

PROSPECTUS SUPPLEMENT

To a Short Form Base Shelf Prospectus dated September 12, 2011

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement, together with the short form base shelf prospectus dated September 12, 2011 (the "Prospectus") to which it relates, as amended or supplemented, and each document deemed to be incorporated by reference into the short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

These securities have not been and will not be registered under the Securities Act of 1933 of the United States of America. These securities may not be offered, sold or delivered in the United States and this prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States.

Information has been incorporated by reference in this prospectus supplement and the accompanying Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Canadian Utilities Limited at 1400 ATCO Centre, 909 - 11th Avenue S.W., Calgary, Alberta T2R 1N6 (telephone: (403) 292-7500), and are also available electronically at www.sedar.com.

New Issue

September 15, 2011



CANADIAN UTILITIES LIMITED
An **ATCO** Company

\$275,000,000
(11,000,000 shares)

Cumulative Redeemable Second Preferred Shares Series Y

The holders of the Cumulative Redeemable Second Preferred Shares Series Y (the "Series Y Preferred Shares") of Canadian Utilities Limited (the "Corporation") will be entitled to receive, as and when declared by the board of directors of the Corporation (the "Board of Directors"), fixed cumulative preferential cash dividends for the Initial Fixed Rate Period (as defined herein) from and including the closing date of this offering to but excluding June 1, 2017, at an annual rate of \$1.00 per share, payable quarterly on the first day of March, June, September and December in each year. Assuming an issue date of September 21, 2011, the first dividend, if declared, will be payable December 1, 2011, in the amount of \$0.1945 per share.

For each five year period after the Initial Fixed Rate Period (each a "Subsequent Fixed Rate Period"), the holders of the Series Y Preferred Shares shall be entitled to receive, as and when declared by the Board of Directors, fixed cumulative preferential cash dividends, payable quarterly on the first day of March, June, September and December in each year, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate (as defined herein) for such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for each ensuing Subsequent Fixed Rate Period will be determined by the Corporation on the Fixed Rate Calculation Date (as defined herein) and will be equal to the sum of the Government of Canada Yield (as defined herein) on the Fixed Rate Calculation Date plus a spread of 2.40% (the "Spread"). This Spread will apply to both the Series Y Preferred Shares and the Series Z Preferred Shares described below, and will remain unchanged over the life of the Series Y Preferred Shares and the Series Z Preferred Shares (as defined herein). See "Details of the Offering".

Option to Convert Into Series Z Preferred Shares

The holders of the Series Y Preferred Shares will have the right to convert their shares into Cumulative Redeemable Second Preferred Shares Series Z of the Corporation (the "Series Z Preferred Shares"), subject to certain conditions, on June 1, 2017, and on June 1 in every fifth year thereafter. The holders of the Series Z Preferred Shares will be entitled to receive, as and when declared by the Board of Directors, quarterly floating rate cumulative preferential cash dividends payable on the first day of March, June, September and December in each year (each such quarterly dividend period is referred to as a "Quarterly Floating Rate Period") in the amount per share determined by multiplying the Floating Quarterly Dividend Rate (as defined herein) for such Quarterly Floating Rate Period by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365. The Floating Quarterly Dividend Rate will be the annual rate of interest equal to the sum of the T-Bill Rate (as defined herein) on the applicable Floating Rate Calculation Date (as defined herein) and 2.40%. See "Details of the Offering".

On June 1, 2017, and on June 1 in every fifth year thereafter, the Corporation may, at its option on not more than 60 days nor less than 30 days prior notice, redeem for cash the Series Y Preferred Shares, in whole at any time or in part from time to time, at \$25.00 per share together with all accrued and unpaid dividends to but excluding the date of redemption.

The Toronto Stock Exchange (the "TSX") has conditionally approved the listing of the Series Y Preferred Shares and the Series Z Preferred Shares. Listing of the Series Y Preferred Shares and Series Z Preferred Shares is subject to the Corporation fulfilling all of the requirements of the TSX on or before December 12, 2011, including distribution of these securities to a minimum number of public securityholders. In the opinion of counsel, subject to the provisions of any particular plan, the Series Y Preferred Shares and the Series Z Preferred Shares, if issued on the date hereof, generally would be qualified investments under the *Income Tax Act* (Canada) (the "Tax Act") for certain tax-exempt plans. See "Eligibility for Investment". The address of the head office of the Corporation is 1600 ATCO Centre, 909 – 11th Avenue S.W., Calgary, Alberta T2R 1N6 and the registered office of the Corporation is 10035 – 105 Street, Edmonton, Alberta T5J 2V6.

Price: \$25.00 per share to yield 4.00% per annum

	<u>Price to the Public</u>	<u>Underwriters' Fee⁽¹⁾</u>	<u>Proceeds to the Corporation⁽¹⁾</u>
Per Series Y Preferred Share	\$25.00	\$0.75	\$24.25
Total Offering ⁽²⁾	\$275,000,000	\$8,250,000	\$266,750,000

Notes:

- (1) *The Underwriters' Fee for the Series Y Preferred Shares is \$0.25 for each such share sold to certain institutions by the closing of the offering and \$0.75 per share for all other Series Y Preferred Shares purchased by the Underwriters. The Underwriters' Fee indicated in the table assumes that no Series Y Preferred Shares are sold to such institutions.*
- (2) *The Corporation has granted the Underwriters an option (the "Underwriters' Option"), exercisable at any time until two business days prior to 9:00 a.m. (Calgary time) on the Closing Date (as defined herein), to purchase up to an aggregate of 2,000,000 additional Series Y Preferred Shares on the same terms as set forth above. If the Underwriters' Option is exercised in full and using the same assumptions as are set forth in note 1, the Price to the Public, the Underwriters' Fee and the Proceeds to the Corporation will be \$325,000,000, \$9,750,000 and \$315,250,000, respectively. This prospectus supplement qualifies the distribution of the Series Y Preferred Shares issuable upon exercise of the Underwriters' Option.*

A purchaser who acquires Series Y Preferred Shares forming part of the Underwriters' Option position acquires those Series Y Preferred Shares under this prospectus supplement, regardless of whether the Underwriters' Option is ultimately filled through the exercise of the Underwriters' Option or secondary market purchases.

