	**38.0%** [6]
	2013	Jun. 10/14	879 [9]	8.75% [6]	38.0% [6]
	2012	Aug. 30/13	847 [8]	8.75% [4]	45.0% [4]

(1) The information shown reflects the most recent amending or varying orders issued after the original decision date.

(2) Rate of return on common equity is the rate of return on the portion of rate base considered to be financed by common equity.

(3) The common equity ratio is the portion of rate base considered to be financed by common equity.

(4) The rate of return on common equity and common equity ratio for 2012 was approved in the AUC's Generic Cost of Capital decision of December 8, 2011.

(5) The mid-year rate base for 2013 and 2014 was approved in the AUC's General Tariff Application Compliance decision of December 15, 2014.

(6) The rate of return on common equity and common equity ratio for 2013 and 2014 is an interim rate based on the last AUC Generic Cost of Capital decision of December 8, 2011.

(7) The distribution utilities in Alberta are operating under PBR and no longer have an approved mid-year Rate Base forecast.

(8) The 2012 rate base is revised based on the final revenue decision received on August 30, 2013.

(9) The mid-year rate base for 2013 and 2014 is based on the 2013-2014 General Rate Application Compliance Filing filed on January 22, 2014.

ATCO ELECTRIC

Major Project Updates

Eastern Alberta Transmission Line (EATL) Project

On November 15, 2012, ATCO Electric received approval from the AUC to start construction of the EATL project. The 500kV high voltage direct-current transmission line, with its associated converter stations and facilities, extends approximately 485 kilometres along a corridor on the east side of the province between Edmonton and Calgary. The line adds capacity to Alberta's existing electricity transmission system. In late 2012, ATCO Electric started construction of the transmission line. By the end of 2014, all foundations and towers were installed and erected with 92 per cent of stringing completed. The remaining stringing was completed in February 2015. While work also progressed on the two converter stations, the in-service date has shifted into 2015 due to contractor delays.

Total cost is estimated to be $1.8 billion, excluding interest during construction. As of December 31, 2014, $1.7 billion of this amount has been spent, with the remaining $129 million expected to be incurred during 2015.

Hanna Region Transmission Development (HRTD) Project

ATCO Electric completed this major transmission project in July 2013 on schedule and approximately $60 million under budget. This transmission reinforcement of the southeast region of the province was comprised of approximately 335 kilometres of transmission lines and six new substations, as well as modifications and expansions of 14 existing substations.

ATCO GAS

Plastic Mains Replacement Project

The Plastic Mains Replacement program is a 20-year program aimed at replacing polyvinyl chloride (PVC) and early generation polyethylene (PE) pipe. The pipe has been identified for replacement due to risks associated with brittle cracking. Overall, approximately 8,000 kilometres of main gas line impacting roughly 27,500 services will be replaced. The program began in 2011 with a target completion date of no later than 2030. Through the first four years of the program, approximately 1,030 kilometres of main line impacting 3,550 services has been replaced.

Automated Meter Reading Project

In 2013, ATCO Gas completed the automated meter reading project. Since 2011, ATCO Gas has replaced or retrofitted 1.1 million natural gas meters with encoder receiver transmitter devices, which wirelessly transmit usage data to mobile collectors. This allows ATCO Gas to read gas meters without entering customers' homes, yards or businesses, improving billing accuracy, employee safety and customer convenience.

ATCO PIPELINES

Urban Pipeline Replacement Proceeding

ATCO Pipelines' Urban Pipeline Replacement (UPR) project is intended to replace and relocate the aging, high-pressure natural gas pipelines in Edmonton and Calgary to address safety, reliability and future growth.

The AUC previously approved three of the UPR projects in December 2011. However, the AUC suspended the project and in September 2012 directed ATCO Pipelines to apply for the entire UPR project, which included public consultation sessions.

