



CANADIAN UTILITIES LIMITED

An **ATCO** Company

2014 | **Canadian Utilities Limited**
Management Proxy Circular

Notice of Annual Meeting of Shareholders
May 5, 2015

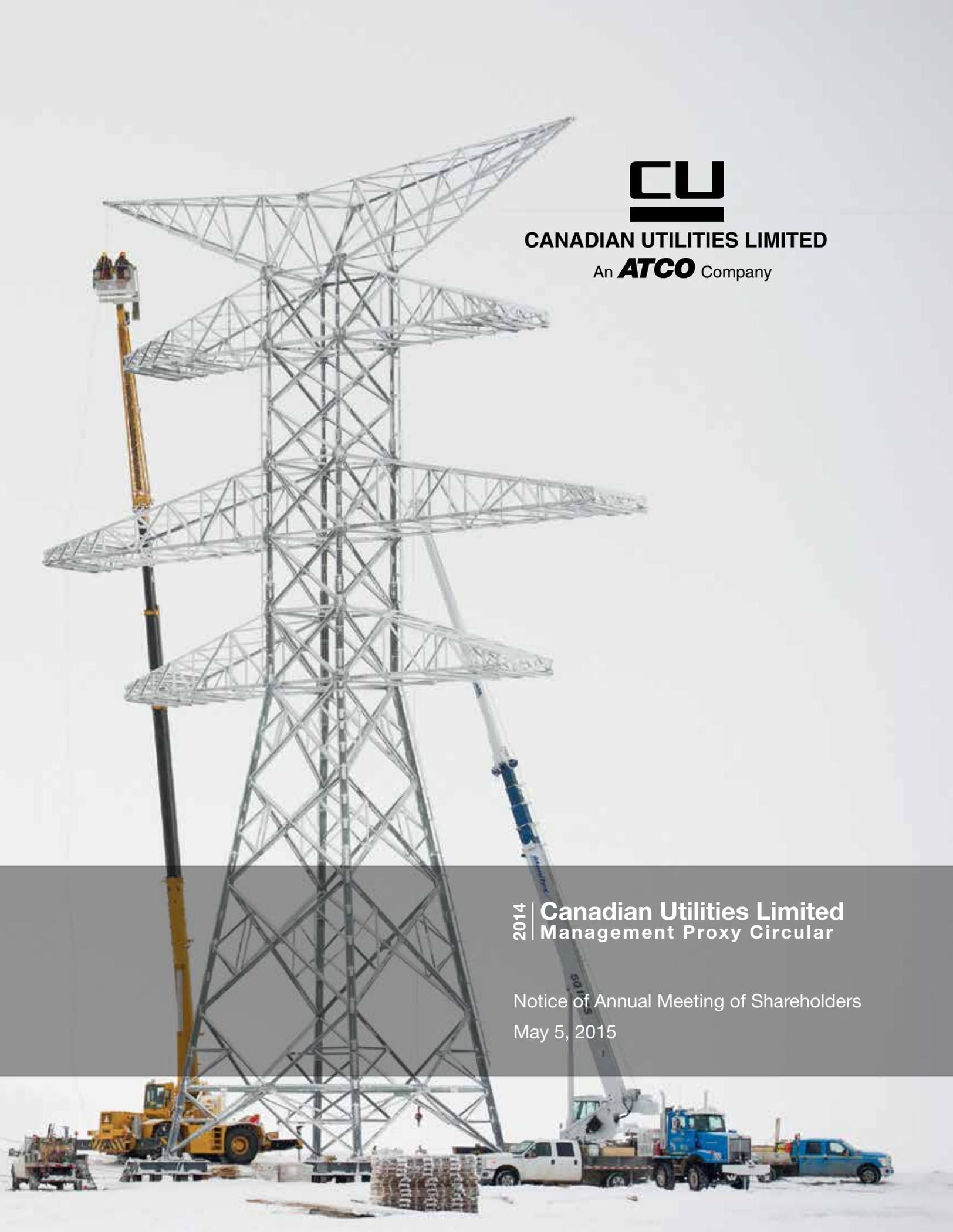


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This management proxy circular is provided to enable Canadian Utilities' management to solicit proxies for use at the annual share owners' meeting for items described in the accompanying notice. Canadian Utilities bears the cost of management's solicitation.

All information in this management proxy circular is as of March 10, 2015, unless otherwise indicated.

In this document, *you* and *your* refer to Canadian Utilities Limited share owners. *We, us, our, Corporation, Company, CU and Canadian Utilities* refer to Canadian Utilities Limited and its subsidiaries, where applicable. *ATCO and ATCO Group* means ATCO Ltd. and its subsidiaries. *Proxy circular and circular* refer to this management proxy circular.



CANADIAN UTILITIES LIMITED

An **ATCO** Company

March 10, 2015

Dear Share Owner:

I am delighted to invite all holders of Class A non-voting shares and Class B common shares of Canadian Utilities Limited to attend the 88th annual meeting of Canadian Utilities Limited share owners. The meeting will be held in the Empire Ballroom at The Fairmont Hotel Macdonald, 10065 - 100th Street, Edmonton, Alberta, on Tuesday, May 5, 2015, at 10:00 a.m. local time.

In addition to the formal business of the meeting, you will hear management's review of Canadian Utilities' 2014 operational and financial performance. You will have the opportunity to ask questions and to meet with management, your directors and fellow share owners.

Holders of Class B common shares are entitled to vote on the items of business at the meeting. If you are unable to attend the meeting in person, you may vote by telephone, on the internet or by completing your proxy form or voting instruction form. Please refer to the information included on pages 1 to 4 of the accompanying management proxy circular for more information on who can vote and how to vote.

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

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

Sincerely,

[Signed by N.C. Southern]

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

NOTICE OF ANNUAL MEETING OF SHARE OWNERS

When

**Tuesday, May 5, 2015
10:00 a.m.**

Where

**The Empire Ballroom
The Fairmont Hotel Macdonald
10065 - 100 Street
Edmonton, Alberta**

Business of the Meeting

The meeting's purpose is to:

1. Receive the consolidated financial statements for the year ended December 31, 2014, including the auditor's report on the statements
2. Elect the directors
3. Appoint the auditor
4. Transact other business that may properly come before the meeting.

Holders of Class B common shares registered at the close of business on March 25, 2015 (the record date), are entitled to vote at the meeting. The attached management proxy circular includes important information about what the meeting will cover and how to vote.

By order of the Board of Directors

[Signed by C. Gear]

C. Gear
Corporate Secretary

Calgary, Alberta
March 10, 2015

THE ANNUAL MEETING

Delivery of Meeting Materials

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

Pursuant to the requirements of Notice-and-Access, Canadian Utilities will post the management proxy circular online for our non-registered share owners to access electronically. Non-registered share owners will also receive a package in the mail with a notice ("Notice") explaining how to access and review the management proxy circular electronically, and how to request a paper copy at no charge. In addition, non-registered share owners, who own Class B common shares, will receive a voting instruction form in the mail, so that they can vote their shares.

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

Non-registered share owners will receive a paper copy of the management proxy circular if they have already provided instructions that they prefer a paper copy.

The management proxy circular is available on SEDAR (www.sedar.com) and on CST Trust Company's website (www.meetingdocuments.com/cst/cu).

Non-registered share owners can request a copy of the management proxy circular up to May 5, 2016. The management proxy circular will be sent on request at no charge. Share owners who would like to receive a paper copy of the management proxy circular, should follow the instructions provided in the Notice.

If you have any questions about Notice-and-Access, you can call our Transfer Agent, CST Trust Company at:

Within Canada and the U.S.: 1 (800) 387-0825

Outside of Canada and the U.S.: 1 (416) 682-3860

Who Can Vote

Canadian Utilities has two classes of shares – Class A non-voting shares ("Class A Shares") and Class B common shares ("Class B Shares"). The Class B common shares are the only shares of Canadian Utilities which are entitled to be voted at the meeting. Each Class B Share you own as at the close of business on March 25, 2015, entitles you to one vote. The holders of the Class A Shares are entitled to attend and participate in discussions at share owner meetings, but are not entitled to vote.

Classes of Shares and their Characteristics

If a person other than a controlling share owner makes a take-over bid to all holders of Class B Shares for more than 50% of the Class B Shares, then the holders of Class A Shares have the right, for the duration of the bid, to exchange their Class A Shares for Class B Shares. However, if the take-over bid is not completed, then any person who exercised the right to exchange will be required to take back the certificates representing the Class A Shares tendered by that person and the right to exchange shall be deemed never to have existed. In addition, the holders of Class A Shares have the right to exchange their shares for Class B Shares if ATCO Ltd., the present controlling share owner of the Corporation, ceases to own or control, directly or indirectly, more than 10,000,000 of the Class B Shares. In either case, each Class A Share is exchangeable for one Class B Share, subject to changes in the exchange ratio for certain events such as a stock split or a rights offering.

Majority Share Owner

As at March 10, 2015, there were 75,174,035 Class B Shares outstanding. To the knowledge of the directors and officers of the Corporation, the only person who beneficially owns, controls or directs, either directly or indirectly, 10% or more of the Class B Shares is ATCO Ltd.

ATCO Ltd. owns 66,309,246 Class B Shares representing approximately 88% of the outstanding Class B Shares. Mr. Ronald D. Southern has a controlling interest in Sentgraf Enterprises Ltd., and together with Sentgraf controls ATCO Ltd. (Mr. Southern, ATCO and Sentgraf are collectively referred to as the "Majority Share Owner.")

Questions and Answers on Voting

Am I entitled to vote?

You are entitled to vote if you were a holder of Class B Shares of Canadian Utilities Limited at the close of business on March 25, 2015. Each Class B Share entitles its holder to one vote.

What will I be voting on?

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

- Election of 13 directors to Canadian Utilities' Board of Directors
- Appointment of the auditor

How will these matters be decided at the meeting?

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

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

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



FOR the election as directors of those nominees set out in this management proxy circular



FOR the appointment of PricewaterhouseCoopers LLP as Canadian Utilities' auditor

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

The person or persons named in the proxy form as your proxyholder will have discretionary authority to vote on amendments or variations to matters identified in the notice of the meeting, and on other matters which may properly come before the meeting.

On the date of this management proxy circular, management is not aware of any amendments or other matters expected to come before the meeting.

Am I a registered or non-registered share owner?

Share owners of Canadian Utilities Limited are either registered or non-registered. You are a registered owner if your name appears on your share certificates, or your share certificates are otherwise directly registered in your name.

You are a non-registered share owner if your shares are registered in the name of a bank, broker, trust company or other intermediary. Voting instructions for non-registered share owners can be found on page 4 of this management proxy circular.

Registered share owner voting instructions:

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

1. Voting by proxy

You are a registered share owner if your name appears on your share certificate. If your name is on the certificate, **you have the right to appoint a person or company to represent you as proxyholder and vote your shares at the meeting.**

If you want to appoint a person or company other than the person or persons named in the enclosed proxy form, strike out the printed names appearing on the proxy form and insert the name of your chosen proxyholder in the space provided.

Your proxyholder need not be a Canadian Utilities share owner.

Complete your voting instructions, date and sign the proxy form and return it to CST Trust Company as instructed.

It is important for you to ensure that any person you appoint as your proxyholder will attend the meeting. That person should be aware that his or her appointment has been made to vote your shares. If your appointed proxyholder does not attend the meeting in person, your shares will not be voted. On arrival at the meeting, proxyholders should present themselves to a representative of CST Trust Company.

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

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

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

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

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



If you plan to attend the meeting on May 5, 2015, and vote your shares in person at the meeting, you do not need to complete and return the proxy form. Please register with the transfer agent, CST Trust Company, when you arrive at the meeting. Your vote will be recorded and counted at the meeting.

5. Can I vote by telephone?



Yes, you can vote by telephone by dialing the toll free number 1 (888) 489-5760 and following the voice prompts. You will need to enter the 13-digit control number located in the lower left-hand corner of the enclosed proxy form to enter your voting instructions. All required information must be entered before 5:00 p.m. Eastern Daylight Time on May 1, 2015. If you vote by telephone, you cannot appoint anyone other than the person or persons named on your proxy form as your proxyholder.

6. Can I vote online?



Yes. Access www.cstvotemyproxy.com and follow the instructions provided. You will need to enter your 13-digit control number located in the lower left-hand corner of the enclosed proxy form to enter your voting instructions. All required information must be entered before 5:00 p.m. Eastern Daylight Time on May 1, 2015. You may appoint anyone as a proxyholder using this internet address.

7. Can I vote by fax?



Yes. Fax **both sides** of your properly completed proxy form to CST Trust Company at 1 (866) 781-3111 (from within Canada and the U.S.) or (416) 368-2502 (outside Canada and the U.S.). All required information must be received before 5:00 p.m. Eastern Daylight Time on May 1, 2015.

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

If you sign the enclosed proxy form and do not insert the name of a proxyholder in the space provided, you are authorizing Nancy C. Southern, Chair, President & Chief Executive Officer, or James W. Simpson, Lead Director, to vote your shares at the meeting.

9. Where do I send my completed proxy form?



Please return your properly completed proxy form to our transfer agent in the postage paid envelope provided or mail it to CST Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1. To ensure your vote is recorded, your completed proxy form must reach the transfer agent no later than 5:00 p.m. Eastern Daylight Time on May 1, 2015.

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

Yes. You can complete another proxy form in the manner and time specified on the proxy form. The later-dated proxy form will replace the one submitted earlier. You can also revoke your proxy form by preparing a written statement to this effect. The statement must be signed by you or your duly authorized attorney as authorized in writing. If the share owner is a corporation, the statement must be signed by a duly authorized officer or attorney of the corporation. This statement should be delivered to:

- Canadian Utilities' Corporate Secretary at either:
CST Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1, or
Canadian Utilities, Attention: Corporate Secretary, 700, 909 - 11th Avenue S.W., Calgary, Alberta T2R 1N6
at any time up to and including the last business day preceding the day of the meeting or any adjournment of the meeting, *or*
- The chair of the meeting before the start of the meeting on the day of the meeting or any adjournment of the meeting.

How do I contact the transfer agent?

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

Within Canada and the U.S.: 1 (800) 387-0825

Outside Canada and the U.S.: 1 (416) 682-3860

Non-registered share owner voting instructions:

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

If you are a **non-registered share owner**, your shares are held in the name of a nominee (usually a bank, broker, or trust company). You should have received a voting instruction form from your nominee with this management proxy circular.

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

If you do not plan to attend the meeting in person, follow the instructions on your voting instruction form to vote by telephone, internet or fax. You can also complete, sign and mail the voting instruction form in the postage prepaid envelope provided.

What if I want to change my voting instructions?

If you are a non-registered share owner, you should contact your nominee for instructions on how to change your voting instructions.

What Will the Meeting Cover

Review of the Financial Statements

Canadian Utilities' consolidated financial statements for the year ended December 31, 2014, together with the auditor's report, were filed with the Canadian securities regulatory authorities and sent to registered share owners and to beneficial share owners who requested them. The statements are also available on our website at www.canadianutilities.com and on SEDAR at www.sedar.com. The consolidated financial statements will be reviewed at the annual meeting and you will have the opportunity to discuss the results with management.

Election of the Directors

The 13 nominees proposed for election as directors of Canadian Utilities are listed starting on page 6.

The Board recommends that share owners vote **FOR** the election of these 13 nominees. If you do not specify on the proxy form how you want to vote your shares, the persons named in the proxy form will vote **FOR** the election of these nominees. The term of office for each director will expire at the close of the next annual meeting of share owners.

Appointment of the Auditor

The Board, on the recommendation of the Audit Committee, proposes that PricewaterhouseCoopers LLP ("PwC") be appointed as auditor to hold office until the next annual meeting of share owners. PwC, including its predecessor firm, Price Waterhouse LLP, has been Canadian Utilities' auditor for 34 years.

Representatives of PwC plan to attend the meeting and will be available to answer your questions.

The Board recommends that share owners vote **FOR** the appointment of PwC as auditor. If you do not specify on the proxy form how you want to vote your shares, the persons named in the proxy form will vote **FOR** the appointment of PwC.

Director Nominees

All of the nominees are currently directors and have been for the periods indicated.

Dr. Dodge and Dr. Urwin are currently directors of the Corporation and will be retiring from the Board on May 5, 2015. Accordingly they are not standing for re-election.

The Chair, together with the Board, acting on recommendations of the Corporate Governance – Nomination, Compensation and Succession Committee ("GOCOM"), identifies potential candidates for nomination to the Board. The recommendation of potential Board members is undertaken to ensure overall diversity of experience, backgrounds, skills and geographic representation of Board members.

GOCOM receives advice from the Board on individuals best suited to serve as directors, and maintains its own standing list of appropriate candidates for directorships. GOCOM has reviewed each of the nominees and determined they have the necessary skills and experience to satisfy the Board's composition requirements.

The nominees' biographies starting on page 6 highlight their experience and attributes.

Additional information on director independence, attendance, equity at risk, skills and experience, as well as compensation is provided in separate tables starting on page 19.

Information on share ownership guidelines can be found on page 36.



MATTHIAS F. BICHSEL,
PhD

Luzern, Switzerland

Director since 2014

Age 60

Independent

Dr. Bichsel recently retired as a member of the Executive Committee of Royal Dutch Shell plc as Projects and Technology Director, with country responsibilities for Australia, New Zealand, Oceania, India and Pakistan. Dr. Bichsel was accountable for the delivery of capital projects; exploration and development drilling; contracting and procurement activities; and upstream and downstream technology development and deployment. In addition, he was responsible for Shell's safety, environmental and social performance. Prior to that Dr. Bichsel held various senior management roles with Royal Dutch Shell plc.