The following table sets out the number of Series Y Preferred Shares that may be issued to the Underwriters pursuant to the Underwriters' Option:

<u>Underwriters' Position</u>	<u>Maximum Size</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Underwriters' Option	Option to acquire up to an additional 2,000,000 Series Y Preferred Shares	Up to 9:00 a.m. (Calgary time) on the date that is two business days prior to the Closing Date	\$25.00 per Series Y Preferred Share

RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., TD Securities Inc. and Scotia Capital Inc. (the "Underwriters"), as principals, conditionally offer the Series Y Preferred Shares, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Corporation by Bennett Jones LLP and on behalf of the Underwriters by Blake, Cassels & Graydon LLP. The Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Series Y Preferred Shares. **The Underwriters may offer the Series Y Preferred Shares at a price lower than that stated above. See "Plan of Distribution".**

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of this offering will take place on or about September 21, 2011 or on such other date as the Corporation and the Underwriters may agree (the "Closing Date"), and in any event not later than September 30, 2011. A book-entry only certificate representing the Series Y Preferred Shares distributed hereunder will be issued in registered form only to the CDS Clearing and Depository Services Inc. ("CDS") or its nominee and will be deposited with CDS following the closing of this offering. The Corporation understands that a purchaser of Series Y Preferred Shares will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom Series Y Preferred Shares are purchased.

There is no market through which the Series Y Preferred Shares may be sold and purchasers may not be able to resell Series Y Preferred Shares purchased under this prospectus supplement. This may affect the pricing of the

Series Y Preferred Shares in the secondary market (if any), the transparency and availability of trading prices, the liquidity of the Series Y Preferred Shares, and the extent of issuer regulation. A prospective investor should be aware that the purchase of Series Y Preferred Shares may have tax consequences both in Canada and the United States. See "Certain Canadian Income Tax Considerations" and "Risk Factors".

The Underwriters are subsidiaries of Canadian chartered banks, which have extended credit facilities to the Corporation and certain of its affiliates. Accordingly, under certain circumstances, the Corporation may be considered a "connected issuer" of the Underwriters under applicable securities legislation. See "Plan of Distribution".

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In this prospectus supplement, unless otherwise indicated, capitalized terms which are defined in the accompanying Prospectus are used herein with the meaning defined therein.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus supplement may constitute forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "expect", "may", "will", "intend", "should" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in the forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. The Corporation's actual results could differ materially from those anticipated in these forward-looking statements due to, among other factors, regulatory decisions, competitive factors in the industries in which the Corporation operates, prevailing economic conditions and the factors detailed under "Risk Factors" in this prospectus supplement as well as in the Corporation's filings with securities regulators, including its annual and interim management's discussion and analysis and annual and interim financial statements and the notes thereto. This is not an exhaustive list of the factors that may affect any of the Corporation's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Corporation's forward-looking statements.

The forward-looking statements contained in this prospectus supplement represent the Corporation's expectations as of the date hereof and are subject to change after such date. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulations.

DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference into the accompanying Prospectus, solely for the purpose of the offering of the Series Y Preferred Shares. The following documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for the full particulars thereof:

- (a) annual information form dated February 22, 2011;
- (b) management proxy circular dated March 7, 2011 relating to the annual meeting of shareholders held on May 5, 2011;
- (c) comparative consolidated financial statements, together with the accompanying report of the auditor, for the year ended December 31, 2010;
- (d) management's discussion and analysis for the year ended December 31, 2010;
- (e) comparative interim consolidated financial statements for the six months ended June 30, 2011 (the "2011 Second Quarter Financial Statements"); and
- (f) management's discussion and analysis for the six months ended June 30, 2011;

provided that these documents are not incorporated by reference to the extent their contents are modified or superseded by a statement contained in this prospectus supplement or in any other subsequently filed document that is also incorporated by reference in this prospectus supplement.

Any documents of the type described in section 11.1 of Form 44-101F1 - *Short Form Prospectus*, if filed by the Corporation after the date of this prospectus supplement and before the termination of the distribution, are deemed to be incorporated by reference in this prospectus supplement.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement

contained herein, or in any other subsequently filed document which also is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.

RECENT DEVELOPMENTS

On July 29, 2011, the Corporation concluded its acquisition of the Western Australia-based WA Gas Networks ("WAGN") from WestNet Infrastructure Group. WAGN is the natural gas distribution utility company that serves metropolitan Perth and surrounding regions. The Corporation acquired a 74.1 percent interest in WAGN from WestNet Infrastructure Group through AET&D Holdings No 1 Ltd. and the remaining 25.9 percent interest in WAGN from DUET Group, giving the Corporation 100 percent ownership. The aggregate purchase price of the acquisition, including transaction costs, was approximately A\$1.0 billion, including the assumption of approximately A\$644 million of debt. The balance of the aggregate purchase price was funded from existing cash reserves.

CAPITALIZATION OF THE CORPORATION

The following table sets out the consolidated capitalization of the Corporation as at December 31, 2010 and as at June 30, 2011, before and after giving effect to this offering and the assumption of debt in connection with the acquisition of WAGN. See "Recent Developments". The financial information set out below should be read in conjunction with the Corporation's comparative consolidated financial statements incorporated by reference in the Prospectus.

(\$ Millions)	As at December 31, 2010 ⁽¹⁾	As at June 30, 2011	Pro Forma as at June 30, 2011 ⁽²⁾⁽³⁾
Long term debt:			
Long term debt, including current portion.....	3,063	2,963	3,628
Non-recourse long term debt, including current portion.....	341	397	397
Total long term debt.....	3,404	3,360	4,025
Preferred shares:			
Outstanding.....	848	848	848
Series Y Preferred Shares.....	-	-	275
Total preferred shares.....	848	848	1,123
Class A and Class B share owners' equity.....	2,869	3,115	3,115
Total capitalization.....	7,121	7,323	8,263

Notes:

- (1) *December 31, 2010 presented in accordance with numbers disclosed in the 2011 Second Quarter Financial Statements, which were prepared in accordance with International Financial Reporting Standards.*
- (2) *Without giving effect to the exercise of the Underwriters' Option and based on the issuance of 11,000,000 Series Y Preferred Shares.*
- (3) *The assumed WAGN debt of A\$644 million has been converted on the basis of CDN\$1.033 = A\$1.00.*

TRADING PRICE AND VOLUME

	Class A Shares			Class B Shares		
	High (\$)	Low (\$)	Volume	High (\$)	Low (\$)	Volume
2010						
September	49.95	47.11	2,909,283	49.50	47.03	7,205
October	49.99	48.35	1,858,153	49.50	48.75	12,248
November	52.28	48.79	5,154,600	52.00	49.00	12,077
December	55.62	51.19	2,332,794	55.44	51.00	15,113
2011						
January	54.89	52.67	2,214,810	54.94	52.40	15,938
February	54.28	50.20	3,986,924	54.36	50.16	25,259
March	52.95	47.95	3,191,596	52.75	48.37	45,848
April	54.00	51.54	1,891,800	53.82	52.14	12,611
May	59.90	53.65	3,453,588	59.00	53.18	32,131
June	57.51	54.03	3,459,764	57.50	54.12	18,231
July	58.19	55.26	2,135,653	58.00	55.64	6,643
August	60.03	52.17	3,899,290	59.50	51.50	28,542
September 1 to September 14	62.13	58.21	1,512,631	61.13	58.30	4,180