In January 2014, the AUC issued its decision approving the need for the replacement and relocation of the Edmonton and Calgary aging, urban high-pressure natural gas pipelines. In this decision, the AUC determined that the UPR proposal put forward by ATCO Pipelines was in the public interest, to provide a safe, reliable and efficient system. The total cost of the UPR project is estimated at $700 million, which includes the cost to integrate the new high-pressure network with ATCO Gas' low-pressure distribution system. ATCO Pipelines plans to complete the construction of the UPR project over the next five years. To date, $68 million has been spent on UPR projects.

Alberta System Integration

ATCO Pipelines and Nova Gas Transmission Ltd. (NGTL) entered into an agreement with respect to natural gas transmission service that will allow ATCO Pipelines and NGTL to utilize their physical assets under a single rates and services structure with a single commercial interface for Alberta customers. This integration will end duplicate tolling and operational activities and result in more efficient regulatory processes.

The AUC issued a decision on May 27, 2010, approving the integration, subject to subsequent applications to address (i) the transition of ATCO Pipelines' customers to NGTL, and (ii) the swap of assets between ATCO Pipelines and NGTL in order to establish distinct operating areas. Commercial integration and the transition of customers took place on October 1, 2011, following AUC approval.

On November 22, 2012, the AUC issued a decision approving the asset swap between ATCO Pipelines and NGTL in order to establish distinct operating areas. On October 16, 2014, the National Energy Board issued an order approving the asset swap between ATCO Pipelines and NGTL. The asset transfers will commence in 2015 and are expected to be completed over a two-year period.

BUSINESS RISKS

Business risks are described in the “Utilities Information” and “Risk Management and Financial Instruments” sections in CU Inc.’s MD&A and are hereby incorporated 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)	2014	2013	2012
Series Preferred Shares			
Series 1 (1)	**1.150**	1.150	1.150
Series 2 (2)	**0.838**	1.675	1.675
Series 4 (3)	**0.950**	0.950	0.950
Class A and Class B Shares	–	–	–

(1) Issued April 18, 2007

(2) On June 1, 2014, the Company redeemed all outstanding Series 2 Preferred Shares

(3) Issued December 2, 2010

CAPITAL STRUCTURE

SHARE CAPITAL

The share capital of the Company at February 18, 2015, 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.

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.

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.

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	Redemption Dates	Shares	Amount ($ millions)
Series Preferred Shares:				
4.60% Series 1	$25.00	(1)	4,600,000	115
3.80% Series 4	$25.00	(2)	3,000,000	75
				190

(1) The Series 1 Preferred Shares are 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 next 12 months plus accrued and unpaid dividends. The redemption premium declines by 1 per cent in each succeeding 12-month period until June 1, 2016.

(2) The Series 4 Preferred Shares are redeemable at the option of the Company on June 1, 2016, and 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. 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, 2016, 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, 2021, 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 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.'s securities by DBRS Limited (DBRS) and Standard and Poor's Ratings Services (S&P).

	DBRS	S&P
CU Inc.		
Long-term debt and issuer	A (high)	A
Commercial paper	R-1 (low)	A-1 (mid)
Preferred shares	Pfd-2 (high)	P-2 (high)

LONG-TERM DEBT AND ISSUER CREDIT RATINGS

An "A" rating by DBRS is the third highest of 10 categories. Long term debt 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 debt 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" rating by S&P is also the third highest of 10 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 further denoted by the subcategories "high", "middle", and "low".

An "A-1 (Mid)" rating by S&P is the second highest of eight categories in its Canadian commercial paper ratings scale. A short-term obligation rated "A-1 (Mid)" reflects a strong capacity for the entity to meet its financial commitment on the obligation.

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 considered of satisfactory 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 lead to a weakened capacity of the entity to meet its financial commitment 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.

CREDIT RATINGS GENERALLY

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.

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.

The following table sets forth the high and low prices and volume of the Company's shares traded on the Toronto Stock Exchange during 2014.