Dr. Bichsel is a member of the American Association of Petroleum Geologists and the Society of Petroleum Engineers, where he is a member of the Industry Advisory Council. In 2011 Dr. Bichsel was appointed Honorary Professor at the Chinese University of Petroleum, Beijing.

Dr. Bichsel has a PhD in Geology from the University of Basel, Switzerland.

Skills and experience	Primary industry background	Functional experience
	Energy Industrials Science and technology	Governance Human resources/compensation Government/regulatory International business Operations Safety, health and environment Corporate social responsibility

CU Board/ Committee memberships in 2014*	Attendance	Percentage of meetings attended
	Board	4 of 4

Other public company boards and committee memberships in 2014	Company	Since	Position
	Sulzer Management Ltd.	2014	Director and member of the Strategy Committee

Shares held	Canadian Utilities	
	Class A non-voting	1,298
	Class B common	—

Will meet the share ownership requirement within the first five years as a director.

Total compensation: \$ 123,431

**Dr. Bichsel was elected to the Board on May 7, 2014. His meeting attendance has been reported from that date.*



LORAIN M. CHARLTON

Calgary, Alberta, Canada

Director since 2006

Age 58

Independent

Ms. Charlton is the Vice President & Chief Financial Officer of Lintus Resources Limited, an oil and gas exploration and production company. From 1996 to 2005 she was Vice President, Chief Operating Officer of Investors Petroleum Consultants Ltd.

Ms. Charlton holds a B.Comm. in Finance, has completed the Certified Financial Planner Program through The Canadian Institute of Financial Planners, and in 2007 obtained her ICD.D certification from the Director Education Program at the Institute of Corporate Directors.

Skills and experience	Primary industry background		Functional experience	
		Energy		Governance Human resources/compensation Accounting/finance/economics

CU Board/Committee memberships in 2014	Attendance		Percentage of meetings attended
	Board	7 of 7	100%
Audit	4 of 4	100%	
Risk Review	2 of 2	100%	

Other public company boards and committee memberships in 2014	Company	Since	Position
	AKITA Drilling Ltd.	2006	Director, Chair of the Audit Committee and a member of the Corporate Governance – Nomination, Compensation and Succession Committee
CU Inc.*	2008	Director and member of the Audit Committee	

Shares held	Canadian Utilities	
		Class A non-voting
	Class B common	1,050

Meets minimum share ownership requirement.

Total compensation:**	\$ 228,400
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*CU Inc. is controlled by Canadian Utilities.

**Includes fees earned as a director of Canadian Utilities and CU Inc.



ROBERT B. FRANCIS

Priddis, Alberta,
Canada

Director since 2012

Age 60

Independent

Mr. Francis is President and Founder of Agriteam Canada Consulting Ltd. and Salasan Inc. These companies specialize in designing and managing large-scale international development projects. The sectors in which they work include government reform, rule of law, judicial reform, health, environment, natural resource management, rural development, agriculture and corporate social responsibility. The companies together currently employ over 450 people in 26 countries. Mr. Francis is a director of the Alberta Livestock Meat Agency.

Mr. Francis has a B.Sc., Animal Biology, University of Calgary, a B.Sc., Agriculture, and M.Sc. studies, Agricultural Economics-Marketing, University of Alberta and has completed post graduate studies at the School of Agriculture, University of Nottingham in the U.K.

Skills and experience	Primary industry background	Functional experience	
	Science and technology	CEO experience	Governance
		Government/regulatory	International business
		Risk management	Corporate social responsibility

CU Board/ Committee memberships in 2014	Attendance	Percentage of meetings attended
	Board	7 of 7
Risk Review	2 of 2	100%

Other public company boards and committee memberships in 2014	Company	Since	Position
	—	—	—

Shares held	Canadian Utilities	
	Class A non-voting	9,134
	Class B common	—

Meets minimum share ownership requirement.

Total compensation:	\$ 190,000
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LINDA A. HEATHCOTT

Calgary, Alberta,
Canada

Director since 2000

Age 52

Not Independent

Ms. Heathcott is not independent because she has a material relationship with CU. She is an immediate family member of the Chair, President & Chief Executive Officer.

Ms. Heathcott is President & Chief Executive Officer of Spruce Meadows Ltd., an internationally recognized equestrian facility. A former professional equestrian rider, Ms. Heathcott was a member of the Canadian Equestrian Team for nine years and competed in the 1996 Olympic Summer Games in Atlanta, Georgia. Ms. Heathcott is a founding director and currently serves as Board Chair of AKITA Drilling Ltd. Ms. Heathcott also serves on the Board of Sentgraf Enterprises Ltd.

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

Skills and experience	Primary industry background		Functional experience
		Energy Utilities Industrials	CEO experience Governance Human resources/compensation Government/regulatory International business Marketing/sales Operations Risk management Corporate social responsibility
CU Board/ Committee memberships in 2014	Attendance		Percentage of meetings attended
	Board	7 of 7	100%
	Pension Fund	4 of 4	100%
Other public company boards and committee memberships in 2014	Company	Since	Position
	AKITA Drilling Ltd.	1992	Chair, Director, and member of the Pension Committee
	ATCO Ltd.*	2012	Director
Shares held	Canadian Utilities		
	Class A non-voting	13,688	
	Class B common	4,000	
Meets minimum share ownership requirement.			
Total compensation:		\$	188,000

*Canadian Utilities is controlled by ATCO.



ROBERT J. NORMAND

Edmonton, Alberta,
Canada

Director since 2008

Age 68

Independent

Mr. Normand is Chair of the Workers Compensation Board of Alberta, the agency which administers workplace insurance for the workers and employers of the Province of Alberta. He retired from the position of President and Chief Executive Officer of Alberta Treasury Branches ("ATB") in 2008. Prior to joining ATB as Executive Vice-President Sales in 1996, he was employed by the Bank of Montreal for 26 years and held line and credit executive positions in Quebec, Ontario and Alberta. Mr. Normand is a director of ATCO Structures & Logistics Ltd.

Mr. Normand is a Fellow of the Institute of Canadian Bankers and holds a B.A. (Econ.) from Sir George Williams University and an M.B.A. from Concordia University.

Skills and experience	Primary industry background		Functional experience
		Industrials Financial services	CEO experience Governance Government/regulatory Accounting/finance/economics

CU Board/ Committee memberships in 2014		Attendance	Percentage of meetings attended
		Board	7 of 7
	Audit	4 of 4	100%
	Pension Fund	4 of 4	100%
	Risk Review	2 of 2	100%

Other public company boards and committee memberships in 2014	Company	Since	Position
		–	–

Shares held	Canadian Utilities	
	Class A non-voting	15,893
	Class B common	—

Meets minimum share ownership requirement.

Total compensation:	\$ 209,500
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HECTOR A. RANGEL

Mexico City, Mexico

Director since 2014

Age 67

Independent

Mr. Rangel is the President of BCP Securities Mexico, a joint venture with BCP Securities LLC, a US investment bank specializing in emerging markets. Prior to Mr. Rangel's appointment to BCP Securities, he was the Chief Executive Officer of Nacional Financiera S.N.C. and Banco Nacional de Comercio Exterior and a member of Mexico's cabinet under President Felipe Calderon. Mr. Rangel has extensive corporate and investment banking expertise having held various executive positions with the Grupo Financiero Bancomer from 1991 until 2008, including Chairman of the Board from 2004 to 2008. Mr. Rangel was also President of the Mexico Bankers Association from 2000 to 2002 and President of the Mexican Business Council from 2002 to 2004.

Mr. Rangel was recently a member of the Boards of Directors of Fresnillo Plc, Aeromexico SA, Grupo Industrial Maseca S.A. and Gruma, S.A.

Mr. Rangel has an Industrial Engineering degree from Purdue University and a Master's Degree in Business Administration from Stanford University.

Skills and experience	Primary industry background		Functional experience
		Energy Financial services	CEO experience Governance Government/regulatory International business Accounting/finance/economics Risk management
CU Board/ Committee memberships in 2014*		Attendance	Percentage of meetings attended
	Board	4 of 4	100%
Other public company boards and committee in 2014	Company	Since	Position
	—	—	—
Shares held	Canadian Utilities		
	Class A non-voting	1,394	
	Class B common	—	
Will meet the share ownership requirement within the first five years as a director.			
Total compensation:		\$ 123,431	

*Mr. Rangel was elected to the Board on May 7, 2014. His meeting attendance has been reported from that date.



LAURA A. REED
 Wynn Vale, Australia
 Director since 2014
 Age 53
Independent

Ms. Reed was the Chief Executive Officer/Managing Director of Spark Infrastructure (ASX: SKI) from 2008 until May 2012. Spark Infrastructure owned 49% of three electricity distribution businesses in Australia. Before joining Spark Infrastructure, she spent nine years at Envestra Limited (ASX:ENV), a gas distribution company, in a number of senior financial roles including Chief Financial Officer.

Ms. Reed is a director and member of the Audit and Nominations Committee of three electricity distribution businesses in Australia: Ausgrid, Endeavor Energy and Essential Energy. Ms. Reed is also a director and Audit Committee Chair of Epic Energy, which owns the Moomba to Adelaide gas transmission pipeline in South Australia as well as a director of ATCO Australia Pty Ltd.

Ms. Reed holds an MBA from Deakin University and a Bachelor of Business (Accounting) and is a fellow of Certified Practising Accountants Australia.

Skills and experience	Primary industry background	Functional experience
	Energy Utilities	CEO experience Governance Government/regulatory International business Accounting/finance/economics Operations

CU Board/ Committee memberships in 2014*	Attendance	Percentage of meetings attended
	Board	4 of 4

Other public company boards and committee memberships in 2014	Company	Since	Position
	–	–	–

Shares held	Canadian Utilities	
	Class A non-voting	1,394
	Class B common	—

Will meet the share ownership requirement within the first five years as a director.

Total compensation: \$ 190,305**

**Ms. Reed was elected to the Board on May 7, 2014. Her meeting attendance has been reported from that date.*

***Includes fees earned as a director of Canadian Utilities and ATCO Australia Pty Ltd. Includes superannuation contributions as a director of ATCO Australia Pty Ltd.*



WILLIAM G. SEMBO

Calgary, Alberta
Canada

Director since 2014

Age 61

Independent

Mr. Sembo was Vice Chairman at RBC Capital Markets LLC until October 2013. With over 40 years of industry experience, Mr. Sembo has spent the majority of his career in energy investment banking. He has expertise in investment banking, corporate credit and mergers and acquisitions. Prior to joining RBC in 1986, Mr. Sembo held corporate finance and financial planning positions with Toronto Dominion Bank and Asamera Inc., respectively. He has extensive capital markets expertise having served as a director for both private and public boards as well as numerous not-for-profit organizations.

Mr. Sembo currently serves as a director for ARC Resources Ltd. as well as three privately owned enterprises, OMERS Energy Services LP, CEDA International Corporation and Calgary Scientific Inc.

Mr. Sembo has a Bachelor of Arts in Economics from the University of Calgary.

Skills and experience	Primary industry background		Functional experience
	Energy Utilities Industrials Financial services		

CU Board/ Committee memberships in 2014*	Attendance		Percentage of meetings attended
	Board	4 of 4	
Audit	2 of 2	100%	

Other public company boards and committee memberships in 2014	Company	Since	Position
	ARC Resources Ltd.	2013	Director and member of the Audit Committee and Reserves Committee

Shares held	Canadian Utilities	
	Class A non-voting	7,396
	Class B common	—

Meets minimum share ownership requirement.

Total compensation:	\$ 131,314
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*Mr. Sembo was elected to the Board and joined the Audit Committee on May 7, 2014. His meeting attendance has been reported from that date.



JAMES W. SIMPSON

Calgary, Alberta,
Canada

Director since 2004

Age 70

Independent

Mr. Simpson is Lead Director for the Board of Canadian Utilities and a director of ATCO Structures & Logistics Ltd. Mr. Simpson, former President of Chevron Canada Resources, retired after a career with Chevron Corporation that spanned 30 years. He is former Chairman of the Canadian Association of Petroleum Producers and has been active in the World Petroleum Congress.

Mr. Simpson holds a B.Sc. (Honours) in Geology and a M.Sc. in Geophysics, both from the University of Toronto. He is a graduate of the Program for Senior Executives from the Sloan School of Business at M.I.T.

Skills and experience	Primary industry background	Functional experience
	Energy Utilities Industrials	CEO experience Governance Human resources/compensation Government/regulatory International business Accounting/finance/economics Operations

CU Board/ Committee memberships in 2014*	Attendance	Percentage of meetings attended
Board	7 of 7	100%
Audit (Chair)	4 of 4	100%
GOCOM	4 of 4	100%
Risk Review	1 of 1	100%

Other public company boards and committee memberships in 2014	Company	Since	Position
	CU Inc.**	2008	Deputy Chair and Director
	Suncor Energy Inc.	2004	Chair and Director

Shares held	Canadian Utilities
	Class A non-voting 24,163
	Class B common —

Meets minimum share ownership requirement.

Total compensation:† \$ 301,477

*Mr. Simpson ceased to be a member of the Risk Review Committee on May 7, 2014. His meeting attendance has been reported from January 1, 2014 to May 7, 2014.

**CU Inc. is controlled by Canadian Utilities. Mr. Simpson retired from the Board of CU Inc. on May 31, 2014.

†Includes fees earned as a director of Canadian Utilities and CU Inc.



NANCY C. SOUTHERN

Calgary, Alberta,
Canada

Director since 1990

Age 58

Not Independent

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

Ms. Southern was appointed Chair of Canadian Utilities and ATCO effective December 1, 2012, and continues as President & Chief Executive Officer. She was Deputy Chair of Canadian Utilities and ATCO from 2008 until 2012, and has been President & Chief Executive Officer of Canadian Utilities and ATCO since January 1, 2003. Previously, she was Co-Chairman and Co-Chief Executive Officer from 2000 until 2003; Deputy Chief Executive Officer from 1998 until 2000; and Deputy Chairman from 1996 until 2000. Ms. Southern has full responsibility for strategic direction and the operations of Canadian Utilities, reporting to the Board of Directors. She is also a director of Sentgraf Enterprises Ltd. and an Honorary Director of the Bank of Montreal.

Ms. Southern is a member of The U.S. Business Council; a member of the American Society of Corporate Executives; and a Canadian member of The Trilateral Commission. She is also a member of the Canadian Council of Chief Executives; the Canadian Economic Advisory Committee; the Canadian Global Markets Action Plan Advisory Council; and member of the Canadian Advisory Council for Promoting Women on Boards.

Skills and experience	Primary industry background	Functional experience
	Energy Utilities Industrials	CEO experience Governance Human resources/compensation Government/regulatory International business Accounting/finance/economics Operations Risk management Corporate social responsibility

CU Board/Committee memberships in 2014	Attendance	Percentage of meetings attended
Board (Chair)	7 of 7	100%

Other public company boards and committee memberships in 2014	Company	Since	Position
	AKITA Drilling Ltd.	1992	Director
	ATCO Ltd.*	1989	Chair and Director
	CU Inc.*	1999	Chair and Director

Shares held	Canadian Utilities
	Class A non-voting 152,322
	Class B common —

Meets minimum share ownership requirement.

Total compensation: Ms. Southern does not receive any compensation as the Chair or as a director of CU because she is President & Chief Executive Officer. See page 57 for information on Ms. Southern's compensation

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



RONALD D. SOUTHERN, C.C., C.B.E., LL.D.

Calgary, Alberta, Canada

Director since 1977

Age 84

Not Independent

Mr. Southern is not independent because he has a material relationship with CU. Mr. Southern is an immediate family member of the Chair, President & Chief Executive Officer.

Mr. Southern is Chairman Emeritus of Canadian Utilities & Founder, ATCO Group. He was Chairman of the Board until December 1, 2012, and continues to be a director of both Canadian Utilities and ATCO. Together with his late father, S.D. Southern, Mr. Southern founded ATCO Group in 1947 and served as ATCO's President for 48 years. He is credited with transforming Canadian Utilities into an internationally recognized conglomerate of industrial and utility businesses until 2003 when his daughter Nancy assumed the role of President & Chief Executive Officer.

Mr. Southern is a director of ATCO Structures & Logistics Ltd; Deputy Chairman of AKITA Drilling Ltd.; and Chairman of Sentgraf Enterprises Ltd. Mr. Southern is also a Canadian member of The Trilateral Commission.

Some of Mr. Southern's many distinctions include: Commander of the Order of the British Empire, 1995; Officer of the Order of Orange-Nassau, 2006; Companion of the Order of Canada, 2007; Queen Elizabeth II Diamond Jubilee Medal, 2012; and Alberta Order of Excellence, 2012.

Skills and experience	Primary industry background	Functional experience
	Energy Utilities Industrials	CEO experience Governance Government/regulatory International business Accounting/finance/economics Marketing/sales Operations Risk management Corporate social responsibility

CU Board/Committee memberships in 2014	Attendance	Percentage of meetings attended
Board	7 of 7	100%

Other public company boards and committee memberships in 2014	Company	Since	Position
	AKITA Drilling Ltd.	1992	Deputy Chair and Director
	ATCO Ltd.*	1963	Director and Founder, ATCO Group

Shares held**	Canadian Utilities
	Class A non-voting 814,516
	Class B common 289,608
	Series Y 2 nd Preferred 120,000
	Series AA 2 nd Preferred 376,000
	Series BB 2 nd Preferred 340,000
	Series CC 2 nd Preferred 76,000

Meets minimum share ownership requirement.

Total compensation: \$ 182,100

*Canadian Utilities is controlled by ATCO.

**For further details regarding Mr. Southern's share ownership please refer to Majority Share Owner section on page 1 of this management proxy circular.