	Cumulative Redeemable Second Preferred Shares					
	Series X			Series W		
	High (\$)	Low (\$)	Volume	High (\$)	Low (\$)	Volume
2010						
September	26.08	25.25	43,328	25.50	24.94	64,704
October	26.00	25.60	69,188	25.75	25.29	73,881
November	26.10	25.66	53,871	25.93	25.19	82,485
December	26.09	25.65	56,608	25.40	25.00	39,207
2011						
January	26.04	25.51	106,864	25.67	25.18	50,037
February	25.89	25.15	63,577	25.60	25.00	52,684
March	25.49	25.15	68,447	25.40	24.85	79,366
April	25.50	25.25	85,370	25.47	25.11	62,575
May	25.61	25.13	69,887	25.40	25.06	65,114
June	25.56	25.35	121,454	25.40	25.20	149,223
July	25.87	25.41	68,673	25.45	25.20	78,322
August	25.60	25.00	80,519	25.60	24.90	78,988
September 1 to September 14	25.56	25.37	85,103	25.51	25.24	24,870

DETAILS OF THE OFFERING

Definition of Terms

The following definitions are relevant to the Series Y Preferred Shares and the Series Z Preferred Shares.

"Annual Fixed Dividend Rate" means, for any Subsequent Fixed Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date and 2.40%.

"Dividend Payment Date" means March 1, June 1, September 1 or December 1 in any year.

"Fixed Rate Calculation Date" means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

"Floating Quarterly Dividend Rate" means, for any Quarterly Floating Rate Period, the annual rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date and 2.40%.

"Floating Rate Calculation Date" means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

"Government of Canada Yield" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and that appears on the Bloomberg Screen GCAN5YR Page on such date; provided that if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, then the Government of Canada Yield shall mean the arithmetic average of the yields quoted to the Corporation by two registered Canadian investment dealers selected by the Corporation as being the annual yield to maturity on such date, compounded semi-annually, that a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity of five years.

"Initial Fixed Rate Period" means the period from and including the date of issue of the Series Y Preferred Shares to but excluding June 1, 2017.

"Quarterly Commencement Date" means the first day of March, June, September and December in each year.

"Quarterly Floating Rate Period" means the period from and including a Quarterly Commencement Date to but excluding the next succeeding Quarterly Commencement Date.

"Series Y Conversion Date" means June 1, 2017 and June 1 in every fifth year thereafter.

"Series Z Conversion Date" means June 1, 2022 and June 1 in every fifth year thereafter.

"Subsequent Fixed Rate Period" means, for the initial Subsequent Fixed Rate Period, the period from and including June 1, 2017, to but excluding June 1, 2022 and for each succeeding Subsequent Fixed Rate Period means the period from and including the day immediately following the last day of the immediately preceding Subsequent Fixed Rate Period to but excluding June 1 in the fifth year thereafter.

"T-Bill Rate" means, for any Quarterly Floating Rate Period, the average yield expressed as an annual rate on three-month Government of Canada treasury bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

Certain Provisions of the Series Y Preferred Shares

Issue Price

The Series Y Preferred Shares will have an issue price of \$25.00 per share.

Dividends on Series Y Preferred Shares

During the Initial Fixed Rate Period, the holders of the Series Y Preferred Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the Board of Directors, out of the monies of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends at an annual rate of \$1.00 per share, payable quarterly on each Dividend Payment Date in each year (less any tax required to be deducted or withheld by the Corporation). The first dividend, if declared, shall be payable on December 1, 2011, and, notwithstanding the foregoing, shall be in the amount per share determined by multiplying \$1.00 by the number of days in the period from and including the date of issue of the Series Y Preferred Shares to but excluding December 1, 2011 and dividing that product by 365.

During each Subsequent Fixed Rate Period, the holders of the Series Y Preferred Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the Board of Directors, out of the monies of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends, payable quarterly on

each Dividend Payment Date, in the amount per share determined by multiplying one-quarter of the Annual Fixed Dividend Rate for such Subsequent Fixed Rate Period by \$25.00 (less any tax required to be deducted or withheld by the Corporation).

On each Fixed Rate Calculation Date, the Corporation shall determine the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series Y Preferred Shares. The Corporation shall, on each Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series Y Preferred Shares.

Redemption of Series Y Preferred Shares

The Series Y Preferred Shares shall not be redeemable prior to June 1, 2017. Subject to the provisions described under "Restrictions on Payments and Reductions of Capital", on June 1, 2017, and on June 1 in every fifth year thereafter, the Corporation may redeem all or any part of the Series Y Preferred Shares by the payment of an amount in cash for each share to be redeemed equal to \$25.00 plus all accrued and unpaid dividends thereon to but excluding the date fixed for redemption (less any tax required to be deducted or withheld by the Corporation).

Notice of any redemption of Series Y Preferred Shares will be given by the Corporation not more than 60 days and not less than 30 days prior to the date fixed for redemption. If less than all of the outstanding Series Y Preferred Shares are at any time to be redeemed, the shares to be redeemed will be selected pro rata disregarding fractions or in such other manner as the Corporation may determine.

Conversion of Series Y Preferred Shares into Series Z Preferred Shares

The Series Y Preferred Shares shall not be convertible prior to June 1, 2017. Holders of Series Y Preferred Shares shall have the right to convert on each Series Y Conversion Date, subject to the restrictions on conversion described below, all or any of their Series Y Preferred Shares into Series Z Preferred Shares on the basis of one Series Z Preferred Share for each Series Y Preferred Share. Notice of a holder's intention to convert Series Y Preferred Shares must be received by the transfer agent and registrar for the Series Y Preferred Shares at its principal office in Toronto not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series Y Conversion Date.

The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series Y Conversion Date, give notice to the registered holders of the then outstanding Series Y Preferred Shares of the conversion right. On the 30th day prior to each Series Y Conversion Date, the Corporation shall give notice to the registered holders of the then outstanding Series Y Preferred Shares of the Annual Fixed Dividend Rate for the Series Y Preferred Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series Z Preferred Shares for the next succeeding Quarterly Floating Rate Period.