			Series 1			Series 4
2014	**High ($)**	**Low *($)***	**Volume**	**High *($)***	**Low *($)***	**Volume**
January	22.17	21.32	29,970	21.75	20.03	73,252
February	22.12	21.16	29,325	21.68	20.17	47,885
March	22.20	21.38	15,165	22.14	21.08	448,642
April	22.50	22.00	82,326	21.53	20.65	39,251
May	23.00	22.55	27,681	22.24	21.42	40,434
June	23.20	22.51	20,988	21.90	20.66	49,579
July	23.15	22.82	41,778	22.87	21.55	39,128
August	23.39	22.66	24,635	22.09	21.03	20,042
September	23.15	22.31	19,333	21.24	20.50	31,036
October	23.15	22.36	18,968	21.09	20.41	24,722
November	23.34	22.75	27,448	20.77	20.01	232,972
December	23.40	22.52	31,796	21.16	19.01	31,929

DIRECTORS AND OFFICERS

DIRECTORS (in Alphabetical Order)

Name, Province or State and Country of Residence	Position	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	Chief Operating Officer, Power & Utilities, Canadian Utilities Limited and ATCO Ltd.	2011
N.C. Southern Alberta, Canada	Director	Chair, President & Chief Executive Officer, Canadian Utilities Limited and ATCO Ltd.	1999
R.J. Urwin [(2)] PhD, C.B.E. London, England	Director	Corporate Director	2008

(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	Position Held	Principal Occupation
B.R. Bale Alberta, Canada	Senior Vice President & Chief Financial Officer	Senior Vice President & Chief Financial Officer, Canadian Utilities Limited and ATCO Ltd.
C. Gear Alberta, Canada	Corporate Secretary	Corporate Secretary Canadian Utilities Limited and ATCO Ltd.
A.S. Han Alberta, Canada	Vice President, Finance & Treasury	Vice President, Finance & Treasury Canadian Utilities Limited and ATCO Ltd.
N.C. Southern Alberta, Canada	Chair, President & Chief Executive Officer	Chair, President & Chief Executive Officer Canadian Utilities Limited and ATCO Ltd.
C.G. Warkentin Alberta, Canada	Vice President & Treasurer	Vice President & Treasurer Canadian Utilities Limited and ATCO Ltd.

Positions Held by Directors and Officers within Preceding Five Years

All of the directors and 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 affiliates or predecessors, except for Mr. Warkentin.

Mr. Warkentin was Consultant to the CFO, MAXIM Power Corporation (an independent power producer) and Vice President and Treasurer, Earthfirst Canada Inc. (a developer of renewable wind energy).

Directors' and Officers' Interests in the Company

At December 31, 2014, 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 2014, non-employee directors of the Company were paid an annual retainer of $5,000 for acting as directors and $1,500 for attending each full meeting of the Board, or $800 if meetings were brief.

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 approximately 88.1% of the voting securities of Canadian Utilities. Mr. R.D. Southern controls ATCO.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Cumulative Redeemable Preferred Shares Series 1 and Series 4 is CST Trust Company at its principal offices in Calgary, Vancouver, Toronto and Montreal.

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP has prepared the auditor's report for the Company's annual consolidated financial statements. PricewaterhouseCoopers LLP is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

FORWARD LOOKING INFORMATION

Certain statements contained in this Annual Information Form (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.

ADDITIONAL INFORMATION

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

Additional financial information is provided in the Company's consolidated financial statements and MD&A for the financial year ended December 31, 2014.

Information relating to ATCO or Canadian Utilities may be obtained on request from Investor Relations at 1500, 909 - 11th Avenue S.W., Calgary, Alberta T2R 1N6, 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

Adjusted earnings means earnings for the year 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 day-to-day operations. Refer to the "Reconciliation of Adjusted Earnings to Earnings for the Year" section of the MD&A for a description of these items.

AESO means the Alberta Electric System Operator.

AEY means ATCO Electric Yukon.

AGP means ATCO Gas and Pipelines Ltd.

ATCO means ATCO Ltd.