KAREN M. WATSON

Calgary, Alberta,
Canada

Director since 2012

Age 63

Independent

After 33 years of service with ATCO Group, in December 2009, Ms. Watson retired as Senior Vice President & Chief Financial Officer of Canadian Utilities, ATCO, and CU Inc., and as a director of CU Inc.. Following her retirement, Ms. Watson was appointed General Manager of Sentgraf Enterprises Ltd., from which she retired in December 2011.

Ms. Watson received her B.Sc. degree in Mathematics from the University of Alberta. In 2013 Ms. Watson received her ICD.D certification from the Director Education Program at the Institute of Corporate Directors.

Skills and experience	Primary industry background		Functional experience	
		Energy Utilities Industrials		Governance Government/regulatory Accounting/finance/economics Risk management
CU Board/ Committee memberships in 2014		Attendance	Percentage of meetings attended	
	Board	7 of 7	100%	
	Pension Fund	4 of 4	100%	
Other public company boards and committee memberships in 2014	Company	Since	Position	
	-	-	-	
Shares held	Canadian Utilities			
	Class A non-voting	31,567		
	Class B common	400		
Meets minimum share ownership requirement.				
Total compensation:		\$	193,000	



CHARLES W. WILSON

Evergreen, Colorado,
USA

Director since 2000

Age 75

Independent

Mr. Wilson is Lead Director for the Boards of ATCO and ATCO Structures & Logistics Ltd. and is also on the Board of ATCO Australia Pty Ltd. He was President and Chief Executive Officer of Shell Canada from 1993 to 1999, and Executive Vice President, U.S. Downstream Oil and Chemical of Shell Oil Company from 1988 to 1993. Before 1988, he was Vice President U.S. Refining and Marketing of Shell Oil Company and held various positions in the domestic and international natural resource operations of Shell.

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

Skills and experience	Primary industry background	Functional experience
	Energy Utilities Industrials	CEO experience Governance Human resources/compensation International business Operations Risk management

CU Board/ Committee memberships in 2014	Attendance	Percentage of meetings attended
Board	7 of 7	100%
GOCOM (Chair)	4 of 4	100%

Other public company boards and committee memberships in 2014	Company	Since	Position
	AKITA Drilling Ltd.	2002	Director and Chair of the Corporate Governance – Nomination, Compensation and Succession Committee
	ATCO Ltd.*	2002	Lead Director, Chair of the Corporate Governance – Nomination, Compensation and Succession Committee and member of the Risk Review Committee

Shares held	Canadian Utilities
	Class A non-voting 77,761
	Class B common —

Meets minimum share ownership requirement.

Total compensation:**	\$ 291,805
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*Canadian Utilities is controlled by ATCO.

**Includes fees earned as a director of Canadian Utilities and ATCO Australia Pty Ltd. Includes superannuation contributions as a director of ATCO Australia Pty Ltd.

NOMINEE AND DIRECTOR SKILLS MATRIX

GOCOM ensures that the Board includes members with a broad range of experience and expertise so that it is able to effectively carry out its mandate. The matrix below shows the experience and expertise that each director nominee brings to the Board.

Name	Primary industry background					Functional experience										
	Energy	Utilities	Industrials	Financial services	Science and technology	CEO experience	Governance	Human resources/compensation	Government/regulatory	International business	Accounting/finance/economics	Marketing/sales	Operations	Risk management	Safety, health and environment	Corporate social responsibility
Matthias F. Bichsel	✓		✓		✓		✓	✓	✓	✓			✓		✓	✓
Loraine M. Charlton	✓						✓	✓			✓					
Robert B. Francis					✓	✓	✓	✓	✓					✓		✓
Linda A. Heathcott	✓	✓	✓			✓	✓	✓	✓		✓	✓	✓			✓
Robert J. Normand			✓	✓		✓	✓		✓		✓					
Hector A. Rangel	✓			✓		✓	✓		✓	✓				✓		
Laura A. Reed	✓	✓				✓	✓		✓	✓		✓				
William G. Sembo	✓	✓	✓	✓			✓	✓	✓	✓	✓			✓	✓	✓
James W. Simpson	✓	✓	✓			✓	✓	✓	✓	✓		✓				
Nancy C. Southern	✓	✓	✓			✓	✓	✓	✓	✓		✓	✓			✓
Ronald D. Southern	✓	✓	✓			✓	✓		✓	✓	✓	✓	✓			✓
Karen M. Watson	✓	✓	✓				✓			✓				✓		
Charles W. Wilson	✓	✓	✓			✓	✓	✓		✓			✓	✓		

DIRECTOR INDEPENDENCE

GOCOM and the Board annually review the status of each director to determine whether he or she is independent based on the criteria of the Canadian Securities Administrators as set out in *National Instrument 52 -110 – Audit Committees*. A majority of the directors of the Corporation are independent.

Under CU's current leadership structure, the offices of the Chair and the President & Chief Executive Officer are held by Ms. Nancy Southern. The Board continues to ensure that it can function independently and objectively from management with the appointment of Mr. Simpson as the independent Lead Director.

The following table summarizes the independence status of each director and, where applicable, the reasons for the Board's determination that a particular individual is not independent.

Director	Independent	Not independent	Reason for non-independent status
Matthias F. Bichsel	✓		
Loraine M. Charlton	✓		
David A. Dodge	✓		
Robert B. Francis	✓		
Linda A. Heathcott		✓	As an immediate family member of the Chair, President & Chief Executive Officer, has a material relationship with CU.
Robert J. Normand	✓		
Hector A. Rangel	✓		
Laura A. Reed	✓		
William G. Sembo	✓		
James W. Simpson	✓		
Nancy C. Southern		✓	As Chair, President & Chief Executive Officer, has a material relationship with CU.
Ronald D. Southern		✓	As an immediate family member of the Chair, President & Chief Executive Officer, has a material relationship with CU.
Roger J. Urwin	✓		
Karen M. Watson	✓		
Charles W. Wilson	✓		

In determining the independence of the directors, the following criteria are assessed:

- Direct or indirect material relationships with CU or other factors which could interfere with the exercise of independent judgment
- Employment by, or other relationship with, CU or its internal or external auditor within the preceding three year period.
- Immediate family member relationships with CU or its internal or external auditor
- Any payment of fees by CU, other than directors' fees disclosed in this management proxy circular, of more than \$75,000 to the director or to a member of his or her immediate family during any 12-month period within the last 3 years.

IN CAMERA SESSIONS

The Board further ensures its independence by convening independent director-only in camera sessions (without management present) at every regularly scheduled Board meeting and at every scheduled meeting of the Audit Committee and GOCOM. These sessions are chaired by the Lead Director. In camera meetings may be requested through the Lead Director at any time. The in camera sessions encourage the candid analysis of issues among independent directors on the Board and its committees.

SUMMARY OF DIRECTOR ATTENDANCE

The following table sets out the attendance of the directors at Board meetings and at meetings of the committees of which they were members during 2014. As an employee, the Chair, President & Chief Executive Officer is not a member of any committee but attends committee meetings as required. Other directors may attend meetings of committees of which they are not members at the request of the committee chair.

All directors are expected to attend and participate in meetings of the Board and the committees on which they serve. Attendance of directors at meetings of the Board and committees is not necessarily indicative of the contribution made by each director, and absence from a meeting may have resulted from a variety of extenuating circumstances, including family bereavement or health issues. When a director's contribution is deemed to be unsatisfactory, interviews are conducted by both the Chair and the Lead Director. A clear understanding of the Corporation's expectations are formally communicated to ensure improvement is achieved in subsequent periods.

Director	Board of Directors	Audit Committee	GOCOM	Pension Fund Committee	Risk Review Committee	Total
Matthias F. Bichsel ¹	4 of 4	100%	–	–	–	100%
Robert T. Booth ¹	3 of 3	100%	–	–	–	100%
Loraine M. Charlton	7 of 7	100%	4 of 4	100%	–	100%
David A. Dodge	7 of 7	100%	–	–	4 of 4	100%
Denis M. Ellard ¹	3 of 3	100%	2 of 2	100%	–	100%
Robert B. Francis	7 of 7	100%	–	–	–	100%
Linda A. Heathcott	7 of 7	100%	–	–	4 of 4	100%
Robert J. Normand	7 of 7	100%	4 of 4	100%	–	100%
Hector A. Rangel ¹	4 of 4	100%	–	–	–	100%
Laura A. Reed ¹	4 of 4	100%	–	–	–	100%
William G. Sembo ^{1,2}	4 of 4	100%	2 of 2	100%	–	100%
James W. Simpson ³	7 of 7	100%	4 of 4	100%	4 of 4	100%
Nancy C. Southern	7 of 7	100%	–	–	–	100%
Ronald D. Southern	7 of 7	100%	–	–	–	100%
Roger J. Urwin ⁴	7 of 7	100%	2 of 2	100%	4 of 4	100%
Karen M. Watson	7 of 7	100%	–	–	4 of 4	100%
Charles W. Wilson	7 of 7	100%	–	–	–	100%

(1) On May 7, 2014 Mr. Booth and Mr. Ellard retired from the CU Board and committees and Dr. Bichsel, Mr. Rangel, Ms. Reed and Mr. Sembo were appointed to the CU Board.

(2) Mr. Sembo was appointed to the Audit Committee on May 7, 2014.

(3) Mr. Simpson ceased to be a member of the Risk Review Committee on May 7, 2014.

(4) Dr. Urwin ceased to be a member of the Audit Committee and joined the Risk Review Committee on May 7, 2014

SERVING ON OTHER PUBLIC COMPANY BOARDS

The following lists the directors that serve on boards of publicly traded companies affiliated with Canadian Utilities. ATCO is the controlling share owner of Canadian Utilities. CU Inc. is a public company controlled by Canadian Utilities. Sentgraf Enterprises Ltd. is the parent company of ATCO and AKITA Drilling Ltd., both of which are public companies. None of the directors serve together on the boards of other public companies, other than as disclosed below.

Director	ATCO Ltd.	CU Inc.	AKITA Drilling Ltd.
Loraine M. Charlton		Director	Director
David A. Dodge	Director		
Linda A. Heathcott	Director		Chair
Nancy C. Southern	Chair	Chair	Director
Ronald D. Southern	Director		Deputy Chair
Roger J. Urwin	Director	Director	
Charles W. Wilson	Director		Director

Dr. Bichsel, Mr. Sembo and Mr. Simpson serve on the boards and committees of other public companies as referenced in their biographies. The Chair and GOCOM recognize the time and diligence that these individuals devote to their duties and responsibilities as well as their extensive qualifications and related experience. Both the Chair and GOCOM have determined that these individuals' other board memberships will not negatively affect their commitments or contributions to Canadian Utilities' Board.

GOVERNANCE

Effective corporate governance is an essential element for the well-being of Canadian Utilities and its share owners. The Board strives to ensure that its corporate governance practices provide for the effective stewardship of the Company. The Board evaluates its governance practices on an ongoing basis.

Canadian Utilities does not believe in a one size fits all approach to governance, and while it complies with applicable securities laws, it has also implemented a unique and effective system of corporate governance recognizing the need to provide autonomy and flexibility to its different businesses while accommodating the needs of both regulated and non-regulated companies in the ATCO Group.

The Majority Share Owner has continually maintained its controlling interest in Canadian Utilities since ATCO acquired the Company in 1980. Canadian Utilities is of the firm belief that the existence of a long standing majority share owner is of fundamental importance to its governance and operations, and ensures that there is a high degree of alignment between share owners.

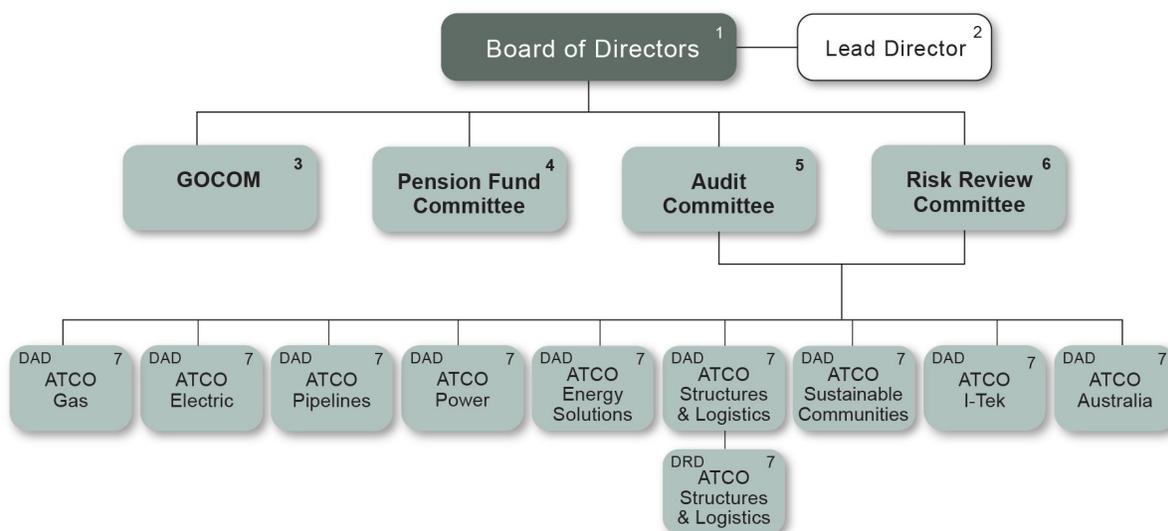
Canadian Utilities' approach to governance has worked well for many years, and the Company has been fortunate to have a consistently high-performing Board and senior management team delivering top quartile results for its share owners.

Majority Controlled Company

Canadian Utilities is a majority controlled company as referenced in the TSX Company Manual. As a majority controlled company, Canadian Utilities is not required to, and does not have a majority voting policy. The Majority Share Owner has control over 66,309,246 Class B shares which represents 88% of the voting rights. Due to the level of control exercised by the Majority Share Owner, Canadian Utilities is of the view that the introduction of a majority voting policy would introduce unnecessary complexity into the director selection process while having no impact on the outcome.

Role of the Board of Directors and its Committees

The role of the Board of Directors has evolved to provide oversight to an organization with diverse and distinct principal operating subsidiaries ("POS"). The system's key elements consist of the oversight and diligence provided by the Board, its Lead Director, Audit Committee, GOCOM, Pension Fund Committee and Risk Review Committee. Although not required by securities laws, certain of Canadian Utilities' governance tools, such as the use of Designated Audit Directors ("DAD") and Designated Risk Directors ("DRD") and the Risk Review program, have been implemented, in part, as a result of the influence of the Majority Share Owner as a means of ensuring long term value.



The activities of each of these bodies in 2014 were as follows:

1. **Board of Directors:** In 2014, the Board held five regular meetings and two special meetings. The frequency and length of meetings and the agenda items depended on the circumstances. Meetings were highly detailed and well attended. They were conducted in an atmosphere that encouraged participation and independence. The independent directors also held "in camera sessions," without management present, at all regular meetings of the Board, Audit Committee and GOCOM. Additional in camera meetings may be requested through the Lead Director at any time.

In addition to regularly scheduled Board and committee meetings, directors annually attend a comprehensive three- to four-day strategy session each year. Each regularly scheduled Board meeting is preceded by a working session where the Board engages with management to discuss key operational issues. These working sessions may include reviewing annual business plans, material contracts, strategic transactions, financings and major capital expenditures for each POS. For specific details, please see "Director Orientation and Continuing Education" on page 26.

2. **Lead Director:** In 1995, Canadian Utilities was among the first public companies in Canada to introduce the concept of a lead director. Mr. Simpson is the current Lead Director for Canadian Utilities. He was appointed to this position on May 4, 2006. The Lead Director provides the Board with the leadership necessary to ensure independent oversight of management. The Lead Director is an independent director and must be a member of GOCOM.
3. **Corporate Governance - Nomination, Compensation and Succession Committee (GOCOM):** This committee oversees corporate governance. It is comprised of some of our most senior and experienced directors. In addition to assessing individual and combined directors' performance, the committee oversees succession planning, evaluates senior executive officers' compensation and performance as well as identifies and recommends potential director candidates to the Board.
4. **Pension Fund Committee:** The primary responsibilities of the Pension Fund Committee are to oversee the governance structure of the pension plans (defined benefit and defined contribution) and approve policy decisions for benefit design and liability management, funding and investment of the plans, and to select and monitor the investment managers for the plans. The committee is responsible for approving the appointment, termination or replacement of the plans' actuary, investment managers, auditors, trustees, custodians and performance measurement services provider.
5. **Audit Committee:** The Audit Committee oversees accounting and financial reporting and is chaired by one of the most senior and experienced independent directors. Each committee member is an independent director and financially literate as defined in *National Instrument 52-110 – Audit Committees*. More information on the financial literacy of Audit Committee members and its mandate is given in Canadian Utilities' annual information form.
6. **Risk Review Committee:** The Risk Review Committee oversees Canadian Utilities' risk management and control practices. The committee also reviews risks that could materially affect the Company's ability to achieve strategic and operating objectives. The committee is responsible for ensuring management addresses risks identified as significant to Canadian Utilities and appropriate mitigation measures are implemented. The committee ensures that each POS has adequate systems to monitor and comply with applicable environmental legislation and conform to industry standards. The committee may seek advice from Canadian Utilities' officers who provide expertise and support for their specific areas of responsibility.

Canadian Utilities' President & Chief Executive Officer reports to the Risk Review Committee. The President of each POS chairs a Risk Management Committee that also reports to the Risk Review Committee. POS Risk Management Committee meetings are held at least twice yearly and are attended by senior officers and managers of the POS and the assigned DAD.

7. **Designated Audit Director and Designated Risk Director:** Each CU POS has a DAD, who is a director of either ATCO or Canadian Utilities. ATCO Structures & Logistics Ltd. also has a DRD who is a director of ATCO. The purpose of the DAD and DRD is to provide oversight using the strengths and experience of directors in various industry sectors. The Audit Committee annually reviews the mandates of the DADs. The roles of the DAD and DRD are as follows:

Audit Committee: DADs meet quarterly with POS management and annually with internal and external auditors. DADs review the financial statements and operating results of their assigned POS and report to the Audit Committee.