Holders of Series Y Preferred Shares shall not be entitled to convert their shares into Series Z Preferred Shares if the Corporation determines that there would remain outstanding on a Series Y Conversion Date less than 2,000,000 Series Z Preferred Shares, after having taken into account all Series Y Preferred Shares tendered for conversion into Series Z Preferred Shares and all Series Z Preferred Shares tendered for conversion into Series Y Preferred Shares. The Corporation shall give notice thereof to all affected registered holders of the Series Y Preferred Shares at least seven days prior to the applicable Series Y Conversion Date. Furthermore, if the Corporation determines that there would remain outstanding on a Series Y Conversion Date less than 2,000,000 Series Y Preferred Shares, after having taken into account all Series Y Preferred Shares tendered for conversion into Series Z Preferred Shares and all Series Z Preferred Shares tendered for conversion into Series Y Preferred Shares, then all of the remaining outstanding Series Y Preferred Shares shall be converted automatically into Series Z Preferred Shares on the basis of one Series Z Preferred Share for each Series Y Preferred Share on the applicable Series Y Conversion Date and the Corporation shall give notice thereof to the registered holders of such remaining Series Y Preferred Shares at least seven days prior to the Series Y Conversion Date.

The Corporation reserves the right not to deliver Series Z Preferred Shares to any person that the Corporation or its transfer agent has reason to believe is a person whose address is in, or that the Corporation or its transfer agent has

reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction.

If the Corporation gives notice to the holders of the Series Y Preferred Shares of the redemption of all of the Series Y Preferred Shares, the right of a holder of Series Y Preferred Shares to convert such Series Y Preferred Shares shall terminate and the Corporation shall not be required to give notice to the registered holders of the Series Y Preferred Shares of an Annual Fixed Dividend Rate, a Floating Quarterly Dividend Rate or the conversion right of holders of Series Y Preferred Shares.

Purchase for Cancellation

Subject to the provisions described under "Restrictions on Payments and Reductions of Capital", the Corporation may at any time or times purchase for cancellation all or any part of the Series Y Preferred Shares at the lowest price or prices at which, in the opinion of the board of directors of the Corporation, such shares are obtainable.

Rights on Liquidation

The Series Y Preferred Shares will rank junior to the series preferred shares (none of which are outstanding) and in priority to the Class A Shares and the Class B Shares and on a parity with any further series of series second preferred shares with respect to the payment of any dividends and the distribution of assets upon the liquidation, dissolution or winding-up of the Corporation.

Restrictions on Payments and Reductions of Capital

So long as any Series Y Preferred Shares are outstanding, the Corporation shall not:

- (a) call for redemption, purchase, reduce or otherwise pay off less than all the Series Y Preferred Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series Y Preferred Shares with respect to payment of dividends;
- (b) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series Y Preferred Shares) on the Class A Shares or Class B Shares or any other shares of the Corporation ranking junior to the Series Y Preferred Shares with respect to payment of dividends; or
- (c) call for redemption, purchase, reduce or otherwise pay off any shares of the Corporation ranking junior to the Series Y Preferred Shares with respect to repayment of capital or with respect to payment of dividends,

unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on the Series Y Preferred Shares and on all other preferred shares then outstanding ranking prior to or on a parity with the Series Y Preferred Shares with respect to payment of dividends shall have been declared and paid or set apart for payment at the date of any such action.

Creation or Issue of Additional Shares

So long as any Series Y Preferred Shares are outstanding, the Corporation shall not, without the prior approval of the holders of the Series Y Preferred Shares, create or issue any shares ranking prior to or on a parity with the Series Y Preferred Shares with respect to repayment of capital or payment of dividends, provided that the Corporation may without such approval issue additional series of series second preferred shares if all dividends then payable on the Series Y Preferred Shares shall have been paid or set apart for payment.

Voting Rights

The holders of the Series Y Preferred Shares are not entitled to any voting rights or to receive notice of or to attend shareholders' meetings unless dividends on the series second preferred shares of any series are in arrears to the extent of eight quarterly dividends or four half-yearly dividends, as the case may be, whether or not consecutive. Until all arrears of dividends have been paid, holders of Series Y Preferred Shares will be entitled to receive notice

of and to attend all shareholders' meetings at which directors are to be elected (other than separate meetings of holders of another class or series of shares) and to one vote in respect of each Series Y Preferred Share held.

Tax Election

The Series Y Preferred Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Series Y Preferred Shares. The terms of the Series Y Preferred Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series Y Preferred Shares. See "Certain Canadian Federal Income Tax Considerations - Dividends".

Modification

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

Business Day

If any day on which any dividend on the Series Y Preferred Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a business day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a business day.

Certain Provisions of the Series Z Preferred Shares

Issue Price

The Series Z Preferred Shares will be issuable only upon conversion of Series Y Preferred Shares and will have an ascribed issue price of \$25.00 per share.

Dividends on Series Z Preferred Shares

During each Quarterly Floating Rate Period, the holders of the Series Z Preferred Shares shall be entitled to receive and the Corporation shall pay, as and when declared by the Board of Directors, out of the monies of the Corporation properly applicable to the payment of dividends, cumulative preferential cash dividends, payable on each Dividend Payment Date, in the amount per share (less any tax required to be deducted or withheld by the Corporation) determined by multiplying the Floating Quarterly Dividend Rate for such Quarterly Floating Rate Period by \$25.00 and multiplying that product by a fraction, the numerator of which is the actual number of days in such Quarterly Floating Rate Period and the denominator of which is 365.

On each Floating Rate Calculation Date, the Corporation shall determine the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period. Each such determination shall, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series Z Preferred Shares. The Corporation shall, on each Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series Z Preferred Shares.

Redemption of Series Z Preferred Shares

Subject to the provisions described under "Restrictions on Payments and Reductions of Capital", the Corporation may redeem all or any part of the Series Z Preferred Shares by the payment of an amount in cash (less any tax required to be deducted or withheld by the Corporation) for each share to be redeemed equal to:

- (a) \$25.00 in the case of a redemption on a Series Z Conversion Date; or
- (b) \$25.50 in the case of a redemption on any other date,

plus all accrued and unpaid dividends thereon to but excluding the date fixed for redemption.

Notice of any redemption of Series Z Preferred Shares will be given by the Corporation not more than 60 days and not less than 30 days prior to the date fixed for redemption. If less than all of the outstanding Series Z Preferred Shares are at any time to be redeemed, the shares to be redeemed will be selected pro rata disregarding fractions or in such other manner as the Corporation may determine.

Conversion of Series Z Preferred Shares into Series Y Preferred Shares

The Series Z Preferred Shares shall not be convertible prior to June 1, 2022. Holders of the Series Z Preferred Shares shall have the right to convert on each Series Z Conversion Date, subject to the restrictions on conversion described below, all or any of their Series Z Preferred Shares into Series Y Preferred Shares on the basis of one Series Y Preferred Share for each Series Z Preferred Share. Notice of a holder's intention to convert Series Z Preferred Shares must be received by the transfer agent and registrar for the Series Z Preferred Shares at its principal office in Toronto not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series Z Conversion Date.