ATCO Electric means ATCO Electric Ltd.

ATCO Gas means the natural gas distribution division of AGP.

ATCO Group means ATCO Ltd. and its subsidiaries.

ATCO Pipelines means the natural gas transmission division of AGP.

AUC means the Alberta Utilities Commission.

Canadian Utilities means Canadian Utilities Limited.

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

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

Company means CU Inc. and, unless the context otherwise requires, includes its subsidiaries.

EUA means the Electric Utilities Act (Alberta).

MD&A means the Company's Management's Discussion and Analysis for the year ended December 31, 2014.

NEB means National Energy Board.

NGTL means NOVA Gas Transmission Ltd.

NUY means Northland Utilities (Yellowknife) Limited.

NWT means Northland Utilities (NWT) Limited.

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 our executive compensation program, how it is structured, governed, and designed to support the corporate business objectives.

It discloses compensation of the Chief Executive Officer, Chief Financial Officer and the next three executives that received the highest pay as of December 31, 2014 (our named executives):

- Nancy C. Southern, Chair, President & Chief Executive Officer (CEO)
- Brian R. Bale, Senior Vice President & Chief Financial Officer (CFO)
- Siegfried W. Kiefer, Chief Operating Officer, Power & Utilities (COO)
- Sett F. Policicchio, President ATCO Electric, Transmission Division
- Erhard M. Kiefer, Senior Vice President & Chief Administration Officer (CAO)

All of the named executives except Sett F. Policicchio have multiple roles for - CU Inc., Canadian Utilities, and ATCO, our ultimate parent company.

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

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

The table below shows how 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 (%)
2014	**60.1**	**28.0**	**11.9**	**100**
2013	63.9	26.5	9.6	100
2012	61.7	29.5	8.8	100

Executive Compensation Program Elements

Our executive compensation program includes direct and indirect compensation. Direct compensation is made up of:

- fixed compensation (base salary); and
- variable compensation (short, mid and long-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 comparative 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

Chair, President & Chief Executive Officer
Age: 58
Location: Calgary, Canada
Years of Service: 25

Ms. Southern is Chair, President & Chief Executive Officer of CU Inc. and has full responsibility for the Company's strategic direction and operations. She reports to the Board of Directors, and has been a director of CU Inc. since 1999. She was Co-Chairman and Chief Executive Officer from 2000 to 2003, and Deputy Chairman and Deputy Chief Executive Officer from 1999 to 2000.

Under Ms. Southern's guidance earnings have increased from $222 million in 2004 to Adjusted Earnings of $409 million in 2014. CU Inc.'s total assets have grown from $4 billion in 2004 to approximately $14 billion in 2014.

	2014	2013	2012
Cash			
Base salary	**$601,000**	$639,000	$617,000
Short-term incentive	–	958,500	925,500
Total direct compensation	**$601,000**	$1,597,500	$1,542,500

Employment agreement

Ms. Southern has an employment agreement with Canadian Utilities that expires on February 28, 2016, and continues from year to year after that. The agreement includes insurance benefits if Ms. Southern dies or becomes disabled before she retires or her employment is terminated. That insurance is based on her salary, using formulas that take into account the amounts payable to her under the group life insurance policies and disability income programs. It also includes supplemental pension benefits.

Brian R. Bale

Senior Vice President & Chief Financial Officer
Age: 59
Location: Calgary, Canada
Years of Service: 33

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

	2014	2013	2012
Cash			
Base salary	**$338,063**	$327,488	$289,219
Short-term incentive	–	447,300	431,900
Total direct compensation	**$338,063**	$774,788	$721,119

Siegfried W. Kiefer

Chief Operating Officer, Power & Utilities
Age: 56
Location: Calgary, Canada
Years of Service: 32

Mr. Kiefer is Chief Operating Officer, Power & Utilities, ATCO and Canadian Utilities, and is responsible for the operations of ATCO Gas, ATCO Electric, ATCO Pipelines, and ATCO Power. He joined ATCO in 1983, and has held progressively senior roles in Canadian Utilities and ATCO. He was appointed to his current role in 2011.