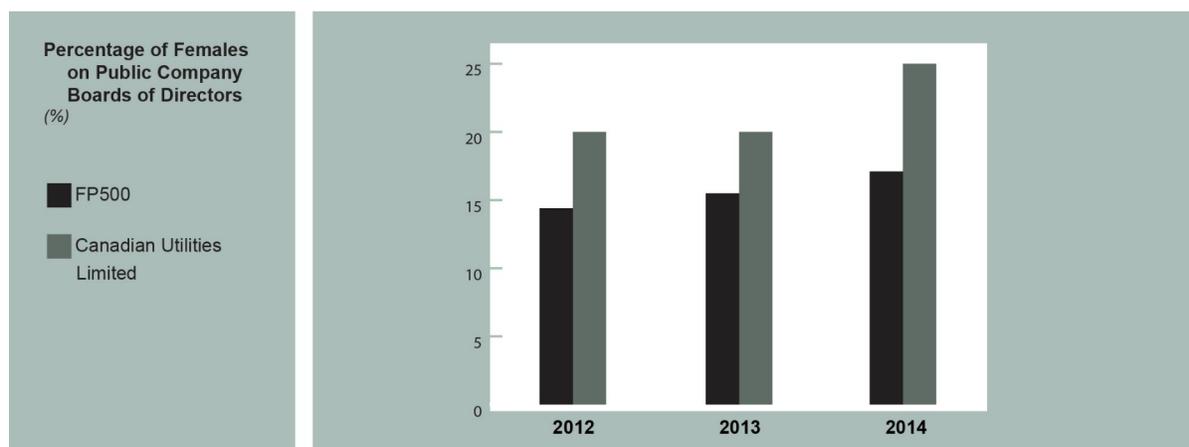
Risk Review Committee: For all POS, except ATCO Structures & Logistics Ltd., which has a DRD, the assigned DAD performs both Audit and Risk duties. The DAD or DRD attends the POS Risk Management Meetings, discusses the risks with management and reports management's assessment of risks to the Risk Review Committee.

Board Diversity and Term Limits

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

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

Canadian Utilities is proud of the fact that it historically has had a higher proportion of women in high profile positions than the average for Canadian public companies. In 2014, Canadian Utilities had 4 women on the Board, representing 26.7% of the 15 directors. In contrast, members of the Financial Post 500 (FP500) in 2014 had an average 17% of women on their board of directors. The following is the percentage of women on the Canadian Utilities Board compared to the FP500 average from 2012 to 2014:



As of December 31, 2014, the Company also had 15 female senior executive officers, representing 18% of the Company's senior executive officers.

GOCOM reviews the size and composition of the Board from time to time. This committee, with the Board Chair, considers potential candidates who have competencies they believe will complement the Board or senior management. Canadian Utilities voluntarily makes public disclosure of information on gender diversity within the organization in its Sustainability Report on Canadian Utilities' website (www.canadianutilities.com).

GOCOM and the Board have adopted several mechanisms to promote an appropriate level of Board renewal, while attributing high value to relevant industry experience, continuity and a solid track record of service in potential board members. GOCOM spends a significant amount of time reviewing Board succession and recruitment. One such mechanism is the regular assessment of the effectiveness and contribution of each director. Another mechanism requires a director who has turned 70 to tender a letter of resignation to the Board Chair. (See "Performance Assessment" and "Director Retirement" in this management proxy circular.)

Canadian Utilities has found that having long-standing directors on its Board does not negatively impact board effectiveness, but instead contributes to boardroom dynamics that have resulted in a consistently high-performing Board.

Director Orientation and Continuing Education

New directors attend a briefing with the Chair as well as comprehensive meetings at which they receive briefings by senior management on all aspects of Canadian Utilities' business. New directors are also provided information about each of the business segments, the Company's organizational structure, its by-laws, and its Board and committee mandates. Information is also provided on corporate policies, including Canadian Utilities' Code of Ethics, Disclosure Policy and Anti-Corruption Policy. Visits to various operating sites may also be arranged from time to time.

Directors, together with senior management, attend an annual strategy conference which has been held continuously since 1981. These sessions kick off the annual business planning process for the ATCO Group. Strategies for operating and financial growth are discussed over three to four days of presentations, plenary sessions and directors' recommendations.

Throughout each year, management makes presentations to the Board and its committees on key business decisions, topical issues and in response to directors' requests. An electronic resource centre is available to all directors and updated periodically with timely, relevant information. Below is a highlight of the education sessions attended by directors in 2014:

Date	Event	Presenter	Attendees
February 20	Operational Overview	Management	Board of Directors
April 9 - 11	Strategy Conference	Management	Board of Directors
May 7	Operational Overview	Management	Board of Directors
July 8	Tour of Battle River Power Plant	Management	Board of Directors
July 9	Operational Overview	Management	Board of Directors
November 12	Business Planning and Operational Overview	Management	Board of Directors

In addition, directors attend and participate in seminars and other continuing education programs. Ms. Charlton, Ms. Heathcott and Ms. Watson have obtained certification from the Director Education Program at the Institute of Corporate Directors.

PERFORMANCE ASSESSMENT

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

The questionnaires provide the directors with the opportunity to examine their collective effectiveness and identify areas for improvement. The questions address director skills and experience, preparation, attendance and availability at meetings, communication and interaction, business, company and industry knowledge. The questionnaires include an overall assessment and are reviewed by GOCOM. Each director receives a report on the Board questionnaire, and each committee member receives a report on the committee questionnaire.

Directors are encouraged to expand their responses beyond the specific questions in the survey and provide open-ended comments.

DIRECTOR RETIREMENT

Any director who turns 70 years of age must tender a letter of resignation to the Chair. The Chair, together with GOCOM evaluates whether and when to accept the resignation depending on Canadian Utilities' needs. If the resignation is not accepted, it will be kept on file until it is accepted by the Chair. When accepted, a resignation becomes effective at the next annual meeting of share owners.

HOW TO COMMUNICATE WITH THE BOARD

You may communicate directly with the Board through the Chair by writing to:

Chair
c/o Corporate Secretary
Canadian Utilities Limited
700, 909 - 11th Avenue S.W.
Calgary, Alberta
T2R 1N6

Code of Ethics

Canadian Utilities' Board encourages a culture of ethical business conduct by expecting each director, all officers and management to exemplify ethical business conduct. This expectation sets the tone for all employees of Canadian Utilities. The Board has adopted a written Code of Ethics (the "Code"), which is subject to periodic review and revision to ensure it is in line with best practices.

A copy of the Code is given to each new director, officer and employee of the Company, and each such person must acknowledge in writing that he or she has reviewed and will abide by the Code as a precondition of his or her engagement. Furthermore, on an annual basis, each director, officer and employee must review and acknowledge the Code.

Directors who have, or may be reasonably perceived to have, a personal interest in a transaction or agreement Canadian Utilities may be contemplating must declare this interest at a directors' meeting at which the matter is being considered. Directors are requested to leave the meeting during discussion on the matter and abstain from voting.

Canadian Utilities did not file any material change reports in 2014 relating to a director's or executive officer's departure from the Code. No waivers of the Code have ever been granted to any Canadian Utilities director, officer or employee.

A hotline is in place that employees can use to express concerns about inappropriate business conduct. Concerns can be reported confidentially and anonymously online or by phone. Non-employees may also submit complaints online, by phone or by mail to an Audit Committee member.

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

Disclosure Policy

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

- Financial and non-financial documents
- Annual reports
- Interim reports
- News releases
- Letters to share owners
- Presentations and speeches by senior management
- Corporate websites and other communications
- Documents filed with securities regulators and the Toronto Stock Exchange
- Oral statements made to financial analysts and the public
- Interviews with the media
- News conferences

Board Mandate and its Committees

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

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

- Audit
- Corporate Governance – Nomination, Compensation and Succession (GOCOM)
- Pension Fund
- Risk Review

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

The Board mandate is attached to this management proxy circular as Schedule A, which outlines the roles and responsibilities of the Board. The Board and committee mandates, together with the position descriptions, are also available on Canadian Utilities' website (www.canadianutilities.com).

COMMITTEE REPORTS

This section includes reports from each of the Board's four standing committees as of December 31, 2014.

Audit Committee

Members

	J.W. Simpson, Chair Independent		L.M. Charlton Independent		R.J. Normand Independent		W.G. Sembo Independent
	2014 Meeting Attendance 4 of 4 (100%)		2014 Meeting Attendance 4 of 4 (100%)		2014 Meeting Attendance 4 of 4 (100%)		2014 Meeting Attendance* 2 of 2 (100%)

**On May 14, 2014, Mr. Sembo was appointed to the Audit Committee. His meeting attendance has been reported from that date.*

Mandate

The Audit Committee is responsible for contributing to the effective stewardship of the Company by assisting the Board in fulfilling its oversight of: integrity of the Company's financial statements; compliance with applicable legal and regulatory requirements; independence, qualifications and appointment of the Company's external auditor; performance of the Company's internal auditor and external auditor; the Company's accounting and financial reporting processes; and audits of the Company's financial statements.

The following highlight the actions taken by the Audit Committee in fulfilling its mandate in 2014:

Financial Reports

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

Internal Controls

- Reviewed reports on the design and effectiveness of disclosure controls and procedures as well as internal control over financial reporting
- Reviewed procedures for financial information review and disclosure
- Reviewed the Disclosure Committee mandate and Disclosure Policy
- Received quarterly confirmation of Chief Executive Officer/Chief Financial Officer certifications

External Auditor

- Recommended the external auditor's appointment for share owner approval
- Reviewed and approved the external auditor's plan for quarterly reviews and the annual audit
- Reviewed and recommended for Board approval the external auditor's compensation
- Reviewed and approved external auditor's non-audit services
- Reviewed the external auditor's report on its internal quality control procedures
- Reviewed and assessed the external auditor's independence
- Received reports from the external auditor on quarterly consolidated financial statements and management's discussion and analysis
- Received reports from the external auditor on annual consolidated financial statements and management's discussion and analysis
- Met quarterly with the external auditor without the presence of management
- Reviewed the External Auditor Services and Recruitment of External Auditor policies

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

For the year ended December 31	2014	2013
Audit	2.5	2.5
Audit related	0.1	0.1
Tax	0.3	0.1
Other	0.1	0.1
Total	3.0	2.8

Internal Audit

- Approved and monitored the execution of the annual internal audit plan, including adequacy of resources
- Reviewed internal audit reports, including management's responses, and quarterly reports on management's action plans to implement audit recommendations
- Reviewed the policy concerning the Reporting of Illegal or Unethical Accounting and Auditing Matters. This policy contains procedures for the confidential receipt, retention and treatment of complaints received on accounting, purchasing and auditing irregularities, inadequate internal controls, fraud and theft
- Reviewed reports received on the investigations of complaints
- Reviewed the mandate for Internal Audit

The committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2014.

Corporate Governance – Nomination, Compensation and Succession Committee

Members



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

**2014 Meeting
Attendance**
4 of 4 (100%)



J.W. Simpson
Independent

**2014 Meeting
Attendance**
4 of 4 (100%)



R.J. Urwin
Independent

**2014 Meeting
Attendance**
4 of 4 (100%)

Mandate

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

The following highlight the actions taken by GOCOM in fulfilling its mandate in 2014:

- Assessed the Chief Executive Officer's performance, base salary, annual incentive award, and awards under the mid-term and long-term incentive plans
- Reviewed and approved the Chief Executive Officer's report on senior executive officers' performances and recommendations for base salary, annual incentive awards, and awards under mid-term and long-term incentive plans
- Reviewed and approved the Chief Executive Officer's goals, objectives and corporate targets
- Amended compensation plans
- Reviewed succession plans for the Chief Executive Officer and senior executive officers
- Approved senior executive officer appointments
- Reviewed and approved senior executive officers' supplemental pension plan and perquisites
- Reviewed corporate governance disclosure
- Reviewed Board committee, Board and individual director evaluation processes
- Reviewed and approved directors' compensation
- Received advice from the Board on individuals best suited to serve as directors, and maintained its own standing list of appropriate candidates for directorships. The committee has reviewed each of the nominees and determined they have the necessary skills and experience to satisfy the Board's composition requirements
- Together with the Board annually reviewed the status of each director and new nominee to determine whether he or she is independent based on the criteria of the Canadian Securities Administrators as set out in *National Instrument 52-110 – Audit Committees*
- The committee continued to spend a significant amount of time on Board succession and recruitment. In addition, the committee received updates from legal counsel on recent developments in corporate governance and disclosure

The committee confirms that it has appropriately fulfilled its mandate for the year ended December 31, 2014.

Pension Fund Committee

Members

	D.A. Dodge, Chair Independent		L.A. Heathcott Not Independent		R.J. Normand Independent		K.M. Watson Independent
	2014 Meeting Attendance 4 of 4 (100%)		2014 Meeting Attendance 4 of 4 (100%)		2014 Meeting Attendance 4 of 4 (100%)		2014 Meeting Attendance 4 of 4 (100%)

Mandate

The Pension Fund Committee mandate is to oversee the administration and operation of The Retirement Plan for Employees of Canadian Utilities and Participating Companies (Plan 1 and Plan 2) in accordance with the Pension Governance Policy of the Corporation.

The following highlight the actions taken by the Pension Fund Committee in fulfilling its mandate in 2014:

- Reviewed the plans' compliance with applicable laws, regulations and corporate policies and procedures
- Reviewed the appropriateness of the plans' investment options and investment managers' performance
- Reviewed the status of liabilities under the plans
- Reviewed funding valuations for the defined benefit plans
- Reviewed administration and investment management costs
- Reviewed audited financial statements for the plans
- Reviewed the Navigate Your Financial Future communication campaign for employees in the defined contribution pension plan
- Approved and implemented any changes to investment fund options for the defined contribution plan
- Reviewed and approved governance documents and committee mandates
- The committee received regular reports and recommendations from the Corporation's Management Pension Committee. The committee held one in camera session during the year at which it reviewed and assessed the performance of the Management Pension Committee

The committee confirms it has appropriately fulfilled its mandate for the year ended December 31, 2014.

Risk Review Committee

Members

	R.J. Urwin, Chair Independent		L.M. Charlton Independent		R.B. Francis Independent		R.J. Normand Independent
	2014 Meeting Attendance* 1 of 1 (100%)		2014 Meeting Attendance 2 of 2 (100%)		2014 Meeting Attendance 2 of 2 (100%)		2014 Meeting Attendance 2 of 2 (100%)

**On May 14, 2014, Dr. Urwin was appointed to the Risk Review Committee. His meeting attendance has been reported from that date.*

Mandate

The Risk Review Committee reviews risks identified as significant to the Company. These include principal risks brought forward from the principal operating subsidiaries and divisions that could materially affect the Company's ability to achieve its strategic or operational objectives. The Committee is responsible for ensuring risks are identified and properly addressed both at the subsidiary and parent company levels. The Committee reviews the Company's Risk Inventory at each meeting.

The following highlight the actions taken by the Risk Review Committee in fulfilling its mandate in 2014:

- Reviewed potential risks associated with future performance, growth and lost opportunities
- Received and reviewed reports from subsidiary Risk Management Committee meetings
- Reviewed and assessed Risk Management and Control Policy
- Reviewed and approved Risk Management Committee mandate
- Received and approved Crisis Management Committee report and mandate
- Monitored cyber/information security
- Reviewed and assessed environmental policy and reporting
- Reviewed aboriginal relations
- Reviewed and approved insurance coverage
- A comprehensive inventory of risks and mitigation plans is tabled at each meeting followed by discussion of items of particular interest

The committee confirms it has appropriately fulfilled its mandate for the year ended December 31, 2014.

DIRECTOR COMPENSATION

GOCOM assesses the compensation of the directors and makes recommendations to the Board. This committee annually reviews director compensation using information from other corporations and published data. From time to time, it retains independent compensation consultants to make market comparisons and provide advice on developing appropriate compensation programs. Director compensation is reviewed to determine whether this compensation is appropriate for the responsibilities, time commitment and risks assumed by the directors.

FEES AND RETAINERS

The following table shows the annual retainers and attendance fees paid to directors. No changes were made to the directors' remuneration during 2014. Retainers for Lead Director, Committee Chairs and members are paid in addition to the annual director retainer of \$165,000.

Directors' remuneration	(\$)
Annual retainers	
Director	165,000 *
Lead Director	75,000
Audit Committee Chair	20,000
Audit Committee Members	7,500
Corporate Governance – Nomination, Compensation and Succession Committee Chair	8,500
Risk Review Committee Chair	8,500
Pension Fund Committee Chair	8,500
Meeting fees	
Board Meeting, Strategy, Round Table, and Briefing Session (per day)	2,000
Meeting for routine administrative matters where the nature of the discussion is brief	800
Committee Meeting per day	1,500

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

Directors are reimbursed for travel and other expenses incurred for attendance at Board and committee meetings. Directors who are full-time salaried employees of Canadian Utilities receive no remuneration for serving as a director.

From time to time, the Board forms ad hoc committees to undertake special initiatives. The chair and members of ad hoc committees receive fees that are determined when the committees are formed. No fees or retainers were paid to any committees formed during 2014.

Directors are required to receive a minimum of \$20,000 of their annual retainer in Class A Shares and have the option of receiving up to 50% of their annual retainer in Class A Shares. Until the minimum share ownership requirement is met, directors are required to receive a minimum of \$40,000 of their annual retainer in Class A Shares. Mr. Southern is exempt from this requirement. This policy is described on page 36.