The Corporation shall, not more than 60 days and not less than 30 days prior to the applicable Series Z Conversion Date, give notice to the registered holders of the then outstanding Series Z Preferred Shares of the conversion right. On the 30th day prior to each Series Z Conversion Date, the Corporation shall give notice to the registered holders of the then outstanding Series Z Preferred Shares of the Annual Fixed Dividend Rate for the Series Y Preferred Shares for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate for the Series Z Preferred Shares for the next succeeding Quarterly Floating Rate Period.

Holders of Series Z Preferred Shares shall not be entitled to convert their shares into Series Y Preferred Shares if the Corporation determines that there would remain outstanding on a Series Z Conversion Date less than 2,000,000 Series Y Preferred Shares, after having taken into account all Series Y Preferred Shares tendered for conversion into Series Z Preferred Shares and all Series Z Preferred Shares tendered for conversion into Series Y Preferred Shares. The Corporation shall give notice thereof to all affected registered holders of the Series Z Preferred Shares at least seven days prior to the applicable Series Z Conversion Date. Furthermore, if the Corporation determines that there would remain outstanding on a Series Z Conversion Date less than 2,000,000 Series Z Preferred Shares, after having taken into account all Series Y Preferred Shares tendered for conversion into Series Z Preferred Shares and all Series Z Preferred Shares tendered for conversion into Series Y Preferred Shares, then all of the remaining outstanding Series Z Preferred Shares shall be converted automatically into Series Y Preferred Shares on the basis of one Series Y Preferred Share for each Series Z Preferred Share on the applicable Series Z Conversion Date and the Corporation shall give notice thereof to the registered holders of such remaining Series Z Preferred Shares at least seven days prior to the Series Z Conversion Date.

The Corporation reserves the right not to deliver Series Y Preferred Shares to any person that the Corporation or its transfer agent has reason to believe is a person whose address is in, or that the Corporation or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada if such delivery would require the Corporation to take any action to comply with the securities laws of such jurisdiction.

If the Corporation gives notice to the holders of the Series Z Preferred Shares of the redemption of all of the Series Z Preferred Shares, the right of a holder of Series Z Preferred Shares to convert such Series Z Preferred Shares shall terminate and the Corporation shall not be required to give notice to the registered holders of the Series Z Preferred Shares of an Annual Fixed Dividend Rate, a Floating Quarterly Dividend Rate or the conversion right of holders of Series Z Preferred Shares.

Purchase for Cancellation

Subject to the provisions described under "Restrictions on Payments and Reductions of Capital", the Corporation may at any time or times purchase for cancellation all or any part of the Series Z Preferred Shares at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable.

Rights on Liquidation

The Series Z Preferred Shares will rank junior to the series preferred shares (none of which are outstanding) and in priority to the Class A Shares and the Class B Shares and on a parity with any further series of series second

preferred shares with respect to the payment of any dividends and the distribution of assets upon the liquidation, dissolution or winding-up of the Corporation.

Restrictions on Payments and Reductions of Capital

So long as any Series Z Preferred Shares are outstanding, the Corporation shall not:

- (a) call for redemption, purchase, reduce or otherwise pay off less than all the Series Z Preferred Shares and all other preferred shares then outstanding ranking prior to or on a parity with the Series Z Preferred Shares with respect to payment of dividends;
- (b) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Series Z Preferred Shares) on the Class A Shares or Class B Shares or any other shares of the Corporation ranking junior to the Series Z Preferred Shares with respect to payment of dividends; or
- (c) call for redemption, purchase, reduce or otherwise pay off any shares of the Corporation ranking junior to the Series Z Preferred Shares with respect to repayment of capital or with respect to payment of dividends,

unless all dividends up to and including the dividends payable on the last preceding dividend payment dates on the Series Z Preferred Shares and on all other preferred shares then outstanding ranking prior to or on a parity with the Series Z Preferred Shares with respect to payment of dividends shall have been declared and paid or set apart for payment at the date of any such action.

Creation or Issue of Additional Shares

So long as any Series Z Preferred Shares are outstanding, the Corporation shall not, without the prior approval of the holders of the Series Z Preferred Shares, create or issue any shares ranking prior to or on a parity with the Series Z Preferred Shares with respect to repayment of capital or payment of dividends, provided that the Corporation may without such approval issue additional series of series second preferred shares if all dividends then payable on the Series Z Preferred Shares shall have been paid or set apart for payment.

Voting Rights

The holders of the Series Z Preferred Shares are not entitled to any voting rights or to receive notice of or to attend shareholders' meetings unless dividends on the series second preferred shares of any series are in arrears to the extent of eight quarterly dividends or four half-yearly dividends, as the case may be, whether or not consecutive. Until all arrears of dividends have been paid, holders of Series Z Preferred Shares will be entitled to receive notice of and to attend all shareholders' meetings at which directors are to be elected (other than separate meetings of holders of another class or series of shares) and to one vote in respect of each Series Z Preferred Share held.

Tax Election

The Series Z Preferred Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of the Series Z Preferred Shares. The terms of the Series Z Preferred Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that such corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series Z Preferred Shares. See "Certain Canadian Federal Income Tax Considerations – Dividends".

Modification

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

Business Day

If any day on which any dividend on the Series Z Preferred Shares is payable by the Corporation or on or by which any other action is required to be taken by the Corporation is not a business day, then such dividend shall be payable and such other action may be taken on or by the next succeeding day that is a business day.

DEPOSITORY SERVICES

Except as otherwise provided herein, the Series Y Preferred Shares and the Series Z Preferred Shares will be issued in "book-entry only" form and must be purchased, transferred, converted or redeemed through participants (collectively, "Participants" and individually, a "Participant") in the depository service of CDS or its nominee. Each of the Underwriters is a Participant. On the closing of this offering, the Corporation will cause a global certificate or certificates representing the Series Y Preferred Shares to be delivered to, and registered in the name of, CDS or its nominee. Except as described below, no purchaser of Series Y Preferred Shares or Series Z Preferred Shares, as applicable, will be entitled to a certificate or other instrument from the Corporation or CDS evidencing that purchaser's ownership thereof, and no purchaser will be shown on the records maintained by CDS except through a book-entry account of a Participant acting on behalf of such purchaser. The Corporation understands that each purchaser of Series Y Preferred Shares or Series Z Preferred Shares, as applicable, will receive a customer confirmation of purchase from the registered dealer from or through which the Series Y Preferred Shares or Series Z Preferred Shares, as applicable, are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Series Y Preferred Shares or Series Z Preferred Shares, as applicable. Reference in this prospectus supplement to a holder of Series Y Preferred Shares or Series Z Preferred Shares, as applicable, means, unless the context otherwise requires, the owner of the beneficial interest in the Series Y Preferred Shares or Series Z Preferred Shares, as applicable.