	2014	2013	2012
Cash			
Base salary	**$452,253**	$457,684	$404,906
Short-term incentive	–	383,400	401,050
Total direct compensation	**$452,253**	$841,084	$805,956

Sett F. Policicchio

President, ATCO Electric, Transmission Division
Age: 58
Location: Edmonton, Canada
Years of service: 35

Mr. Policicchio is President, ATCO Electric, Transmission Division, and is responsible for the growth, planning, engineering, construction, operation and maintenance of ATCO's electric transmission facilities. He joined Canadian Utilities in 1979 and has held progressively senior roles throughout his career. He was appointed President, ATCO Electric - Capital Projects Division in 2010, and was appointed to his current role in 2013.

	2014	2013	2012
Cash			
Base salary	**$393,750**	$366,250	$332,500
Short-term incentive	–	350,000	350,000
Total direct compensation	**$393,750**	$716,250	$682,500

Erhard M. Kiefer

Senior Vice President & Chief Administration Officer
Age: 55
Location: Calgary, Canada
Years of service: 33

Mr. Kiefer is Senior Vice President & Chief Administration Officer, ATCO Ltd. and Canadian Utilities Limited and is responsible for Human Resources, Corporate Secretarial, Marketing and Communications, Security, Real Estate, Aviation, Administration and Special Projects. He is Chair of ATCO Group's Crisis Management and Donation & Sponsorship Committees. He was Vice President, Human Resources, ATCO Group from 2005 to 2008, Group Vice President, Human Resources & Corporate Services from 2008 to 2013, and then Senior Vice President, Human Resources & Corporate Services from 2013 to 2014. He was appointed to his current role in June 2014.

	2014	2013	2012
Cash			
Base salary	**$205,843**	$190,103	$168,133
Short-term incentive	–	191,700	169,675
Total direct compensation	**$205,843**	$381,803	$337,808

2014 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, 2012, 2013 and 2014.

				Non-equity incentive plan compensation[1]				
	Salary[1]	Share based awards	Option based awards	Annual incentive plans	Long term incentive plans	Pension value[2]	All Other Compensation [3]	Total Compensation
Nancy C. Southern								
2014	**601,000**	**-**	**-**	**-**	**-**	**604,412**	**21,035**	**1,226,447**
2013	639,000	-	-	958,500	-	560,807	22,365	2,180,672
2012	617,000	-	-	925,500	-	145,162	9,255	1,696,917
Brian R. Bale								
2014	**338,063**	**-**	**-**	**-**	**-**	**146,786**	**11,832**	**496,681**
2013	327,488	-	-	447,300	-	136,266	11,462	922,516
2012	289,219	-	-	431,900	-	152,727	4,338	878,184
Siegfried W. Kiefer								
2014	**452,253**	**-**	**-**	**-**	**-**	**199,243**	**15,829**	**667,325**
2013	457,684	-	-	383,400	-	373,192	16,019	1,230,295
2012	404,906	-	-	401,050	-	569,358	6,074	1,381,388
Sett F. Policicchio								
2014	**393,750**	**-**	**-**	**-**	**-**	**143,276**	**7,454**	**544,480**
2013	366,250	-	-	350,000	-	178,628	11,537	906,415
2012	332,500	-	-	350,000	-	140,189	4,489	827,178
Erhard M. Kiefer								
2014	**205,843**	**-**	**-**	**-**	**-**	**206,647**	**7,204**	**419,694**
2013	190,103	-	-	191,700	-	156,298	6,654	544,754
2012	168,133	-	-	169,675	-	191,431	2,522	531,760

(1) Total cash compensation figures shown for all named executives are the amounts that have been apportioned to and paid by CU Inc. All of our executives with the exception of Sett F. Policicchio have multiple roles - for CU Inc., ATCO and Canadian Utilities, our parent company. The table below shows how the compensation expense of the executives 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 (%)
2014	**60.1**	**28.0**	**11.9**	**100**
2013	63.9	26.5	9.6	100
2012	61.7	29.5	8.8	100