The following table provides a detailed breakdown of the fees and retainers paid to our non-employee directors for the year ended December 31, 2014. Fees and retainers are paid quarterly. **“Other fees” includes retainers and attendance fees paid to those directors who also serve on the boards and committees of ATCO Australia Pty Ltd. and CU Inc.** Fees are shared proportionately when meetings are held on the same day to consider group projects that require the approval of these companies. No other forms of compensation were provided to the directors for the year ended December 31, 2014.

Ms. Nancy Southern did not receive compensation as the Chair or as a director of Canadian Utilities as she is President & Chief Executive Officer of Canadian Utilities. Her compensation is shown on page 57 of this management proxy circular.

Name	Director retainer (\$)	Committee chair retainer (\$)	Committee member retainer (\$)	Board attendance fee ¹ (\$)	Committee attendance fee (\$)	Other fees ² (\$)	Total fees earned (\$)	Portion of director retainer applied to share purchase ³ (%)
Matthias F. Bichsel ⁶	107,431	—	—	8,000	—	8,000	123,431	47
Loraine M. Charlton ⁸	165,000	—	7,500	13,500	6,000	36,400	228,400	24
David A. Dodge	165,000	8,500	—	13,000	6,000	4,000	196,500	12
Robert B. Francis	165,000	—	—	14,000	3,000	8,000	190,000	50
Linda A. Heathcott	165,000	—	—	13,000	6,000	4,000	188,000	36
Robert J. Normand	165,000	—	7,500	14,000	15,000	8,000	209,500	38
Hector A. Rangel ⁶	107,431	—	—	8,000	—	8,000	123,431	50
Laura A. Reed ^{6,10}	107,431	—	—	8,000	—	74,874	190,305	50
William G. Sembo ^{6,7}	107,431	—	4,883	8,000	3,000	8,000	131,314	50
James W. Simpson ^{4,7,8}	240,000	22,989	—	14,000	13,500	10,988	301,477	34
Ronald D. Southern	165,000	—	—	13,000	—	4,100	182,100	n/a
Roger J. Urwin ^{5,7,8,9,10}	149,779	5,534	2,637	13,000	9,750	122,195	302,895	13
Karen M. Watson	165,000	—	—	14,000	6,000	8,000	193,000	12
Charles W. Wilson ¹⁰	165,000	8,500	—	13,000	4,500	100,805	291,805	12
Directors who retired during 2014								
Robert T. Booth ^{8,11}	58,022	—	—	6,000	1,500	38,726	104,248	12
Denis M. Ellard ^{7,11}	58,022	—	2,637	6,000	4,500	22,114	93,273	24
Total	2,255,547	45,523	25,157	178,500	78,750	466,202	3,049,679	

- (1) **Board attendance fee:** No attendance fee was paid for the Board meeting that coincided with the strategy conference.
- (2) **Other Fees:** Includes fees for attending the annual strategy conference and round table, operational overview, and business plan meetings. It also includes meeting fees and directors' retainers for CU's subsidiaries; as well as designated audit director retainers and meeting fees.
- (3) **Portion of director retainer applied to share purchase:** A minimum of \$20,000 of a non-employee director's annual retainer is paid in Class A Shares. Directors have the option of receiving up to 50% of their annual retainer in Class A Shares. Until the minimum share ownership requirement is met, directors are required to receive a minimum of \$40,000 of their annual retainer in Class A Shares. Mr. Southern is exempt from this requirement.
- (4) **Director Retainer:** Includes retainer for Lead Director.
- (5) **Director Retainer:** The Company has an agreement with Dr. Urwin that his retainer shall be \$165,000 U.S., paid in Canadian dollars. The amount paid in 2014 is less than the full retainer amount. An additional \$32,030.62 is owing and will be paid in 2015.
- (6) **Director Retainer (pro-rated):** Dr. Bichsel, Mr. Rangel, Ms. Reed and Mr. Sembo were elected to the Board on May 7, 2014.
- (7) **Committee chair retainer and/or Committee member retainer and/or Committee attendance fees:** On May 7, 2014 Dr. Urwin was appointed to the Risk Review Committee. Dr. Urwin became Chair of the Risk Review Committee while Mr. Simpson retired as Chair of the Risk Review Committee. Mr. Ellard and Dr. Urwin retired from the Audit Committee and Mr. Sembo was appointed to the Audit Committee. Retainers and/or attendance fees were adjusted based on appointment or retirement date, as applicable.
- (8) **Other Fees:** Mr. Booth, Ms. Charlton, Mr. Simpson and Dr. Urwin received annual retainers and meeting attendance fees as directors of CU Inc. Mr. Simpson retired from the CU Inc. board and Mr. Booth joined the CU Inc. board on May 31, 2014; therefore, the respective retainers were pro-rated to and from May 31, 2014.
- (9) **Other Fees:** Dr. Urwin ceased to receive a CU Inc. director retainer upon his election to ATCO Ltd. board of directors on May 14, 2014; as such, the CU Inc. director retainer was pro-rated and paid to Dr. Urwin for the period January 1, 2014 until May 14, 2014 and Dr. Urwin continued to receive CU Inc. meeting attendance fees during the entire 2014 year.
- (10) **Other Fees:** Ms. Reed, Dr. Urwin and Mr. Wilson received annual retainers, meeting attendance fees and superannuation contributions as directors of ATCO Australia Pty Ltd.
- (11) **Directors who retired during 2014:** Mr. Ellard and Mr. Booth retired from the Board on May 7, 2014. The fees and retainers paid to Mr. Booth and Mr. Ellard were pro-rated for the period from January 1 to May 7, 2014.

DIRECTOR SHARE OWNERSHIP

Within five years of being appointed to the Board, non-employee directors are required to directly or indirectly own Canadian Utilities shares having an aggregate fair market value of at least 1.5 times the annual board retainer, which currently equates to \$247,500. All of the directors meet this share ownership requirement. Dr. Bischel, Mr. Rangel and Ms. Reed will meet the share ownership requirement within five years of having been elected to the Board.

The following table sets out each director's ownership of common shares in Canadian Utilities at March 11, 2014, and any changes in the ownership interest up to March 10, 2015.

Name	Equity ownership as at March 11, 2014		Equity ownership as at March 10, 2015		Net change in ownership		Equity at risk ¹	
	Class B Shares	Class A Shares	Class B Shares	Class A Shares	Class B Shares	Class A Shares	Value (\$)	Multiple of annual director retainer
Matthias F. Bischel	—	—	—	1,298	—	1,298	52,595	0.3
Loraine M. Charlton	1,050	27,664	1,050	29,469	—	1,805	1,236,693	7.5
David A. Dodge	—	13,640	—	11,899	—	(1,741)	482,147	2.9
Robert B. Francis	—	6,818	—	9,134	—	2,316	370,110	2.2
Linda A. Heathcott	4,000	21,434	4,000	13,688	—	(7,746)	716,958	4.4
Robert J. Normand	—	13,946	—	15,893	—	1,947	643,984	3.9
Hector A. Rangel	—	—	—	1,394	—	1,394	56,485	0.3
Laura A. Reed	—	—	—	1,394	—	1,394	56,485	0.3
William G. Sembo	—	6,000	—	7,396	—	1,396	299,686	1.8
James W. Simpson	—	21,658	—	24,163	—	2,505	979,085	5.9
Nancy C. Southern ²	—	146,766	—	152,322	—	5,556	6,172,087	37.4
Ronald D. Southern ³	289,608	794,602	289,608	814,516	—	19,914	44,756,481	271.3
Roger J. Urwin	—	22,313	—	22,950	—	637	929,934	5.6
Karen M. Watson	400	31,025	400	31,567	—	542	1,295,327	7.9
Charles W. Wilson	—	96,061	—	77,761	—	(18,300)	3,150,876	19.1
Total	295,058	1,201,927	295,058	1,214,844	—	12,917	61,198,933	

- (1) Equity at risk is shown as at March 10, 2015, and is the market value determined by reference to the closing price of Class A Shares (\$40.52) and Class B Shares (\$40.58) on the Toronto Stock Exchange. Preferred shares and options are excluded.
- (2) The requirement to own shares having a value exceeding a multiple of the annual board retainer applies to non-employee directors only. Ms. Nancy Southern does not receive a retainer as a Director or Chair. Her shareholdings and values are provided for information purposes only.
- (3) Mr. Southern owns 8 Class B Shares and 595,833 Class A Shares and is the controlling share owner of Sentgraf Enterprises Ltd., which owns 289,600 Class B Shares and 218,683 Class A Shares. Mr. Southern is exempt from the share ownership requirements.

OUTSTANDING OPTIONS

Effective August 1, 2008, non-employee directors were no longer eligible to receive options. The following table lists all outstanding options held by the non-employee directors at December 31, 2014.

Name	Number of securities underlying unexercised options ¹ (#)	Date granted	Expiry date	Grant Price ¹ (\$)	Vested options at December 31, 2014	
					Number ¹ (#)	Value of unexercised in-the-money options ² (\$)
David A. Dodge	4,000	July 1, 2008	July 1, 2018	22.01	4,000	75,600
Robert J. Normand	4,000	May 7, 2008	May 7, 2018	22.67	4,000	72,960
James W. Simpson	4,000	Dec. 1, 2005	Dec. 1, 2015	21.75	4,000	76,660
Roger J. Urwin	4,000	May 4, 2007	May 4, 2017	23.14	4,000	71,080

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

(2) The difference between the market value of CU Class A Shares on December 31, 2014, of \$40.91 and the grant price of the options, multiplied by the number of vested in-the-money options at December 31, 2014.

The following table summarizes options exercised during 2014 by directors who were not employees of Canadian Utilities.

Name	Options/SARs Exercised ¹ (#)	Aggregate Value Realized ² (\$)
Lorraine M. Charlton		
Options	3,000	61,724
Total	3,000	61,724

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

(2) This value represents the difference between the grant price and the market price of CU Class A Shares at the time of exercise multiplied by the number of options exercised.

COMPENSATION DISCUSSION & ANALYSIS (CD&A)

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Overview

Canadian Utilities is a diversified, Canadian-based, international group of companies with approximately \$17 billion in assets and more than 6,800 employees.

The Company has three operating segments:

Utilities	transports and distributes natural gas and electricity in Alberta and northern Canada
Energy	owns and operates regulated and non-regulated generating plants in Canada and the U.K., and is involved in non-regulated natural gas gathering, processing, storage and natural gas liquids extraction
ATCO Australia	consists of regulated natural gas distribution utility and non-regulated power generation businesses in Australia

This CD&A discusses CU's executive compensation program, how it is structured, governed, and designed to support the corporate business objectives.

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

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

All of the named executives (except Sett F. Policicchio) have a dual role – for Canadian Utilities and for ATCO, our parent company. The compensation we report here is the compensation they receive from Canadian Utilities. Mr. Policicchio works for and is paid only by Canadian Utilities.

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

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

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

	Amount paid and reported by Canadian Utilities	Amount paid by ATCO	Combined total reported by ATCO
2014	88.1%	11.9%	100%
2013	90.4%	9.6%	100%
2012	91.2%	8.8%	100%

Governance

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

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

Charles W. Wilson (Chair)	<ul style="list-style-type: none"> held senior executive positions with a large international energy corporation including being CEO for seven years substantial experience recommending total executive compensation and dealing with other compensation issues several years of service on public boards and compensation committees
James W. Simpson	<ul style="list-style-type: none"> 30 years experience as senior executive of a large international energy corporation including being the President direct experience working with compensation advisors regarding executive performance and compensation issues extensive experience recommending total executive compensation and dealing with other compensation issues several years of service on public boards including Chair of a large international energy corporation and past Chair of the compensation committee
Roger J. Urwin	<ul style="list-style-type: none"> worked in gas, electric and telecom utilities including being CEO of a number of large international corporations for more than 15 years extensive experience recommending total executive compensation and dealing with other compensation issues over 20 years serving on public boards and compensation committees

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

COMPENSATION

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

SUCCESSION PLANNING FOR EXECUTIVES

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

See page 31 for more information about the Committee and a summary of its activities in 2014.

GOCOM is also responsible for compensation of the directors on CU's Board. You can read about its approach starting on page 34.

Compensation Approach

CU's compensation philosophy is to provide "competitive pay for competitive performance". This approach ensures that the interests of executives are closely aligned with those of our share owners and supports CU's continued success.

The approach includes three principles:

- Pay competitively
- Pay for performance
- Manage risk

PAY COMPETITIVELY

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

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

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

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

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

Industries	Oil and gas, utilities, energy, general industry, and capital intensive organizations	
Locations	Alberta, national and global	
Relevance	<p>Companies are selected based on their similarity to our operations. A comparator group is established for each business unit based on:</p> <ul style="list-style-type: none"> • Industry revenue • Number of employees • Market capitalization <p>When necessary, data is adjusted to reflect the appropriate size and scope.</p>	
<p>2014 comparator companies</p> <p>Towers Watson used several companies including those in this list to create a customized comparator group for each business unit.</p> <p>For a full list of all comparator companies used, please refer to Schedule B.</p>	<p>Agrium Inc. Alberta Electric System Operator Alliance Pipeline AltaLink BC Hydro Power & Authority Bruce Power Limited Partnership Calgary Co-operative Association Limited Canadian Natural Resources Ltd. Canadian Oil Sands Limited Canadian Pacific Railway Ltd. Capital Power Corporation Cenovus Energy Inc. Enbridge Inc. Encana Corporation ENMAX Corporation EPCOR Utilities Inc. Graham Management Services LP Husky Energy Inc. Hydro One Inc.</p>	<p>Hydro-Québec Imperial Oil Limited MEG Energy Newfoundland and Labrador Hydro Electric Corp. Ontario Power Generation Pembina Pipeline Corporation Penn West Precision Drilling Corporation SaskPower Schneider Electric Canada Spectra Energy Transmission Suncor Energy Inc. Talisman Energy Inc. Tervita Corporation Toronto Hydro Electric Systems TransAlta Corporation TransCanada Corporation United Farmers of Alberta Co-operative Limited WestJet Airlines Ltd</p>

PAY FOR PERFORMANCE

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

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

MANAGE RISK

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

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

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

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

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

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

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

- the CEO holds more than 6 times her salary in CU shares
- while senior executives are not required to hold CU shares, a significant portion of their total compensation is in equity-based compensation

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

GOCOM is satisfied that:

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

OPERATE INDEPENDENTLY

When making compensation decisions, GOCOM operates independently from management. All of the members of the Committee are independent. The Committee ensures independence from management by holding in camera sessions (without management present) at each Committee meeting. This strategy allows GOCOM to have candid discussions about executive compensation.

INDEPENDENT ADVICE

GOCOM hires independent consultants for advice on:

- the structure of our executive compensation program
- legal matters related to executive compensation.

Each year, GOCOM pre-approves fees and services the consultants will provide during the year.

Executive compensation advisory services in 2014

GOCOM approved the use of two independent consultants in 2014 for information and advice on compensation.

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

- reviewing total compensation of executive positions to comparable roles in the marketplace
- gathering information on competitive executive compensation practices
- recommending an approach to our executive compensation program
- providing surveys and studies

Mercer provided the following services:

- advising on non-executive compensation
- providing actuarial consulting services for pension and benefits
- performing consulting services for regulatory hearings
- providing surveys and studies

	Fees in 2014 (\$)	Fees in 2013 (\$)
Towers Watson		
Executive compensation-related fees	197,951	175,492
Other	248,830	517,358
Mercer		
Executive compensation-related fees	–	–
Other	822,061	878,128

Decision-making Process

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

1 Review compensation plan	<p>At the beginning of every year, GOCOM analyses the previous year's compensation plan against management proxy circular data from other companies and compensation data provided by outside advisors.</p> <p>It also reviews a tally sheet for the CEO and her direct reports, prepared by management, that includes a three-year history of salary, incentive plan payments, discretionary payments, perquisites, share plan ownership and grants, pension and benefits, and the expected value of long-term incentives.</p> <p>GOCOM will make any changes it believes are necessary to ensure the compensation plan:</p> <ul style="list-style-type: none">• rewards these executives based on corporate, individual and business unit performance• includes the appropriate variable components to align the interests of these executives with those of share owners• focuses these executives on sustainable, profitable growth without encouraging excessive risk-taking
2 Set incentive plan targets and performance criteria	<p>GOCOM reviews and approves the corporate and business unit financial targets used to fund the short-term incentive pool and as a performance measure for mid-term incentive plan payouts.</p>
3 Set individual and operational goals and objectives	<p>GOCOM sets goals and objectives for the CEO based on CU's business strategy. The CEO establishes individual and operational goals and objectives for her direct reports, which support the strategy and the CEO's goals, and presents them to GOCOM.</p>
4 Assess corporate and business unit performance	<p>GOCOM assesses CU and individual business unit performance against specified targets and, taking into consideration peer performance, market conditions and other factors, approves overall short-term incentive pool funding.</p>
5 Determine individual awards	<p>GOCOM completes the CEO's performance assessment. The CEO completes performance assessments for her direct reports, which include:</p> <ul style="list-style-type: none">• an analysis of performance against his or her goals and objectives, commenting on demonstrated delivery of results, alignment to CU's values and business objectives, and the executive's ability to develop and mentor high-potential employees• recommendations for each senior executive's salary• recommendations for short, mid and long-term incentives for each executive. <p>GOCOM reviews this information, along with market data provided by independent advisors, and approves each senior executive's compensation.</p>

Components

Our executive compensation program includes direct and indirect compensation. Direct compensation consists of two components:

- fixed (base salary)
- variable (short, mid and long-term incentives)

Indirect compensation includes a pension plan and other benefits, which are described starting on page 48.