If the Corporation determines, or CDS notifies the Corporation in writing, that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Series Y Preferred Shares or Series Z Preferred Shares, as applicable, and the Corporation is unable to locate a qualified successor, or if the Corporation at its option elects, or is required by law, to terminate the book-entry system, then Series Y Preferred Shares or Series Z Preferred Shares, as applicable, will be issued in fully registered form to the owners of the beneficial interests in such Series Y Preferred Shares or Series Z Preferred Shares, as applicable, or their nominees.

RATINGS

The Series Y Preferred Shares of the Corporation are rated Pfd-2 (high) with a stable trend by DBRS Limited ("DBRS") and P-2 (high) with a stable outlook by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P").

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

A P-2 rating by S&P is the second highest of eight categories S&P uses in its Canadian preferred share rating scale. An obligation rated P-2 exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. A plus (+) or minus (-) sign shows relative standing within a rating category.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

PLAN OF DISTRIBUTION

Under an underwriting agreement dated September 13, 2011 between the Corporation and the Underwriters (the "Underwriting Agreement"), the Corporation has agreed to sell and the Underwriters have severally agreed to purchase on September 21, 2011, or on such later date as may be agreed upon, but not later than September 30, 2011, subject to the terms and conditions stated therein, all but not less than all of the Series Y Preferred Shares at a price of \$25.00 per share payable in cash to the Corporation against delivery of such Series Y Preferred Shares. The obligations of the Underwriters under the Underwriting Agreement may be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Series Y Preferred Shares if any Series Y Preferred Shares are purchased under the Underwriting Agreement. The offering price of the Series Y Preferred Shares was determined by negotiation between the Corporation and the Underwriters. The Underwriters have agreed not to offer, sell or deliver any Series Y Preferred Shares in the United States or to U.S. persons.

The Corporation has granted the Underwriters the Underwriters' Option to purchase up to an aggregate of 2,000,000 additional Series Y Preferred Shares exercisable at any time prior to 9:00 a.m. (Calgary time) on the date that is two business days prior to the Closing Date. To the extent that the Underwriters' Option is exercised, the additional Series Y Preferred Shares to be issued pursuant to the exercise of the Underwriters' Option will be purchased by the Underwriters at a price of \$25.00 per share. This prospectus supplement qualifies the distribution of the Series Y Preferred Shares issuable upon exercise of the Underwriters' Option.

The Underwriters may not, throughout the period of distribution, bid for or purchase Series Y Preferred Shares. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in or raising the price of the Series Y Preferred Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. The Corporation has been advised that, in connection with this offering and subject to the foregoing, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series Y Preferred Shares at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Underwriters propose to offer the Series Y Preferred Shares initially at the initial public offering price specified on the cover page of this prospectus supplement. After a reasonable effort has been made to sell all of the Series Y Preferred Shares at the initial public offering price, the Underwriters may subsequently reduce and thereafter change, from time to time, the price at which the Series Y Preferred Shares are offered to an amount not greater than \$25.00 per share.

The Underwriters are subsidiaries of Canadian chartered banks that have extended credit facilities to the Corporation and certain of its affiliates. Accordingly, under certain circumstances, the Corporation may be considered to be a "connected issuer" of the Underwriters under applicable Canadian securities legislation. The aggregate amount of such credit facilities available to the Corporation and its affiliates is approximately \$1.3 billion, of which approximately \$110 million was drawn as of June 30, 2011. These facilities include term facilities, demand facilities and overdraft facilities made available to the Corporation and its affiliates. These facilities also include non-recourse debt of the Corporation's affiliates for which the lender's recourse in the event of default is limited to the business and assets of the project in question and to the affiliates' equity therein. The Corporation and its affiliates are in compliance with the terms of these credit facilities. Since June 30, 2011, there have been no material changes to the amounts owing under these facilities except for the issuance of approximately \$145 million of commercial paper by an affiliate of the Corporation which is backstopped by these facilities. The decision of each Underwriter to participate in this offering was made independently of its bank parent. A portion of the proceeds from the offering may be used to repay the indebtedness of the Corporation. See "Use of Proceeds".

The TSX has conditionally approved the listing of the Series Y Preferred Shares and the Series Z Preferred Shares. Listing of the Series Y Preferred Shares and Series Z Preferred Shares is subject to the Corporation fulfilling all of the requirements of the TSX on or before December 12, 2011, including distribution of these securities to a minimum number of public securityholders.

ELIGIBILITY FOR INVESTMENT

In the opinion of Bennett Jones LLP, counsel to the Corporation, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, subject to the provisions of any particular plan and provided they are listed on a designated stock exchange (which includes the TSX), the Series Y Preferred Shares and the Series Z Preferred Shares, if issued on the date hereof, generally would be qualified investments under the Tax Act and the regulations thereunder (the "Regulations") for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered disability savings plan, a deferred profit sharing plan, or a tax-free savings account.

Notwithstanding that the Series Y Preferred Shares and the Series Z Preferred Shares may be qualified investments for a trust governed by a tax-free savings account (a "TFSA"), the holder of a TFSA will be subject to a penalty tax on the Series Y Preferred Shares and the Series Z Preferred Shares and other tax consequences may result if the Series Y Preferred Shares and the Series Z Preferred Shares are a "prohibited investment" for the TFSA. The Series Y Preferred Shares and the Series Z Preferred Shares will generally be a "prohibited investment" if the holder of a TFSA does not deal at arm's length with the Corporation for purposes of the Tax Act or the holder of the TFSA has a "significant interest" (as defined in the Tax Act) in the Corporation or a corporation, partnership or trust with which the Corporation does not deal at arm's length for purposes of the Tax Act. The March 22, 2011 Federal Budget introduced proposals (with draft legislation released on August 16, 2011) to extend certain of these prohibited investments restrictions to registered retirement savings plans and registered retirement income funds effective from March 22, 2011. Holders are advised to consult their own tax advisors in this regard.

USE OF PROCEEDS

The estimated net proceeds (after deducting the Underwriters' Fee and without giving effect to the exercise of the Underwriters' Option) to be received by the Corporation from the sale of the Series Y Preferred Shares are \$266,750,000 or \$315,250,000 if the Underwriters' Option is exercised in full, in each case assuming that no Series Y Preferred Shares are sold to certain institutions. The net proceeds will be added to the general funds of the Corporation to be used to finance the Corporation's capital expenditures, repay existing indebtedness and for other general corporate purposes.