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

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

PENSION PLAN

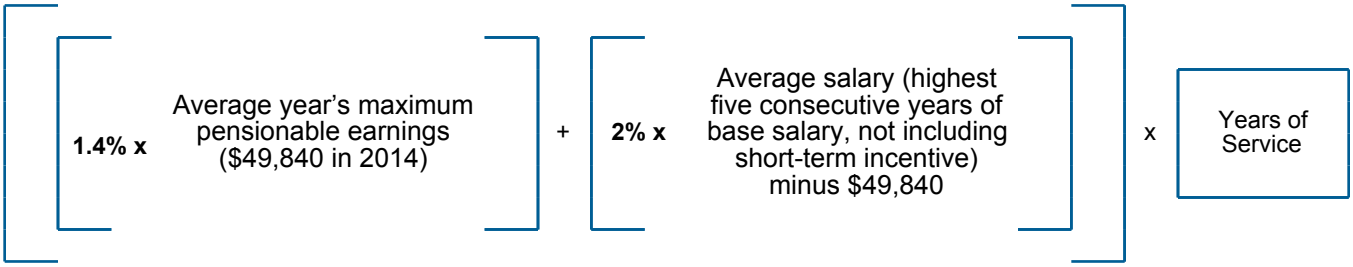
Senior executives participate in the *Retirement Plan for Employees of Canadian Utilities Limited and Participating Companies* (CU Plan), which has both a defined benefit and defined contribution component.

All senior executives participate in the defined benefit component.

The plan works as described below:

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

The following formula shows how the pension benefit is calculated:



SUPPLEMENTAL PENSION PLAN

Pension benefits under the CU Plan 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 as a supplemental pension. This amount is provided by Canadian Utilities and benefits are not pre-funded.

The plan works as described below:

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

Ms. Southern's supplemental pension benefit is part of her employment agreement. Her benefits are calculated as a percentage of the average of the highest five years of cash compensation (salary and short-term incentives) during her last ten years before retirement. The percentage depends on her age when she retires, as shown below.

Age at retirement	Percentage
58	76%
59	78%
60 and older	80%

Ms. Southern's pension is inclusive of the benefit under the CU Plan. Benefits are paid on the same terms as the CU Plan, with the same survivor benefits and top-up for inflation.

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

None of the named executives participated in the defined contribution component of our pension plans.

	Number of years credited service (#)	Annual Benefits Payables ($) At year end	Annual Benefits Payables ($) 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	19.00	1,096,224	1,153,920	9,753,688	604,412	2,033,084	12,391,184
Brian R. Bale	33.00	172,897	183,375	2,955,762	146,786	342,880	3,445,428
Siegfried W Kiefer	31.00	164,261	261,205	4,906,105	199,243	824,811	5,930,159
Sett F. Policicchio	35.08	224,734	224,734	4,124,406	143,276	781,880	5,049,562
Erhard M. Kiefer	30.50	62,103	110,489	1,981,807	206,647	360,724	2,549,178

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. This amount does not necessarily include all of the executive's years of service.

Annual benefits payable at year end is based on the defined benefit credited service and actual average pensionable earnings at December 31, 2014. 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, 2014, and their projected service at age 65, to a maximum of 35 years.

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

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

The **non-compensatory change** includes interest on the obligation and the impact of assumption changes. See Note 20, Retirement Benefits, in the Company's consolidated financial statements for the year ended December 31, 2014, for more information about the methods and assumptions used to calculate accrued obligations.

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. The table 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% 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% of the voting securities of the trust.

The Company's employment agreement with Ms.Southern, the Chair, President & Chief Executive Officer, outlines 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 she retires, and continues until six months after Ms. Southern 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, share appreciation rights and mid-term incentive plan awards are forfeited on the retirement 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.