DIRECT COMPENSATION

	Component	How it works	How it is paid	Performance period
Fixed	Salary	Fixed level of income based on the market value of the position	Cash	One year
Variable	Short-term incentive	Annual bonus based on the achievement of specific goals	Cash	One year
	Mid-term incentive	Rewards dedication to long term business growth and success, and encourages retention	Equity Canadian Utilities Class A Shares	Two or three-year term with vesting at the end of the term based on performance criteria
	Long-term incentive	Rewards sustainable, profitable growth	Equity Options to buy Canadian Utilities Class A Shares Share appreciation rights – cash equal to the increase in the market price of Canadian Utilities Class A Shares	Ten-year term, with one-fifth vesting each year starting on the first anniversary of the grant

GOCOM and the CEO also have the discretion to award bonuses to senior executives for their contribution to particularly notable accomplishments.

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

			CEO	Other senior executives (average)
Fixed	Cash	Salary	25% to 40%	35% to 50%
Variable	Cash	Short-term incentive plan	35% to 75%	35% to 60%
	Equity	Mid-term incentive plan	0% to 35%	0% to 25%
	Equity	Long-term incentive plan	0% to 35%	0% to 25%
Total pay at risk			60% to 75%	50% to 65%

FIXED COMPENSATION

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

VARIABLE COMPENSATION

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

CORPORATE PERFORMANCE

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

BUSINESS UNIT PERFORMANCE

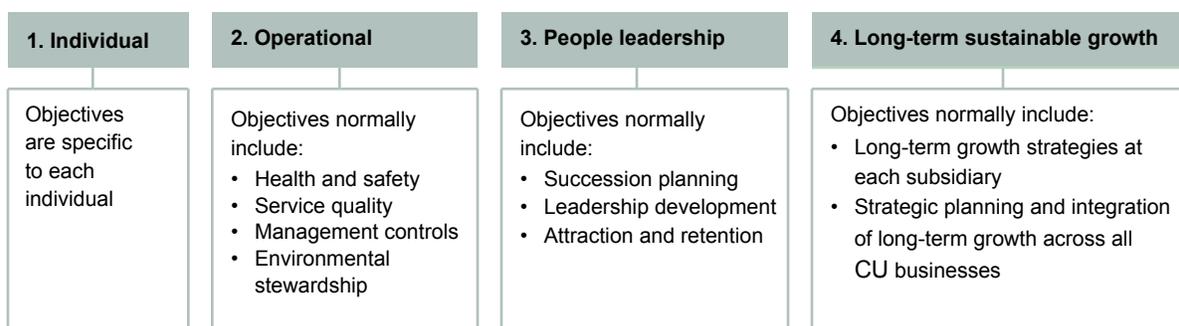
Business unit performance has a direct impact on the amount allocated from the short-term incentive pool to the business unit's incentive pool.

INDIVIDUAL PERFORMANCE

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

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

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



Performance against these objectives results in a performance rating of 1 to 5. A rating of 5 gets the maximum payout from the short-term incentive plan. A rating below 3 means there is no payout (assuming it is not a new role).

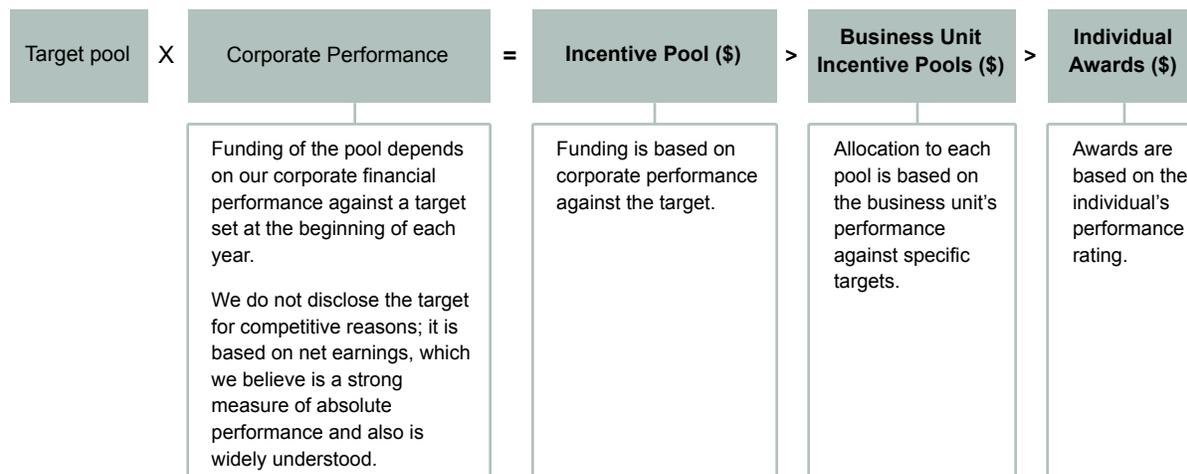
GOCOM also has broad discretion to not make incentive payments when, for example, a senior executive:

- acts in a way that is detrimental to the reputation of the business
- is directly involved in a material restatement of our consolidated financial statements or management's discussion and analysis
- commits fraud of any kind

SHORT-TERM INCENTIVE

Funding of the short-term incentive pool depends on our performance against the corporate financial target set at the beginning of each year. Performance below the target reduces the size of the incentive pool, and performance above the target increases the size of the incentive pool.

The size of the individual award is determined first by four factors: 1) the size of the overall incentive pool, 2) the amount allocated to the business unit from the incentive pool, 3) the executive's individual performance rating, and 4) comparing the individual's total direct compensation relative to his or her peer group.



MID-TERM INCENTIVE

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

Form of Award

Time-vesting Canadian Utilities Class A Shares that earn dividends.

Performance Criteria

Shares vest at the end of two or three years if:

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

LONG-TERM INCENTIVE

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

Form of Award

Stock options or share appreciation rights for Canadian Utilities Class A Shares.

Performance Criteria

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

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

The plans do not limit insider participation and there is no limit on the number of awards to any one person.

GOCOM can suspend or terminate either plan at any time. It can add, remove or modify any term of a plan or a grant without share owner approval as long as the change:

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

INDIRECT COMPENSATION

Perquisites

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

Employee Share Purchase Plan

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

Pension Plan

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.

How the plan works:

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

How we calculate the pension benefit:

$$\left[1.4\% \times \begin{array}{l} \text{average year's maximum} \\ \text{pensionable earnings} \\ (\$49,840 \text{ in } 2014) \end{array} + 2\% \times \begin{array}{l} \text{average salary (highest five consecutive} \\ \text{years of base salary, not including} \\ \text{short-term incentive) minus } \$49,840 \end{array} \right] \times \begin{array}{l} \text{Years of} \\ \text{service} \end{array}$$

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 as a supplemental pension. This supplemental pension is provided by Canadian Utilities and benefits are not pre-funded.

How it works:

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

Ms. Nancy Southern's supplemental pension benefit is part of her employment agreement with CU (see page 57). 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 10 years before retirement. The percentage depends on her age when she retires:

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

Ms. Nancy 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.

2014 Performance and Awards

PERFORMANCE IN 2014

Key accomplishments included the following:

- As part of Alberta's plan to invest in Critical Transmission Infrastructure, and following a worldwide competitive bid process, Alberta PowerLine—a partnership between CU (80 per cent) and Quanta (20 per cent)—was selected to build, own, operate and finance a \$1.43 billion transmission project to service northeast Alberta, a vitally important economic region of the province.
- In pursuit of two of our strategies: geographic expansion and the development of significant, value-creating Greenfield projects, CU opened an office in Mexico City mid-year to pursue opportunities made possible by policy reforms in that country which now allow for private-sector investment in the energy industry. Before year-end, ATCO Mexico was selected for two major projects: a contract to design, build, operate and maintain a natural gas pipeline valued at approximately USD\$50 million; and, along with partner Grupo Hermes S.A. de C.V., CU was selected to begin the project development and approval process for a natural gas cogeneration plant.
- ATCO Electric completed the assembly and erection of the 1,387 towers required for the \$1.8 billion Eastern Alberta Transmission Line Project on-time in December 2014. Construction of the converter stations will be completed and the line energized in 2015.
- Delivering on one of our strategies to monetize non-core assets, and to ensure CU has access to strategic and innovative IT solutions to support its expanding global operations, the Company entered into a 10-year strategic alliance with Wipro, a global information technology company. Wipro acquired all the shares of ATCO I-Tek, including contracts and employees, as well as the assets of ATCO I-Tek Australia.

CU declared a first quarter dividend for 2015 of 29.5 cents per share, a 10% increase over the dividends paid in each of the previous four quarters. CU's dividend per share has increased for 43 consecutive years.

These and many other accomplishments are discussed below.

CONSOLIDATED FINANCIAL PERFORMANCE

OBJECTIVE

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

RESULTS

Adjusted earnings of \$575 million for the year ended December 31, 2014, which was below the performance target set by the Board of Directors at the beginning of the year.

* Adjusted earnings as reported in the consolidated financial statements for the year ended December 31, 2014, are earnings attributable to equity owners of the Corporation after adjusting for the timing of revenues and expenses associated with rate regulated activities and dividends on equity preferred shares of the Corporation. 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.

OPERATION EXCELLENCE

OBJECTIVE

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

RESULTS

- Through 'Target Zero', ATCO Pipelines provides comprehensive training for its employees and contractors and only those who share the program's safety values are selected to work on ATCO Pipelines projects. In September, the company marked 12 years without a lost-time incident, the equivalent of 7.2 million person-hours without a reportable workplace injury.
- In partnership with the Office of the Fire Commissioner and local fire departments, ATCO Gas launched Alberta's first-ever Carbon Monoxide Awareness Week to help Albertans understand the dangers of carbon monoxide and how to prevent and detect it.

OBJECTIVE

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

RESULTS

- ATCO Electric Distribution Division created cross-functional delivery teams for major customers undertaking large projects to provide flexible solutions and to keep projects on track. The company also introduced an online customer self-serve portal to provide industrial and oilfield customers access to service request forms, project updates, maps and rate and regulatory changes that impact customers.
- ATCO Power had excellent availability of 94.9 per cent throughout the year. The company took advantage of maintenance windows at both its coal-fired stations to uprate the steam turbines and generators by an additional 20 megawatts per station.

OBJECTIVE

Maintain and enhance management and financial processes and controls to ensure that no significant or reportable weaknesses in control over financial reporting exist.

RESULTS

Testing conducted in 2014 revealed no significant or reportable weaknesses in internal control over financial reporting.

OBJECTIVE

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

RESULTS

- ATCO Electric's upgrading of a section of power line serving some of Jasper's most popular tourist attractions received national recognition and was featured as an environmental performance case study in the Canadian Electricity Association's 2014 annual report, "Engaged for a Sustainable Future". The company developed several

innovative solutions to protect the environment including using helicopters and small rubber-tracked vehicles to reduce ground disturbance, and boatswain chairs so crews could perform aerial work in areas not accessible by bucket truck.

- ATCO Pipelines received the 2014 Alberta Roadbuilders & Heavy Construction Association's Environment Award for its Elbow River Crossing Project. The project saw the replacement of high-pressure pipelines that were exposed along the Elbow River banks during the 2013 southern Alberta floods. The company used a number of innovative techniques to protect the area and to restore the river bed and surrounding banks. The award recognizes the positive achievements of companies for projects that change operations in a way that respects or enhances the environment.

PEOPLE LEADERSHIP

OBJECTIVE

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

RESULTS

CU successfully negotiated five balanced collective agreements in 2014; three of which were initiated in 2013. The unions involved were the Canadian Energy Workers' Association (CEWA) and the Natural Gas Employees' Association (NGEA). As well in 2014, two additional CU companies were engaged in collective bargaining with CEWA, and those proceedings continue to progress toward resolution.

OBJECTIVE

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

RESULTS

- In 2014, more than 700 employees completed leadership training and development courses, including Foundations of Leadership, Strategic Leadership, Aboriginal Relations, and Project Management. ATCO continues to assess our programs to ensure all programs meet the current and future requirements of the business.
- ATCO's full suite of leadership development programs were integrated into our Talent Management System, improving the company's ability to track and assign training based on development needs as well as enhancing the visibility of program offerings to employees across the organization.
- ATCO continues to strengthen its succession planning process, including identifying early-in-career high potential employees to ensure development and retention efforts are maximized. This was achieved through targeted training and communication of a consistent approach to segmenting talent and identifying future senior leaders.
- ATCO continues to make strides in improving its performance management program by ensuring employees and managers have the tools and processes required for timely performance discussions, appropriate goal-setting and effective feedback conversations, all of which is critical to ATCO's ability to execute on our business plans and growth strategies. Processes have been put into place to actively manage and regularly report against development plans for our top employees.

LONG-TERM SUSTAINABLE GROWTH

OBJECTIVE

Achieve our long-term growth objectives by executing on our growth strategies of capital expansion and market positioning. Continue with the strategic planning and integration of long-term growth across the Corporation.

RESULTS

- CU continued its strategic geographic expansion with the opening of an office in Mexico City mid-year to pursue opportunities made possible by policy reforms in that country which now allow for private-sector investment in the energy industry. Before year-end, ATCO Mexico was selected for two major projects: a contract to design, build, operate and maintain a natural gas pipeline valued at approximately USD\$50 million; and, along with partner Grupo Hermes S.A. de C.V., CU was selected to begin the project development and approval process for a natural gas cogeneration plant.
- ATCO Power entered a new market in Alberta in 2014, offering power solutions directly to commercial and industrial customers. The new products offer available generating capacity for sale and provide a high level of customer service in addition to helping customers save on their electricity costs. The company has won a number of contracts in the first seven months in the market.
- ATCO Energy Solutions repositioned itself as an energy infrastructure provider within Alberta's Industrial Heartland. Two contracts for industrial water pipelines are being constructed and a partnership to develop a hydrocarbon storage facility was announced. To support long-term hydrocarbon development, the company acquired an additional 160 acres of land and 400 acres of salt mineral rights.

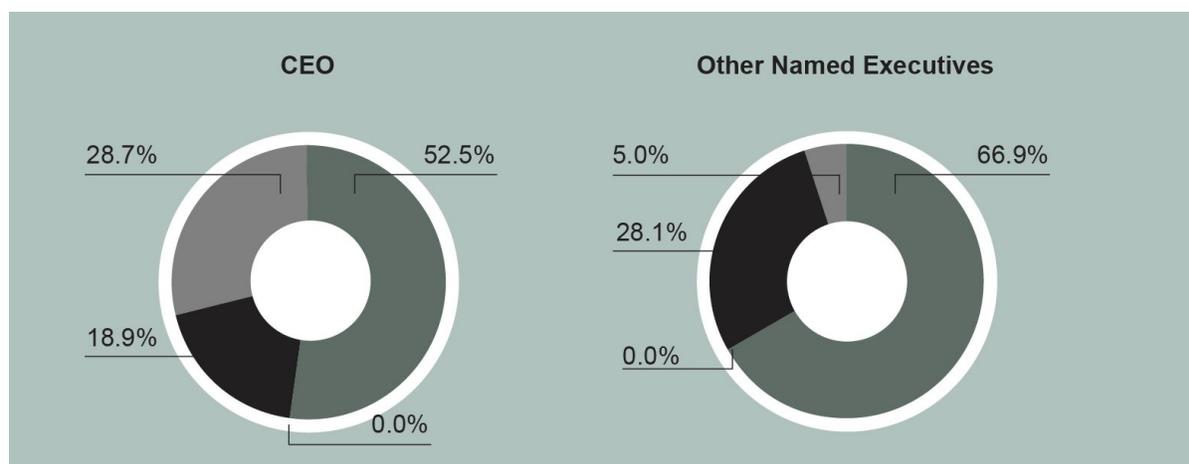
COMPENSATION IN 2014

The table below is a summary of total direct compensation awarded to the named executives in 2014.

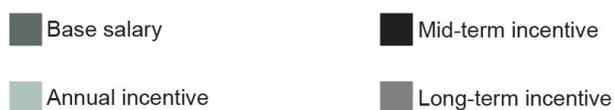
Please see page 62 for the summary compensation table, which shows total compensation for the past three years, and the assumptions used for the mid and long-term incentive values.

	Total cash compensation (\$)				Equity (\$)	Total direct compensation (\$)
	Salary	Short-term incentive	Mid-term incentive	Long-term incentive		
Nancy C. Southern	881,000	0	317,190	481,290		1,679,480
Brian R. Bale	495,563	0	281,880	-		777,443
Siegfried W. Kiefer	662,953	0	291,777	96,258		1,050,988
Sett F. Policicchio	393,750	0	117,246	28,877		539,873
Erhard M. Kiefer	301,743	0	87,132	14,439		403,314

2014 Pay mix

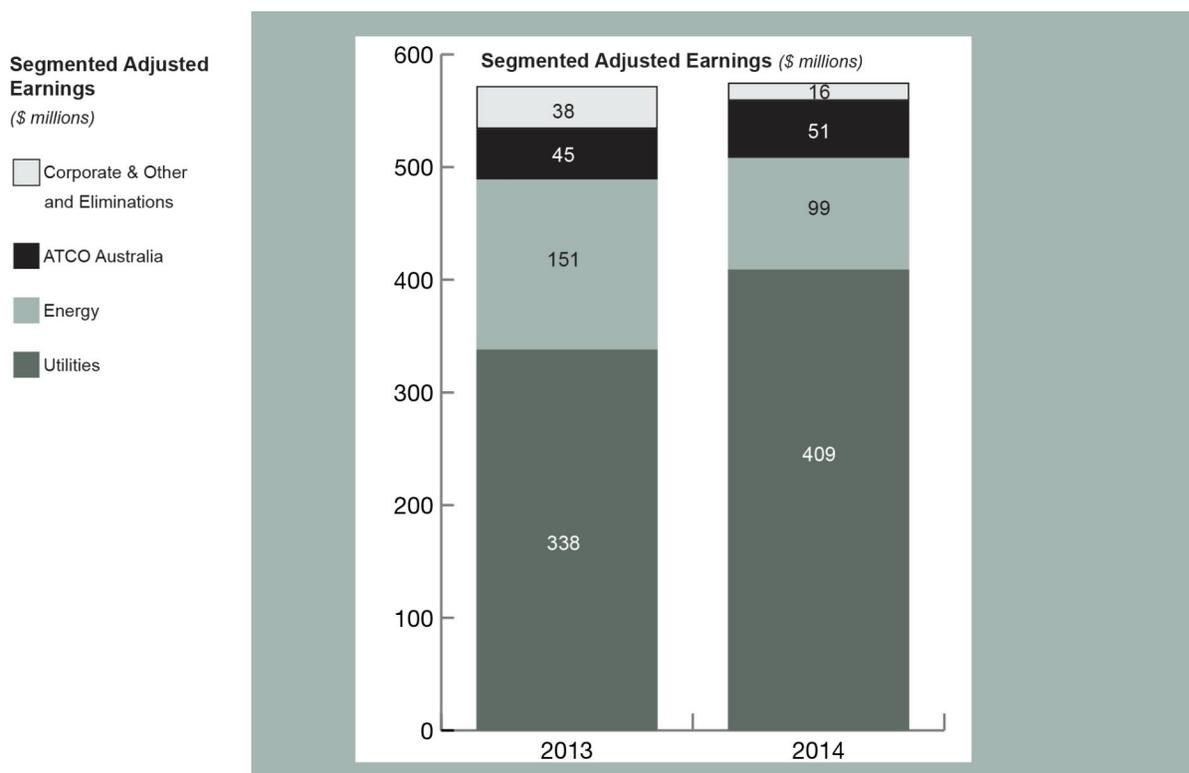


2014 Pay Mix



COMPENSATION LINKED TO FINANCIAL PERFORMANCE

The graph below shows adjusted earnings for each of the past two years (total and by business unit), compared with total direct compensation paid to the named executives in each year.