EARNINGS COVERAGE RATIOS

The Corporation's dividend requirements on all of its preferred shares, after giving effect to the issue of the Series Y Preferred Shares (without giving effect to the exercise of the Underwriters' Option) and adjusted to a before-tax equivalent using an effective income tax rate of 18.5%, amounted to \$67 million for the 12 months ended December 31, 2010. The Corporation's interest requirements, after giving effect to the assumption of A\$644 million of debt in connection with the acquisition of WAGN amounted to \$288 million for the 12 months ended December 31, 2010. The Corporation's earnings before interest, income taxes and preferred share dividends for the 12 months ended December 31, 2010, was \$824 million, which was 2.3 times Corporation's aggregate dividend and interest requirements, after giving effect to the issue of the Series Y Preferred Shares (without giving effect to the exercise of the Underwriters' Option) and the assumption of A\$644 million of debt in connection with the acquisition of WAGN. The ratio excludes any contribution to the earnings before interest, income taxes and preferred share dividends of the Corporation from the acquisition of WAGN. The amounts disclosed in the foregoing paragraph are based on amounts prepared under Canadian generally accepted accounting principles before the adoption of international financial reporting standards ("IFRS").

The Corporation's dividend requirements on all of its preferred shares, after giving effect to the issue of the Series Y Preferred Shares (without giving effect to the exercise of the Underwriters' Option) and adjusted to a before-tax equivalent using an effective income tax rate of 26.4%, amounted to \$75 million for the 12 months ended June 30, 2011. The Corporation's interest requirements, after giving effect to the assumption of A\$644 million of debt in connection with the acquisition of WAGN amounted to \$267 million for the 12 months ended June 30, 2011. The Corporation's earnings before interest, income taxes and preferred share dividends for the 12 months ended June 30, 2011 was \$893 million which was 2.6 times the Corporation's aggregate dividend and interest requirements, after giving effect to the issue of the Series Y Preferred Shares (without giving effect to the exercise of the Underwriters' Option) and the assumption of A\$644 million of debt in connection with the acquisition of WAGN. Such ratio excludes any contribution to the earnings before interest, income taxes and preferred share dividends of the

Corporation from the acquisition of WAGN. The amounts disclosed in the foregoing paragraph are based on amounts prepared under IFRS.

RISK FACTORS

A prospective purchaser of Series Y Preferred Shares should carefully consider the following investment considerations before making a decision to purchase Series Y Preferred Shares, as well as the other information contained in this prospectus supplement and the documents incorporated by reference herein, including, in particular, the information described under the heading "Business Risks" in the Corporation's management's discussion and analysis for the year ended December 31, 2010.

There is no market through which the Series Y Preferred Shares may be sold and purchasers may not be able to resell Series Y Preferred Shares purchased under this prospectus supplement. This may affect the pricing of the Series Y Preferred Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Series Y Preferred Shares and the extent of issuer regulation.

Prevailing yields on similar securities will affect the market values of the Series Y Preferred Shares and the Series Z Preferred Shares. Assuming all other factors remain unchanged, the market values of the Series Y Preferred Shares and the Series Z Preferred Shares will decline as prevailing yields for similar securities rise and will increase as prevailing yields for similar securities decline. Real or anticipated changes in credit ratings on the Series Y Preferred Shares or the Series Z Preferred Shares may affect the market value of the Series Y Preferred Shares and the Series Z Preferred Shares.

The Series Y Preferred Shares and Series Z Preferred Shares are equity capital of the Corporation which rank equally with other preferred shares of the Corporation in the event of an insolvency or winding-up of the Corporation. If the Corporation becomes insolvent or is wound up, the Corporation's assets must be used to pay liabilities and other debt before payments may be made on the Series Y Preferred Shares, the Series Z Preferred Shares and other preferred shares.

An investment in the Series Y Preferred Shares may become an investment in Series Z Preferred Shares without the consent of the holder in the event of an automatic conversion of the Series Y Preferred Shares into Series Z Preferred Shares. Upon such automatic conversion, the dividend rate on the Series Z Preferred Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate, which may vary from time to time. In addition, holders may be prevented from converting their Series Y Preferred Shares into Series Z Preferred Shares in certain circumstances. See "Details of the Offering – Certain Provisions of the Series Y Preferred Shares".

CERTAIN CANADIAN INCOME TAX CONSIDERATIONS

In the opinion of Bennett Jones LLP, counsel to the Corporation, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, (collectively "Counsel") the following summary, as of the date hereof, describes the principal Canadian federal income tax considerations generally applicable under the provisions of the Tax Act to a prospective purchaser of Series Y Preferred Shares pursuant to the prospectus supplement and the Prospectus and to a holder of Series Z Preferred Shares who acquired such shares as a result of the conversion of the Series Y Preferred Shares (a "Holder") who, at all relevant times, for the purposes of the Tax Act, is (or is deemed to be) resident in Canada, deals at arm's length with and is not affiliated with the Corporation and holds the Series Y Preferred Shares or Series Z Preferred Shares, as applicable, as capital property. Generally, the Series Y Preferred Shares or Series Z Preferred Shares will be considered to be capital property to a Holder provided the Holder does not hold the shares in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of a trade. Certain Holders who might not otherwise be considered to hold their Series Y Preferred Shares or Series Z Preferred Shares as capital property may, in certain circumstances, be entitled to have them and every other "Canadian security", as defined in the Tax Act, owned by the Holder in the taxation year of the election and every subsequent taxation year, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Holders who do not hold their Series Y Preferred Shares or Series Z Preferred Shares, as applicable, as capital property should consult their own tax advisers with respect to their own particular circumstances. This summary assumes that the Series Y Preferred Shares and the Series Z Preferred Shares will be listed on a designated stock exchange in Canada under the Tax Act (which currently includes the TSX) at all relevant times.

This summary is not applicable to: (i) a Holder that is a "financial institution", as defined in the Tax Act for the purpose of the "mark-to-market" rules; (ii) a Holder an interest in which would be a "tax shelter investment", as defined in the Tax Act; (iii) a Holder that is a "specified financial institution" or a "restricted financial institution", each as defined in the Tax Act; or (iv) a Holder which has made a "functional currency" election under the Tax Act to determine its Canadian tax results in a currency other than Canadian currency. Any such Holder should consult its own tax advisors with respect to an investment in the Series Y Preferred Shares or Series Z Preferred Shares.

This summary is based upon the current provisions of the Tax Act, the Regulations, all specific proposals to amend the Tax Act and the regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Proposals"), existing case law and Counsels' understanding of the current written administrative and assessing practices of the Canada Revenue Agency. This summary assumes the Proposals will be enacted in the form proposed, however, no assurance can be given that the Proposals will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account any provincial, territorial or foreign income tax legislation or considerations.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder of Series Y Preferred Shares or Series Z Preferred Shares. No representations are made with respect to the income tax consequences to any particular Holder. Consequently, prospective Holders should consult their own tax advisers with respect to their particular circumstances for advice with respect to the tax consequences to them of acquiring, holding and disposing of the Series Y Preferred Shares or the Series Z Preferred Shares, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

Dividends

Dividends (including deemed dividends) received (or deemed to be received) on the Series Y Preferred Shares or the Series Z Preferred Shares, as the case may be, by an individual (other than certain trusts) will be included in the individual's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations. Individuals are entitled to an enhanced gross-up and dividend tax credit in respect of "eligible dividends" received from taxable Canadian corporations, such as the Corporation, if such dividends have been designated as eligible dividends by the Corporation. By notice in writing on the Corporation's website, the Corporation has designated that all taxable dividends paid on its shares on or after January 1, 2006 will be "eligible dividends" within the meaning of the Tax Act unless otherwise indicated. Management of the Corporation has advised counsel that the Corporation anticipates that it will designate the dividends paid to holders of the Series Y Preferred Shares and the Series Z Preferred Shares as eligible dividends.

Dividends received by a Holder who is an individual (other than certain trusts) may give rise to a liability for alternative minimum tax under the Tax Act.

Dividends (including deemed dividends) received on the Series Y Preferred Shares or the Series Z Preferred Shares, as the case may be, by a Holder which is a corporation will be included in computing the Holder's income and will generally be deductible in computing the Holder's taxable income. A "private corporation", as defined in the Tax Act, or any other corporation controlled (whether by reason of a beneficial interest in one or more trusts or otherwise) by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33 1/3% refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Series Y Preferred Shares or the Series Z Preferred Shares, as the case may be, to the extent such dividends are deductible in computing its taxable income.

The Series Y Preferred Shares and the Series Z Preferred Shares will be "taxable preferred shares" as defined in the Tax Act. The terms of the Series Y Preferred Shares and Series Z Preferred Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that corporate Holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series Y Preferred Shares or the Series Z Preferred Shares.

Dispositions

A Holder who disposes of or is deemed to dispose of Series Y Preferred Shares or Series Z Preferred Shares (on the redemption of such shares or otherwise but not including on a conversion) will generally realize a capital gain (or sustain a capital loss) to the extent that the Holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the Holder. The amount of any deemed dividend arising on the redemption, acquisition or cancellation by the Corporation of Series Y Preferred Shares or Series Z Preferred Shares, as the case may be, will generally not be included in computing the Holder's proceeds of disposition for purposes of computing the capital gain (or capital loss) arising on the disposition of such Series Y Preferred Shares or Series Z Preferred Shares, as the case may be. See "Redemption" below. If the Holder is a corporation, any capital loss arising on a disposition of a Series Y Preferred Share or a Series Z Preferred Share, as the case may be, may, in certain circumstances, be reduced by the amount of any dividends, including deemed dividends, which have been received on the Series Y Preferred Share or Series Z Preferred Share or any share which was converted into such share. Analogous rules apply to a partnership or trust of which a corporation, partnership or trust is a member or beneficiary.

Generally, one-half of any capital gain realized in a taxation year will be included in computing the Holder's income in that taxation year as a taxable capital gain and, generally, one-half of any capital loss realized in a taxation year (an "allowable capital loss") must be deducted from the Holder's taxable capital gains realized by the Holder in the same taxation year, in accordance with the rules contained in the Tax Act. Allowable capital losses in excess of taxable capital gains realized by a Holder in a particular taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized by the Holder in such taxation year, subject to and in accordance with the rules contained in the Tax Act. Capital gains realized by an individual may give rise to a liability for alternative minimum tax under the Tax Act. Taxable capital gains of a "Canadian-controlled private corporation", as defined in the Tax Act, may be subject to an additional refundable tax at a rate of 6 $\frac{2}{3}$ %.

Redemption

If the Corporation redeems Series Y Preferred Shares or Series Z Preferred Shares, or otherwise acquires or cancels Series Y Preferred Shares or Series Z Preferred Shares (other than by a purchase by the Corporation of the shares in the open market in the manner in which shares are normally purchased by any member of the public in the open market), the Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Corporation in excess of the paid-up capital (as determined for purposes of the Tax Act) of such shares at such time. Generally, the difference between the amount paid by the Corporation and the amount of the deemed dividend will be treated as proceeds of disposition for purposes of computing the capital gain or capital loss arising on the disposition of such shares. See "Dispositions" above. In the case of a corporate holder, it is possible that in certain circumstances all or part of any such deemed dividend may be treated as proceeds of disposition and not as a dividend.

Conversion

The conversion of the Series Y Preferred Shares into Series Z Preferred Shares and the conversion of the Series Z Preferred Shares into Series Y Preferred Shares will be deemed not to be a disposition of property for purposes of the Tax Act and, accordingly, will not give rise to a capital gain or capital loss. The cost to a Holder of the Series Z Preferred Shares or Series Y Preferred Shares, as the case may be, received on the conversion will, subject to the averaging rules contained in the Tax Act, be deemed to be equal to the Holder's adjusted cost base of the converted Series Y Preferred Shares or Series Z Preferred Shares, as the case may be, immediately before the conversion.

LEGAL MATTERS

Certain legal matters relating to the offering will be passed upon by Bennett Jones LLP for the Corporation and by Blake, Cassels & Graydon LLP for the Underwriters. As at September 11, 2011, partners and associates of Bennett Jones LLP and of Blake, Cassels & Graydon LLP, as a group, beneficially owned, directly or indirectly, less than 1% of any class of securities of the Corporation. R.T. Booth, a partner of Bennett Jones LLP, is a director of the Corporation and of ATCO Ltd., which is a publicly traded affiliate of the Corporation.

PricewaterhouseCoopers LLP has prepared an independent auditor's report dated February 22, 2011 in respect of the Corporation's consolidated financial statements as at December 31, 2010 and December 31, 2009 and for each of the years in the two year period ended December 31, 2010. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Series Y Preferred Shares is CIBC Mellon Trust Company at its principal office in Toronto.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the purchase price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

We have read the prospectus supplement of Canadian Utilities Limited (the "Company") dated September 15, 2011, relating to the issuance of 11,000,000 Cumulative Redeemable Second Preferred Shares Series Y of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the share owners of the Company on the consolidated balance sheets of the Company as at December 31, 2010 and 2009 and the consolidated statements of earnings and retained earnings, cash flows, and comprehensive income for each of the years in the two-year period ended December 31, 2010. Our report is dated February 22, 2011.

Calgary, Alberta

September 15, 2011

(signed) PricewaterhouseCoopers LLP
PRICEWATERHOUSECOOPERS LLP
Chartered Accountants

CERTIFICATE OF THE UNDERWRITERS

Dated: September 15, 2011

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

RBC DOMINION SECURITIES INC.

BMO NESBITT BURNS INC.

By: (signed) David Dal Bello

By: (signed) Aaron M. Engen

TD SECURITIES INC.

SCOTIA CAPITAL INC.

By: (signed) Alec W. G. Clark

By: (signed) Mark Herman