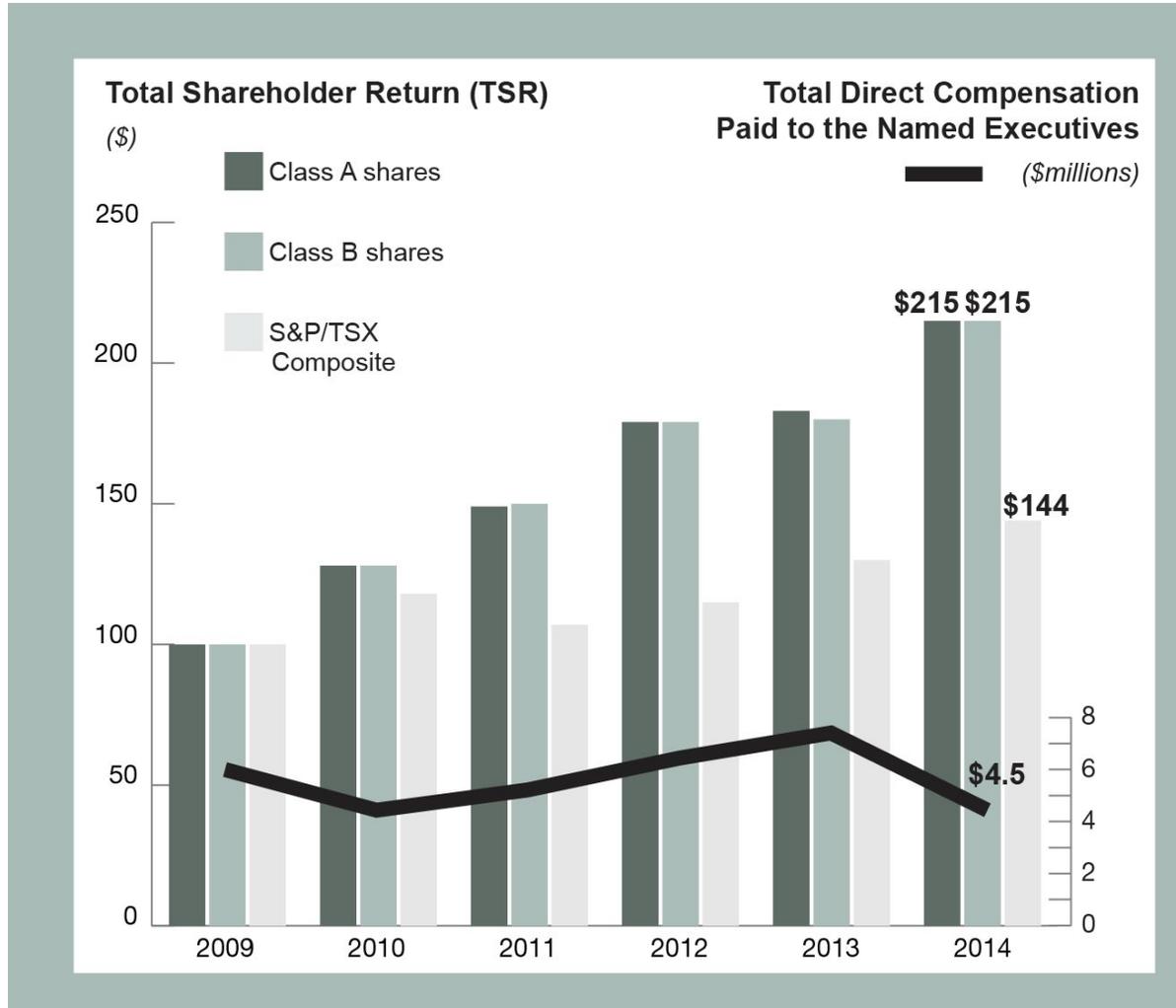
(\$millions)

Adjusted earnings	572	575
Total direct compensation paid to the named executives	8.1	4.5
As a % of adjusted earnings	1.4%	0.8%

COMPENSATION LINKED TO SHARE OWNER RETURN

The graph below compares the cumulative value of \$100 invested in CU Class A Shares and Class B Shares (assuming reinvestment of dividends) on January 1, 2009, with the cumulative value of \$100 invested in the S&P/TSX Composite Index over the same period.

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



Total direct compensation includes:

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



NANCY C. SOUTHERN
*Chair, President &
 Chief Executive Officer*

Calgary, Canada

Age: 58

Years of service: 25

Ms. Southern is Chair, President & Chief Executive Officer of Canadian Utilities and ATCO, and has full responsibility for CU's strategic direction and operations. She reports to the Board of Directors and has been a director of CU since 1990. She was Co-Chairman and Co-Chief Executive Officer from 2000 to 2003, Deputy Chief Executive Officer from 1998 to 2000, and Deputy Chairman from 1996 to 2000.

Under Ms. Southern's guidance, adjusted earnings have increased from \$309 million in 2004 to earnings of \$575 million in 2014 (an increase of 86%). CU's total assets have grown from approximately \$6 billion in 2004 to \$17 billion in 2014.

COMPENSATION

Ms. Southern's compensation this year reflects CU's earnings performance in 2014 which was below the performance target set by the Board of Directors. GOCOM determined that no short-term incentives will be paid for 2014 and approved the following compensation for Ms. Southern.

	2014	2013	2012
	(\$)	(\$)	(\$)
Cash			
Base salary	881,000	904,000	912,000
Short-term incentive	0	1,356,000	1,368,000
Total cash compensation	881,000	2,260,000	2,280,000
Equity			
Mid-term incentive	317,190	563,874	482,550
Long-term incentive			
Stock options	240,645	224,700	119,000
Share appreciation rights	240,645	224,700	119,000
Total equity	798,480	1,013,274	720,550
Total direct compensation	1,679,480	3,273,274	3,000,550

EMPLOYMENT AGREEMENT

Ms. Southern has an employment agreement with CU that expires on February 28, 2016, and continues from year to year thereafter. The agreement includes insurance benefits if Ms. Southern dies or becomes disabled before she retires or employment is terminated. The amount is based on her salary, using formulas that take into account the amounts payable to her under CU's group life insurance policies and disability income programs. It also includes supplemental pension benefits, which are described on page 49.



BRIAN R. BALE
*Senior Vice President &
 Chief Financial Officer*

Calgary, Canada

Age: 60

Years of service: 33

Mr. Bale is Senior Vice President & Chief Financial Officer of Canadian Utilities and ATCO. He 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 Canadian Utilities. He was appointed to his current role in 2009.

COMPENSATION

Mr. Bale's compensation this year reflects CU's earnings performance in 2014 which was below the performance target set by the Board of Directors. GOCOM determined that no short-term incentives will be paid for 2014 and approved the following compensation for Mr. Bale.

	2014 (\$)	2013 (\$)	2012 (\$)
Cash			
Base salary	495,563	463,300	427,500
Short-term incentive	0	632,800	638,400
Total cash compensation	495,563	1,096,100	1,065,900
Equity			
Mid-term incentive	281,880	166,252	120,638
Long-term incentive			
Stock options	-	11,235	11,900
Share appreciation rights	-	11,235	11,900
Total equity	281,880	188,722	144,438
Total direct compensation	777,443	1,284,822	1,210,338



SIEGFRIED W. KIEFER

*Senior Vice President &
Chief Operating Officer*

Calgary, Canada

Age: 56

Years of service: 32

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

COMPENSATION

Mr. Kiefer's compensation this year reflects CU's earnings performance in 2014 which was below the performance target set by the Board of Directors. GOCOM determined that no short-term incentives will be paid for 2014 and approved the following compensation for Mr. Kiefer.

	2014 (\$)	2013 (\$)	2012 (\$)
Cash			
Base salary	662,953	647,490	598,500
Short-term incentive	0	542,400	592,800
Total cash compensation	662,953	1,189,890	1,191,300
Equity			
Mid-term incentive	291,777	276,117	233,310
Long-term incentive			
Stock options	48,129	37,450	17,850
Share appreciation rights	48,129	37,450	17,850
Total equity	388,035	351,017	269,010
Total direct compensation	1,050,988	1,540,907	1,460,310



SETT F. POLICICCHIO

*President, ATCO
Electric, Transmission
Division*

Edmonton, Canada

Age: 58

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.

COMPENSATION

Mr. Policicchio's compensation this year reflects CU's earnings performance in 2014 which was below the performance target set by the Board of Directors. GOCOM determined that no short-term incentives will be paid for 2014 and approved the following compensation for Mr. Policicchio.

	2014 (\$)	2013 (\$)	2012 (\$)
Cash			
Base salary	393,750	366,250	332,500
Short-term incentive	0	350,000	350,000
Total cash compensation	393,750	716,250	682,500
Equity			
Mid-term incentive	117,246	112,775	96,510
Long-term incentive			
Stock options	14,439	11,235	4,760
Share appreciation rights	14,439	11,235	4,760
Total equity	146,123	135,245	106,030
Total direct compensation	539,873	851,495	788,530



ERHARD M. KIEFER

*Senior Vice President
& Chief Administration
Officer*

Calgary, Canada

Age: 55

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.

COMPENSATION

Mr. Kiefer's compensation this year reflects CU's earnings performance in 2014 which was below the performance target set by the Board of Directors. GOCOM determined that no short-term incentives will be paid for 2014 and approved the following compensation for Mr. Kiefer.

	2014 (\$)	2013 (\$)	2012 (\$)
Cash			
Base salary	301,743	268,940	248,520
Short-term incentive	0	271,200	250,800
Total cash compensation	301,743	540,140	499,320
Equity			
Mid-term incentive	87,132	59,782	74,153
Long-term incentive			
Stock options	7,219	7,495	5,889
Share appreciation rights	7,219	7,495	5,889
Total equity	101,570	74,772	85,931
Total direct compensation	403,314	614,912	585,252

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.

All of the named executives (except Sett F. Policicchio) have a dual role – for Canadian Utilities *and* for ATCO, our parent company. The compensation we report here is the compensation they receive from Canadian Utilities. Mr. Policicchio works for and is paid only by Canadian Utilities.

	Amount paid by Canadian Utilities	Amount paid by ATCO	Combined total reported in ATCO proxy circular
2014	88.1%	11.9%	100%
2013	90.4%	9.6%	100%
2012	91.2%	8.8%	100%

	Salary	Share based awards ¹	Option based awards ^{2,3}	Non-equity incentive plan compensation		Pension value ⁴	All other compensation ⁵	Total compensation
				Annual incentive plans	Long term incentive plans			
Nancy C. Southern								
2014	881,000	317,190	481,290	0	-	886,001	30,835	2,596,316
2013	904,000	563,874	449,400	1,356,000	-	793,379	31,640	4,098,293
2012	912,000	482,550	238,000	1,368,000	-	214,567	13,680	3,228,797
Brian R. Bale								
2014	495,563	281,880	-	0	-	215,172	17,345	1,009,960
2013	463,300	166,252	22,470	632,800	-	192,777	16,219	1,493,815
2012	427,500	120,638	23,800	638,400	-	225,749	6,413	1,442,500
Siegfried W. Kiefer								
2014	662,953	291,777	96,258	0	-	292,068	23,203	1,366,259
2013	647,490	276,117	74,900	542,400	-	527,959	22,662	2,091,528
2012	598,500	233,310	35,700	592,800	-	841,579	8,978	2,310,867
Sett F. Policicchio								
2014	393,750	117,246	28,878	0	-	143,276	12,403	695,553
2013	366,250	112,775	22,470	350,000	-	178,628	11,537	1,041,660
2012	332,500	96,510	9,520	350,000	-	140,189	4,489	933,208
Erhard M. Kiefer								
2014	301,743	87,132	14,438	0	-	302,922	10,561	716,796
2013	268,940	59,782	14,989	271,200	-	221,117	9,413	845,441
2012	248,520	74,153	11,779	250,800	-	282,958	3,728	871,938

¹ The grant date fair value for MTIP granted in 2014, 2013 and 2012 was \$26.10, \$25.28 and \$21.69, as determined in consultation with our independent advisors. The accounting fair values are \$40.16, \$38.90 and \$33.38. The difference is because the accounting fair value is based on the full value share price at the time of grant and the grant date fair value used for compensation benchmarking purposes reflects a discount applied to account for performance hurdles that have to be met in order for the MTIP to vest.

² The option and SAR values shown for 2014, 2013 and 2012 are the grant date fair values determined using the Black-Scholes method, the same method used for determining the accounting fair values. The assumptions used were as follows for 2014, 2013 and 2012: risk-free rate of 1.594%, 1.355% and 1.67%, respectively; dividend yield of 2.71%, 2.48% and 2.67% respectively; volatility of 17.49%, 14.25% and 11.18%, respectively; and an expected life of 6.05 years, 6.02 years and 6.05 years respectively.

³ Total Canadian Utilities stock options and share appreciation rights.

⁴ Estimated using a prescribed formula based on several assumptions. Also includes other compensatory related items.

⁵ Employer contribution to the Employee Share Purchase Plan.

INCENTIVE PLAN AWARDS

Plan details

Maximum number of shares that can be issued:	Stock option plan	Activity in 2014:	Stock option plan
	12,800,000 Canadian Utilities Class A Shares (4.9% of outstanding Canadian Utilities Class A Shares and Class B Shares as of December 31, 2014)		<ul style="list-style-type: none"> • 100,500 options were granted • 178,400 Canadian Utilities Class A Shares were issued on the exercise of options • 15,600 options were cancelled

OUTSTANDING OPTION-BASED AND SHARE-BASED AWARDS

The table below shows each named executive's outstanding incentive plan awards as of December 31, 2014.

	Option-based awards					Share-based awards		
	Options ¹	SARs ²	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ³ (\$)	Number of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ⁴ (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Nancy C. Southern								
2014	50,000	50,000	39.45	15/03/24	146,000	10,000	409,100	-
2013	60,000	60,000	39.04	15/03/23	225,000	20,000	818,200	-
2012	50,000	50,000	33.18	15/03/22	773,000	20,000	818,200	-
2011	25,000	25,000	24.74	15/03/21	808,750	-	-	-
2010	75,000	75,000	23.65	15/03/20	2,589,750	-	-	-
2008	100,000	100,000	22.17	15/03/18	3,748,000	-	-	-
2007	40,000	40,000	23.92	02/01/17	1,359,200	-	-	-
2006	100,000	-	21.78	02/01/16	1,913,000	-	-	-
Brian R. Bale								
2014	-	-	-	-	-	10,000	409,100	-
2013	3,000	3,000	39.04	15/03/23	11,250	6,000	245,460	-
2012	5,000	5,000	33.18	15/03/22	77,300	5,000	204,550	-
2011	5,000	5,000	24.74	15/03/21	161,750	-	-	-
2010	5,000	5,000	23.65	15/03/20	172,650	-	-	-
2008	4,000	4,000	22.17	15/03/18	149,920	-	-	-
2007	6,000	6,000	23.92	02/01/17	203,880	-	-	-
Siegfried W. Kiefer								
2014	10,000	10,000	39.45	15/03/24	29,200	10,000	409,100	-
2013	10,000	10,000	39.04	15/03/23	37,500	10,000	409,100	-
2012	7,500	7,500	33.18	15/03/22	115,950	10,000	409,100	-
2011	5,000	5,000	24.74	15/03/21	161,750	-	-	-
2010	5,000	5,000	23.65	15/03/20	172,650	-	-	-
2008	20,000	20,000	22.17	15/03/18	749,600	-	-	-
2007	28,000	28,000	23.92	02/01/17	951,440	-	-	-
2006	20,000	10,000	21.78	02/01/16	573,900	-	-	-
Sett F. Policchio								
2014	3,000	3,000	39.45	15/03/24	8,760	4,000	163,640	-
2013	3,000	3,000	39.04	15/03/23	11,250	4,000	163,640	-
2012	2,000	2,000	33.18	15/03/22	30,920	4,000	163,640	-
2011	2,000	2,000	24.74	15/03/21	64,700	-	-	-
2010	3,000	3,000	23.65	15/03/20	103,590	-	-	-
2008	4,000	4,000	22.17	15/03/18	149,920	-	-	-
2007	10,000	10,000	23.92	02/01/17	339,800	-	-	-
2006	10,000	10,000	21.78	02/01/16	382,600	-	-	-
Erhard M. Kiefer								
2014	1,500	1,500	39.45	15/03/24	4,380	3,000	122,730	-
2013	2,000	2,000	39.04	15/03/23	7,500	2,000	81,820	-
2012	2,500	2,500	33.18	15/03/22	38,650	3,000	122,730	-
2011	2,000	2,000	24.74	15/03/21	64,700	-	-	-
2008	3,000	3,000	22.17	15/03/18	112,440	-	-	-
2007	7,000	7,000	23.92	02/01/17	237,860	-	-	-

(1) Options to buy Canadian Utilities Class A Shares

(2) Share appreciation rights based on Canadian Utilities Class A Shares.

(3) The difference between the market value as of December 31, 2014 of Canadian Utilities Class A Shares (\$40.91) underlying the option-based awards and the exercise price of the option-based awards.

(4) Based on the market value as at December 31, 2014 of Canadian Utilities Class A Shares (\$40.91).

The table below shows the total holdings and value of options and SARs held by the named executives at the end of the year, and the options and SARs they exercised in 2014.

	Aggregate holdings and value of options and SARs held on December 31, 2014				Options and SARs exercised in 2014	
	Number of unexercised options/SARs (#)		Value of unexercised in-the-money options/SARs (\$)		Securities acquired on exercise (#)	Aggregate value realized (\$)
	Exercisable	Unexercisable	Exercisable	Unexercisable		
Nancy C. Southern						
In 2014, Ms. Southern exercised: •130,000 options on Canadian Utilities Class A non-voting shares						
Class A non-voting Options	347,000	153,000	5,922,225	815,625	130,000	3,169,606
SARs	247,000	153,000	4,009,225	815,625	-	-
Brian R. Bale						
Mr. Bale did not exercise any options or SARs in 2014.						
Class A non-voting Options	19,600	8,400	311,070	77,305	-	-
SARs	9,600	8,400	134,170	77,305	-	-
Siegfried W. Kiefer						
Mr. Kiefer did not exercise any options or SARs in 2014.						
Class A non-voting Options	80,000	25,500	1,377,645	114,000	-	-
SARs	70,000	25,500	1,186,345	114,000	-	-
Sett F. Policicchio						
Mr. Policicchio did not exercise any options or SARs in 2014.						
Class A non-voting Options	29,000	8,000	504,315	41,455	-	-
SARs	29,000	8,000	504,315	41,455	-	-
Erhard M. Kiefer						
Mr. Kiefer did not exercise any options or SARs in 2014.						
Class A non-voting Options	12,600	5,400	27,890	29,725	-	-
SARs	12,600	5,400	203,040	29,725	-	-

Incentive plan awards — value vested or earned during the year

The table below shows incentive plan awards that have vested or were earned for each named executive during 2014.

Year ended December 31, 2014	Option-based awards		Share-based awards	Non-equity incentive plan compensation
	Options ¹	SARs ²	Value vested during the year (\$)	Value earned during the year (\$)
Nancy C. Southern	407,310	407,310	851,375	0
Brian R. Bale	39,523	39,523	179,905	0
Siegfried W. Kiefer	44,550	44,550	229,562	0
Sett F. Policicchio	19,506	19,506	171,880	0
Erhard M. Kiefer	10,084	10,084	167,868	0

(1) Options to buy Canadian Utilities Class A Shares.

(2) Share appreciation rights based on Canadian Utilities Class A Shares.

Equity compensation plan information

	Non-voting shares to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Non-voting shares remaining available for future issuance under equity compensation plans (not including outstanding options)	Total number of outstanding non-voting shares	Non-voting shares to be issued upon exercise of outstanding options (as a % of total outstanding non-voting shares)	Non-voting shares available for future issuance (as a % of total outstanding non-voting shares)
December 31, 2014						
Canadian Utilities	968,000	27.41	5,544,400	188,720,907	0.5%	2.9%
March 10, 2015						
Canadian Utilities	960,800	27.44	5,544,400	189,346,862	0.5%	2.9%

PENSION AND RETIREMENT BENEFITS

Defined benefit

The table below shows the pension benefits and accrued obligations under all registered pension plans and supplemental arrangements for each of the named executives. See page 49 for more information about our pension plans.

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

	Number of years credited service (#)	Annual benefits payable (\$)		Opening present value of defined benefit obligation (\$)	Compensatory change (\$)	Non-compensatory change (\$)	Closing present value of defined benefit obligation (\$)
		At year end	At Age 65				
Nancy C. Southern	19.00	1,606,944	1,691,520	13,798,644	886,001	3,479,470	18,164,115
Brian R. Bale	33.00	253,448	268,808	4,181,548	215,172	653,900	5,050,620
Siegfried W. Kiefer	31.00	240,788	382,898	6,940,718	292,068	1,460,176	8,692,962
Sett F. Policicchio	35.08	224,734	224,734	4,124,406	143,276	781,880	5,049,562
Erhard M. Kiefer	30.50	91,035	161,965	2,803,683	302,922	630,210	3,736,815

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, 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 base salary in the future.

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

The *non-compensatory change* includes interest on the obligation, the impact of assumption changes, and the impact of changing the Canadian Utilities allocation to 88.1% from 90.4% in 2013. See Note 29, *Retirement Benefits*, in our 2014 annual consolidated financial statements 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. Nancy Southern. The table below shows how a change in employment status affects the different compensation components.

We consider there to be a *change of control* when holders of more than 50% of our Class B Shares accept an offer for any portion or all of our shares. This 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 CU to a trust with our share owners owning more than 50% of the voting securities of the trust.

We have an employment agreement with Ms. Nancy Southern, our Chair, President & Chief Executive Officer. See page 57 for more information.

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

The table below shows incremental amounts that would be paid to the named executives if their employment had been terminated on December 31, 2014, because of retirement, resignation, termination or a change of control.

Incremental Amounts	Retirement (\$)	Resignation (\$)	Termination (\$)	Change of control (\$)
Nancy C. Southern				
Cash payment	-	-	-	-
Share-based awards	-	-	-	3,676,750
Pension	-	-	-	-
Benefits	-	-	-	-
Perquisites	-	-	-	-
Total	-	-	-	3,676,750
Brian R. Bale				
Cash payment	-	-	-	-
Share-based awards	-	-	-	1,013,720
Pension	-	-	-	-
Benefits	-	-	-	-
Perquisites	-	-	-	-
Total	-	-	-	1,013,720
Siegfried W. Kiefer				
Cash payment	-	-	-	-
Share-based awards	-	-	-	1,455,300
Pension	-	-	-	-
Benefits	-	-	-	-
Perquisites	-	-	-	-
Total	-	-	-	1,455,300
Sett F. Policicchio				
Cash payment	-	-	-	-
Share-based awards	-	-	-	573,830
Pension	-	-	-	-
Benefits	-	-	-	-
Perquisites	-	-	-	-
Total	-	-	-	573,830
Erhard M. Kiefer				
Cash payment	-	-	-	-
Share-based awards	-	-	-	386,730
Pension	-	-	-	-
Benefits	-	-	-	-
Perquisites	-	-	-	-
Total	-	-	-	386,730

OTHER INFORMATION

DIRECTORS AND OFFICERS LIABILITY INSURANCE

Canadian Utilities, ATCO and their subsidiaries have purchased insurance with an annual aggregate limit of \$200 million. Coverage for the directors and officers is \$200 million, with coverage for Canadian Utilities, ATCO and their subsidiaries limited to \$175 million. Canadian Utilities paid a premium of \$305,884 in the financial year ended December 31, 2014. No part of the premium was paid by a director or officer. Canadian Utilities is responsible for the first \$1 million of any securities claim and for the first \$500,000 of any other loss. There is no deductible in respect of claims against any director or officer.

LOANS TO DIRECTORS AND OFFICERS

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

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

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

SHARE OWNER PROPOSALS

A proposal to be included in the management proxy circular for the next annual meeting of share owners must be received by Canadian Utilities on or before December 10, 2015.

FOR MORE INFORMATION

Additional information about Canadian Utilities is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. Information about Canadian Utilities' business is provided in its annual information form dated February 19, 2015. Financial information is provided in Canadian Utilities' financial statements and the management's discussion and analysis for the year ended December 31, 2014.

Copies of these documents, Canadian Utilities' interim financial statements and additional copies of this management proxy circular may be obtained upon request from Investor Relations at 1500, 909 - 11th Avenue S.W., Calgary, Alberta, T2R 1N6.

Corporate information, including our privacy commitment, is also available on Canadian Utilities' website: www.canadianutilities.com.

The contents and the sending of this management proxy circular have been approved by the directors of Canadian Utilities.

Dated March 10, 2015

[Signed by C. Gear]

Carol Gear
Corporate Secretary

SCHEDULE A – BOARD OF DIRECTORS MANDATE

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

COMPOSITION AND OPERATION

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

RESPONSIBILITIES

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

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

SPECIFIC DUTIES

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

1. Legal Requirements

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

2. Independence

The Board is responsible for implementing appropriate structures and procedures to permit the Board to function independently of management.

3. Strategic Planning

The Board is responsible for ensuring that there are long-term goals and a strategic planning process in place for the Corporation and participating with management, at least annually, directly or through its committees in approving the strategic plan by which the Corporation proposes to achieve its goals.

4. Risk Management

The Board is responsible for understanding the principal risks of the business in which the Corporation is engaged, achieving a proper balance between risks incurred and the potential return to shareholders, and confirming that there are systems in place that effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

5. Appointment, Training and Monitoring of Senior Management

The Board is responsible for

- (a) appointing the CEO of the Corporation, monitoring and assessing the CEO's performance, determining the CEO's compensation, and providing advice and counsel to the CEO in the execution of the CEO's duties,
- (b) approving the appointment and remuneration of senior executive officers of the Corporation, and
- (c) confirming that adequate provision has been made for the training and development of management and for the orderly succession of management.

6. Reporting and Communication

The Board is responsible for

- (a) verifying that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other interested parties and the public generally,
- (b) verifying that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis,
- (c) verifying that the Corporation's financial results are reported fairly and in accordance with generally accepted accounting principles,
- (d) verifying the timely reporting of any other developments that have a significant and material effect on the value of the Corporation, and
- (e) reporting annually to shareholders on the Board's stewardship of the affairs of the Corporation for the preceding year.

7. Monitoring and Acting

The Board is responsible for

- (a) verifying that the Corporation operates at all times within applicable laws and regulations to the highest ethical and moral standards,
- (b) approving and monitoring compliance with the significant policies and procedures by which the Corporation is operated,
- (c) verifying that the Corporation sets appropriate environmental standards in its operations and is in compliance with environmental laws and regulations,
- (d) verifying that the Corporation has in place appropriate programs and policies for the health and safety of its employees in the workplace,
- (e) monitoring the Corporation's progress toward its goals and objectives and revising and altering its direction through management in response to changing circumstances,
- (f) taking action when the Corporation's performance falls short of its goals and objectives or when other special circumstances warrant,
- (g) verifying that the Corporation has implemented adequate disclosure controls and procedures and internal control and information systems,
- (h) ensuring that the Board receives from senior management on a timely basis the information and input required to enable the Board to effectively perform its duties,
- (i) adopting a written code of business conduct and ethics and monitoring compliance with the code, and
- (j) conducting and acting upon annual assessments and evaluations of the Board, committees of the Board and individual directors.

8. Other

The foregoing list of duties is not exhaustive. The Board may perform any other activities consistent with this mandate, the Corporation's articles and by-laws, and any other governing laws, as the Board deems necessary or appropriate.

SCHEDULE B – 2014

COMPARATOR COMPANIES

GENERAL INDUSTRY

Absolute Software
ACCEO SOLUTIONS INC.
Air Canada
ACL Services
Actavis
Addenda Capital
Aegon
Agrium
AIG Insurance Company of Canada
Aimia
Alberta Electric System Operator
Alberta Energy Regulator
Alberta Investment Management
Alcoa
Alliance Pipeline Ltd.
AltaLink Management
Altex Energy
American Sugar Refining
Aon Reed Stenhouse
Assumption Vie
ATB Financial
Avcorp Industries Inc.
Ballard Power Systems
Bank of Montreal
Barrick Gold
Bell Canada
Bell Aliant Regional Communications
Boeing Canada
Bombardier
Bouchier Group
BP Canada Energy Company
British Columbia Hydro and Power Authority
British Columbia Investment Management Corp.
Broadridge Financial Solutions
Brown Economic Consulting
Bruce Power
BuildDirect
Caisse de dépôt et placement du Québec
Calgary Airport Authority
Calgary Co-operative Association
Campbell Soup
Canadian Medical Association Holdings
Canadian National Railway Company
Canadian Natural Resources Limited
Canadian Oil Sands
Canadian Pacific Railway
Canadian Tire Corporation Limited
Canadian Western Bank
CanWel Building Materials
Capital Power
Cenovus Energy
Chemtrade Logistics
Canadian Imperial Bank of Commerce
Cineplex Entertainment
CN Investment Division
Cogeco Cable Canada GP Inc.
Computershare
Connor, Clark & Lunn Financial Group
Contract Pharmaceutical Limited
Co-operators General Insurance Company
Couche-Tard
CMA Ontario
CPP Investment Board
CSL Group
Delta Hotels
Devon Canada
Dundee Corporation
D-Wave Systems Inc
Economical Insurance Group, The
Electrical Safety Authority
Empire Life
Enbridge
Encana
ENMAX Corporation
EPCOR Utilities
Equitable Life of Canada
Expedia
Export Development Canada
Express Scripts
Federal Express Canada Ltd.
Financiere des professionnels Inc.
Finning International Inc.
First Calgary Financial Credit Union
FortisAlberta
GardaWorld Security Corporation
Gaz Metro
General Electric
General Fusion Inc.
Genworth MI Canada Inc.
George Weston
Goldcorp
Gore Mutual Insurance Company
Graham Management Services LP
Great Canadian Gaming Corporation
Great-West Life Insurance Company
Groupe Cirque du Soleil Inc.
Healthcare Insurance Reciprocal of Canada
Henry Schein Canada, Inc.
HOOPP
HootSuite Media Inc.
Husky Energy
Husky Injection Molding Systems
H.W. Siebens Charitable Foundation
Hydro One
Hydro-Québec
IAMGOLD Corporation
IMS Health
Incognito Software Inc
Independent Electricity System Operator
Indigo Books Music & Café
Information Services Corporation
Insurance Corporation of British Columbia

Intact Financial Corp.
 Interac Association
 International Financial Data Services
 IPEX Inc
 Irving Oil Limited
 J.M. Smucker
 Johnson Controls
 Johnson & Johnson
 Kal Tire
 Kellogg Canada
 Kinross Gold
 Kraus
 Lassonde Industries
 Laurentian Bank of Canada
 Ledcor Group of Companies
 Leith Wheeler Investment Counsel
 Liberty International Underwriters Canada
 Life Labs
 Loto-Québec
 MTS Allstream
 Manulife Financial
 Maple Leaf Foods
 MasterCard
 McCain Foods
 McDonald's Restaurants of Canada Limited
 McKesson
 MDA
 Medtronic
 MEG Energy
 Methanex
 Molson Coors Brewing
 Montrusco Bolton Investments Inc.
 Mosaic Sales Solutions
 Mouvement Desjardins
 NAV Canada
 Newfoundland & Labrador Hydro Electric
 New Gold
 Nexen Energy
 Niko Resources
 Norbord Industries
 Northbridge
 Ontario Hospital Association
 Ontario Municipal Employees Retirement System
 Ontario Power Authority
 Ontario Power Generation
 Ontario Teachers Insurance Plan
 OPSEU Pension Trust
 The Original Cakerie Ltd.
 Offshore Systems Ltd.
 Parmalat
 Pelmorex Media Inc.
 Pembina Pipeline
 Penn West Energy Trust
 Potash Corporation of Saskatchewan
 Power Corporation of Canada
 Pratt & Whitney Canada
 Precision Drilling Trust
 PSP Investments
 Purolator Inc.
 Québecor
 RBC Financial Group
 Resolute Forest Products
 Revera Living
 RGA Reinsurance Group of America
 Ricoh Canada Inc.
 Rio Tinto Canada
 Ritchie Brothers Auctioneers
 Roche Ltd, Consulting Group
 Rocky Mountaineer Railtours
 Rogers Communications
 RSA
 Russel Metals
 Safety Codes Council
 Safeway
 Sanimax
 Sanofi
 Saputo
 Saskpower
 Scotiabank
 SGI Canada
 ShawCor
 The Shaw Group
 Shoppers Drug Mart
 Siemens Canada
 SilverBirch Hotels & Resorts
 SIM Digital
 SNC-Lavalin
 Staples
 StemCell Technologies Inc.
 Suncor Energy
 Sun Life Financial
 Talisman Energy
 Tarion
 TD Insurance
 Tech Data
 Teck Resources
 Teligence Communications
 Tembec
 Teradici Corporation
 Tervita
 TMX Group Limited
 Toronto Hydro Electric Systems
 Toronto Real Estate Board
 Torstar Corporation
 TransAlta Corporation
 Transat A.T.
 TransCanada
 Transcontinental Inc.
 TransForce
 UFA - United Farmers of Alberta
 Uni-Select
 Univar
 University of Calgary
 Vision Critical / Angus Reid Strategies
 Wajax Limited
 Westcast Industries
 Western Drug Distribution Center
 WestJet
 WhiteWater West Industries
 Winpak Portion Packaging Ltd
 Woodbridge Group, The
 Workers' Compensation Board of Alberta
 Yellow Media



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